

# **Part 2**

# **Final Draft**

# **Consolidated**

# **Budget 2024-25**

Explanation of Proposals

February 2024

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## Introduction and Overview

- 1.1 The Greater London Authority (GLA) is the strategic authority for London and supports the Mayor and the London Assembly in delivering their respective responsibilities and functions. The GLA's five functional bodies are its principal delivery arms: the Mayor's Office for Policing and Crime (MOPAC), overseeing the work of the Metropolitan Police Service (MPS); Transport for London (TfL); the London Fire Commissioner (LFC); the London Legacy Development Corporation (LLDC); and the Old Oak and Park Royal Development Corporation (OPDC).
- 1.2 The purpose of this document is to explain the Mayor's Final Draft Consolidated Budget for 2024-25 ("Final Draft Budget" / "Budget") and draft Capital Spending Plan. The Mayor has previously consulted the London Assembly, functional bodies, London boroughs, the Common Council of the City of London and other interested parties, such as the business community, on his budget proposals in the GLA Group Budget Proposals and Precepts 2024-25 Consultation Budget Document published in December 2023. The Draft Consolidated Budget ("Draft Budget") was subsequently published on 17 January 2024 and considered by the Assembly at its meeting on 25 January 2024. This document sets out the Mayor's proposed final draft revenue budget and capital spending plan for the GLA Group in 2024-25.
- 1.3 For the seven "constituent bodies" (the Mayor, Assembly and the five functional bodies), the Mayor puts forward separate "component budgets" relating to the amount needed to balance each body's respective revenue expenditure, after allowing for revenue grants from the government and retained business rates, where relevant. This is known as the "component council tax requirement". The aggregate of these seven "component" budgets gives the GLA Group Budget and the proposed figure of the GLA precept, known as the "consolidated council tax requirement". The GLA Group Budget is prepared in compliance with the CIPFA Financial Management Code.
- 1.4 The Mayor's key objective in this budget is to continue building a better London for everyone – a city that is a fairer, safer, greener and more prosperous for all Londoners. This budget builds on the concept of climate budgeting, first introduced for the GLA Group in 2023-24, and sets out how the GLA Group's spending is linked to the Mayor's commitment to make London net zero by 2030. The key deliverables in this budget are set out in the relevant section for each of the constituent bodies.

- 1.5 The economic circumstances under which this Budget has been produced remain challenging. In January 2024, the Office for National Statistics (ONS) reported a fall in CPI inflation from a peak of 10.7 per cent in the last quarter of 2022, to 4.0 per cent in December 2023. In its Economic and Fiscal Outlook, published in November 2023, the Office for Budgetary Responsibility (OBR) also forecast that inflation will remain higher for longer than previously anticipated and will take until the second quarter of 2025 to return to the government's target of 2 per cent, a year later than was forecast in March 2023. Within this budget, the GLA Group is forecasting inflationary cost pressures of around £512.5 million, which are described in more detail throughout the constituent body sections and in Appendix G. In addition, the forecasts of the medium-term growth rate of the economy were reduced to 1.6 per cent from 1.8 per cent in March.
- 1.6 In addition to challenging cost pressures caused by inflation, the OBR predict that unemployment levels will peak in 2025; and living standards, as measured by real household disposable income per person, are forecast to be 3.5 per cent lower in 2024-25 than their pre-pandemic level. This represents the largest reduction in real living standards since ONS records began in the 1950s. If Londoners' incomes are impacted as these forecasts suggest, then the GLA's existing income streams, such as business rates, council tax, and fares income, could be adversely impacted by the economic circumstances.
- 1.7 This Final Draft Budget takes into account the final council taxbases and estimated aggregate council tax surplus for 2023-24, based on the figures submitted by billing authorities (the 32 London boroughs and the Common Council of the City of London) to the GLA at the end of January 2024. It also allocates retained business rates income available to the GLA Group based on the forecasts for 2024-25 and an updated assessment of the outturn position for 2023-24 based on the data supplied by billing authorities at the end of January. The Mayor has also had regard to the impact of the final police and local government finance settlements published on 31 January and 5 February respectively, which were considered and approved by the House of Commons on 7 February 2024.

### **GLA Group Capital Strategy**

- 1.8 In accordance with the requirements of the relevant statutory guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), an updated Capital Strategy, setting out capital expenditure and funding plans for the next twenty years must be produced, alongside a detailed three-year plan. The GLA Group's Final Draft Capital Strategy, which brings together information from the GLA and each of the functional bodies' draft Capital Strategies, is set out in section 9 of this document and includes the GLA Group's draft statutory Capital Spending Plan for consultation, as required under section 123 of the GLA Act 1999. The Mayor will approve the Final Capital Strategy alongside his final capital spending plan through a Mayoral Decision prior to these being published by the statutory deadline of 28 February.

### Overall gross revenue and capital expenditure of the GLA Group

- 1.9 The gross expenditure for the GLA (Mayor and Assembly) and each functional body is funded through a combination of resources directly controlled and allocated by the Mayor. This funding comprises council tax and retained business rates income. Additional funding is received from fares for TfL, specific and general government grants, and locally raised taxes and charges, such as the congestion charge, the Crossrail Business Rate Supplement (BRS) and Mayoral Community Infrastructure Levy (MCIL).
- 1.10 The following table summarises the planned total revenue and capital expenditure of the GLA Group in 2024-25 compared to the 2023-24 forecast outturn for each body, calculated on a statutory basis in accordance with the requirements of the GLA Act.
- 1.11 These statutory calculations form the basis of the amounts reported in Part 1 of the Mayor's Final Draft Budget which the Assembly has the power to amend.

<b>Total gross revenue and capital expenditure on a statutory basis</b>	<b>Forecast Outturn 2023-24 £m</b>	<b>Budget 2024-25 £m</b>	<b>Change £m</b>	<b>Change %</b>
<i>Revenue:</i>				
GLA: Mayor services	935.0	957.3	22.3	2%
GLA: Mayor Group items	1,709.7	1,410.6	-299.1	-17%
GLA: Assembly	8.7	9.0	0.2	3%
MOPAC	4,678.7	4,797.2	118.4	3%
TfL	9,076.9	9,642.4	565.6	6%
LFC	556.3	579.2	22.9	4%
LLDC	80.3	70.6	-9.7	-12%
OPDC	11.3	14.2	2.9	25%
<b>Total revenue</b>	<b>17,056.9</b>	<b>17,480.4</b>	<b>423.5</b>	<b>2%</b>
<i>Capital:</i>				
GLA: Mayor	1,299.5	1,546.4	246.9	19%
MOPAC	335.6	340.5	4.8	1%
TfL	2,045.4	2,285.2	239.8	12%
LFC	29.2	37.9	8.7	30%
LLDC	222.5	128.6	-93.9	-42%
OPDC	84.2	106.1	21.9	26%
<b>Total capital</b>	<b>4,016.4</b>	<b>4,444.6</b>	<b>428.2</b>	<b>11%</b>
<b>Grand total revenue and capital</b>	<b>21,073.3</b>	<b>21,925.0</b>	<b>851.7</b>	<b>4%</b>

Note: figures in the table above may not exactly sum due to rounding.

- 1.12 The statutory calculations include certain expenditure which result in equivalent spending effectively being reported twice across the Group – both by the funding body (generally the GLA from Group Items), and the receiving functional body. The result of this is that the statutory calculations overstate the true Group-wide gross expenditure over which the Mayor has control.
- 1.13 For this reason, the following table reflects the adjusted gross revenue and capital expenditure after intra-group transfers and retained business rates payments to the government and billing authorities are excluded from the statutory calculations. This table is provided for information purposes only to assist stakeholders in understanding the actual level of expenditure across the GLA Group over which the Mayor has control.

<b>Statutory gross expenditure adjusted for intra group transfers</b>	<b>Intra group transfers</b>	<b>Adjusted gross expenditure</b>	<b>Intra group transfers</b>	<b>Adjusted gross expenditure</b>	<b>Adjusted Change</b>	<b>Adjusted Change</b>
	<b>2023-24</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2024-25</b>		
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
<i>Revenue:</i>						
GLA: Mayor	0.0	935.0	0.0	957.3	22.3	2%
GLA: Mayor Group items	-338.1	1,371.6	-150.7	1,260.0	-111.7	-8%
GLA: Assembly	0.0	8.7	0.0	9.0	0.2	3%
MOPAC	0.0	4,678.7	0.0	4,797.2	118.4	3%
TfL	-842.3	8,234.5	-1,046.0	8,596.5	361.9	4%
LFC	0.0	556.3	0.0	579.2	22.9	4%
LLDC	0.0	80.3	0.0	70.6	-9.7	-12%
OPDC	0.0	11.3	0.0	14.2	2.9	25%
<b>Total revenue</b>	<b>-1,180.4</b>	<b>15,876.5</b>	<b>-1,196.6</b>	<b>16,283.8</b>	<b>407.3</b>	<b>3%</b>
<i>Capital:</i>						
GLA: Mayor	-251.4	1,048.1	-69.7	1,476.7	428.6	41%
MOPAC	0.0	335.6	0.0	340.5	4.8	1%
TfL	0.0	2,045.4	0.0	2,285.2	239.8	12%
LFC	0.0	29.2	0.0	37.9	8.7	30%
LLDC	0.0	222.5	0.0	128.6	-93.9	-42%
OPDC	0.0	84.2	0.0	106.1	21.9	26%
<b>Total capital</b>	<b>-251.4</b>	<b>3,765.0</b>	<b>-69.7</b>	<b>4,374.9</b>	<b>609.9</b>	<b>16%</b>
<b>Grand total capital and revenue</b>	<b>-1,431.8</b>	<b>19,641.5</b>	<b>-1,266.3</b>	<b>20,658.7</b>	<b>1,017.2</b>	<b>5%</b>

- 1.14 The following expenditure reported in the statutory table in 2024-25 has been excluded for the purposes of this revised comparison:

- GLA: Mayor Group items includes £150.7 million of revenue expenditure in the statutory table. This includes drawdowns from Group reserves to fund expenditure, which are removed in the adjusted table as they are already shown against the respective functional bodies' expenditure plans.
- TfL have assumed that £1,046 million of revenue funding will be used to support capital investment in 2024-25. This amount is reflected in both TfL's revenue and capital spending plan tables as the funding is transferred from its revenue account and applies as a revenue contribution towards capital expenditure. This has therefore been removed from the revenue line, so the overall expenditure is only reported once in the adjusted table.
- GLA: Mayor capital contributions of £69.7 million are shown in the GLA: Mayor Capital Spending Plan as well as within the functional bodies' component capital budgets. Around £64.9 million is reported in LLDC's capital plan for East Bank and other projects, including green finance funding for solar membranes and a £4.8 million contribution towards the Elephant and Castle redevelopment project is also reflected in TfL's Capital Spending Plan. The GLA's Capital Spending Plan figures are adjusted to remove these effective double counts.

1.15 The adjusted gross expenditure table after removing these intra-group transfers shows total expenditure increasing by £1,017.2 million between the 2023-24 forecast outturn and the 2024-25 budget. The key year-on-year movements are explained below:

- An increase in GLA: Mayor expenditure on Universal Free School Meals. The programme was based on a budgeted initial cost, for the entire academic year, of £130 million; and a further £5 million was provided, in July 2023, to ensure any extraordinary costs associated with the programme's implementation were also funded. £140 million has now been provided to extend this programme for the 2024-25 academic year. This overall increase is partially offset by reductions in gross revenue expenditure relating to reductions in other programme spend. The increase of £428.6 million in capital expenditure largely is related to planned increases in expenditure on the Affordable Homes Programmes.
- The reduction in the adjusted Group Items expenditure is predominantly due to the net impact of prior year collection fund deficits and associated section 31 grant payments for government funded business rates relief schemes, linked to the period of the pandemic, which are being repaid to billing authorities and the Department of Levelling-Up, Housing and Communities (DLUHC) in 2023-24 but which are not recurring in 2024-25.
- TfL's gross revenue expenditure has increased by £361.9 million, largely driven by increased costs on TfL's bus and other contracted services. Increases in capital expenditure are driven largely by the forecast increased expenditure on the Piccadilly Line rolling stock.



- LFC's gross revenue and capital expenditure increases by £31.6 million, due to the level of investment required to deliver organisational change in the form of the Community Risk Management Plan and the Modern Firefighting and Training programme. The increased expenditure allows for the improvement and replacement of the Commissioner's buildings, fleet and IT assets.
- LLDC's reduction in capital expenditure in 2024-25 of £93.9 million largely reflects the reduced funding amounts required as the construction of the East Bank educational and cultural district in the Queen Elizabeth Olympic Park is completed and the buildings are handed over to the partners (e.g. the BBC and the V&A).
- OPDC's increase in revenue expenditure mainly relates to increases in staffing costs as a result of increased expenditure in line with the target operating model (£1 million), increased resourcing for planning applications (£0.6 million) and anticipated pay awards (£0.2 million). The increase in capital expenditure relates to the latest land assembly profile within the Old Oak and Park Royal Opportunity Area.

### **Council tax precept**

- 1.16 The GLA receives income from a council tax precept on London's 33 billing authorities. Income from council tax balances the GLA Group's net revenue expenditure, after allowing for revenue grants from the government and retained business rates.
- 1.17 A different 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 outside the Metropolitan Police District. 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 '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.
- 1.18 As set out in his Draft Budget, the Mayor is proposing to increase the unadjusted Band D council tax charge for 2024-25 for non-police services (i.e. the precept payable by taxpayers in the City of London which has its own police force) by £24.26. This comprises the £20 increase for TfL further to the government's requirements in COVID-19 emergency funding agreements, plus an additional £4.26, which is equivalent to a 2.99 per cent increase in the precept for non-police services, to be allocated in its entirety to the LFC.

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- 1.19 The adjusted Band D council tax charge, which additionally includes the element for policing and is payable by taxpayers in the 32 London boroughs, is proposed to increase by £37.26 which is in compliance with the government's excessiveness principles. This comprises the unadjusted precept above of £24.26 and the additional £13 for policing. The £13 increase for policing is in line with the funding allocations set out by the government in the final 2024-25 police grant settlement.
- 1.20 Neither the proposed £24.26 increase in the unadjusted precept or the £37.26 increase in the adjusted precept would be excessive under the final council tax referendum principles for 2024-25 for the GLA, published by the Secretary of State on 5 February, alongside the final local government finance settlement, which were approved by the House of Commons on 7 February.
- 1.21 In the Draft Budget, it was forecast there would be a 1.50 per cent increase in the council tax base for 2024-25, which was in line the tax base growth experienced across London's 33 billing authorities in previous years. The level of the taxbase is affected by a number of factors each year, including, the local council tax support (CTS) schemes agreed by the 33 billing authorities, if more households became entitled to council tax support in light of the current economic situation, changes in the rates of council tax collection, or the number of new properties being built and occupied across London in any year.
- 1.22 The actual council taxbases for 2024-25 for budgeting purposes were confirmed by the 33 local billing authorities at the end of January 2024. In aggregate there was a lower overall increase (1.42 per cent) than the previous forecast of 1.50 per cent. This was driven by six of the billing authorities reporting an increase of more than 2.5 per cent, and just over half reporting increases below 1.5 per cent, with four actually confirming a reduction year-on-year. The application of the marginally lower actual taxbase has had the effect of reducing the overall council tax requirement by £1.1 million which has been apportioned to the GLA: Mayor, Assembly, MOPAC, TfL and the LFC according to their shares of the council tax precept. This reduction in council tax has been offset by the allocation of additional business rates income so there is no overall reduction in funding for these functional bodies as a result.
- 1.23 As well as billing authorities reporting marginally lower than forecast taxbase growth, an estimated net council tax collection fund deficit for 2023-24 of £2.8 million was also reported by the statutory deadline. This compares to an equivalent £17.4 million surplus for 2022-23 allocated in last year's budget. This deficit is repayable to billing authorities during 2024-25, and will be funded by offsetting this against the GLA's share of the estimated collection fund surplus for business rates before allocating the remaining balance on additional spending.
- 1.24 Taking into account the above assumptions, the budgeted consolidated council tax requirement for 2024-25 is £1,490.3 million, which is £137.2 million higher than in 2023-24 and as stated above £1.1 million lower than in the Draft Budget. Details of the component council tax requirements for each constituent body of the GLA Group for 2024-25, and indicative figures for future years, are set out in the following table.

Component council tax requirements	Approved	Proposed	Plan	Plan
	2023-24	2024-25	2025-26	2026-27
	£m	£m	£m	£m
GLA: Mayor	67.4	68.3	69.3	70.4
GLA: Assembly	2.7	2.8	2.8	2.8
MOPAC	909.6	963.7	997.7	1,032.9
TfL	178.3	244.1	247.8	251.5
LFC	195.1	211.4	225.2	239.7
LLDC	0.0	0.0	0.0	0.0
OPDC	0.0	0.0	0.0	0.0
<b>Consolidated council tax requirement</b>	<b>1,353.1</b>	<b>1,490.3</b>	<b>1,542.9</b>	<b>1,597.3</b>
<i>Total Band D council tax payable in:</i>				
32 London Boroughs (adjusted amount)	£434.14	£471.40	£480.83	£490.45
City of London (unadjusted amount)	£142.01	£166.27	£169.60	£172.99

### Retained business rates assumptions

- 1.25 Since April 2017, the government has funded all former general grants from central government for the GLA and LFC, the residual former TfL general and investment (capital) grants, as well as an element of support for London policing in respect of historic council tax freeze grant, through retained business rates. The combined retained business rates funding allocated in this budget for services is assumed to total just over £2.85 billion in respect of the 2024-25 financial year. This is after deducting the GLA's £807.9 million tariff payment (which was confirmed in the final local government settlement) and an estimated £28.4 million levy on business rates growth payable to the government to fund local services elsewhere in England. A retrospective net £2.6 million reduction to the 2023-24 tariff payment (after accounting for a £0.2 million levy) will also be made through the 2024-25 instalments payable to the government, to correct for changes required as a result of movements between the draft rating list published on 17 November 2022 and the final compiled list introduced on 1 April 2023. Further details on this adjustment is set out in Appendix I.
- 1.26 The final settlement confirmed the continuation of the GLA's local retention pilot, which includes the former rolled in TfL capital investment grant from DfT again frozen at £1.07 billion, will continue for a further year. The GLA will therefore, as in 2023-24, retain 37 per cent of business rates growth, net its tariff payment and levy on growth. The 33 London local authorities will continue to retain their current 30 per cent share.

- 1.27 After allowing for the uplift already assumed in the Draft Budget, the GLA's Interim Chief Finance Officer, having regard to the data supplied by billing authorities, has determined that there is an estimated £30.8 million of additional retained business rates income to allocate in this budget as a result of a one-off surplus relating to prior year business rates income. The calculation of this sum is explained in further detail in Appendix H and its allocation in Appendix L.

### **Final 2024-25 local government finance and police settlement**

- 1.28 The final local government settlement was published on 5 February and approved by the House of Commons on 7 February. In line with the provisional settlement published on 18 December, the GLA's core settlement funding baseline from the government assumed multiplier cap compensation grant was increased by £93.3 million. These baselines form the basis for calculating the retained business rates tariff and levy calculations set out above and the maximum loss the GLA would be required to meet if it were in a safety net position. In addition, the LFC's £21.7 million fire pensions specific grant will be rolled into the GLA's retained business rates funding from April 2024. The Mayor is passporting this sum in full to the LFC via a like-for-like increase in its retained business rates allocation.
- 1.29 The final settlement confirmed as previously announced in the Autumn Budget that local authorities would be compensated in full for the lost revenues arising from the decision to freeze the small business rates multiplier in 2024-25, although the standard multiplier (which accounts for over 80 per cent of London's taxbase) will increase by over 6.6 per cent in line with September 2023 CPI. This has been reflected in the business rates income estimates reported by the 33 London billing authorities in their returns at the end of January.
- 1.30 The final local government settlement also confirmed the GLA would receive an additional £39.5 million in grants across 2023-24 and 2024-25 compared to the provisional settlement data. This included £24.2 million as result of the government's revised minimum funding guarantee which ensures all local authorities see their core spending power increase by least 4 per cent (compared to the 3 per cent threshold used in the provisional settlement). Previously, the GLA's core spending power under this methodology had only increased by 3.1 per cent. Additionally, £4.4 million has been allocated from the distribution of the surplus on the national Business Rates Levy Account and £8.0 million from the GLA's compensation for the lost revenues arising from the government's green plant and machinery business rates exemption along with an increase of £0.3 million to the Services Grant and the net £2.6 million as a consequence of reconciliation adjustment to the 2023-24 tariff payment referenced above. Further details on the final settlement and its implications are set out in Appendix I.
- 1.31 The final police settlement was unchanged from the provisional settlement, which already was incorporated into the Draft Budget.
- 1.32 The impact of these updated estimates on the overall budget allocations is summarised in Part 1 and Appendix L.

- 1.33 The current government had previously committed to a ‘fair funding’ review which would primarily be focussed on making changes to the level of ‘needs’ funding at an individual local authority level via the national distribution formula. Such a review could also be used by government to introduce other reforms to the business rates retention system, and thereby locally retained business rate funding allocations. Despite originally being planned for implementation in 2020-21, it is now clear that these reforms will not be delivered in this Parliament, and any incoming government would struggle to implement funding reforms before 2026-27 at the earliest, given the lead in times required for consultation and the fact that the general election is not now expected until the second half of 2024. Due to the 2024 general election, it is therefore assumed that the 2025-26 settlement will be a rollover of 2024. There is not enough detail on possible reforms to be able to make estimates of the likely impact on the GLA’s funding levels and therefore estimates of funding for 2026-27 included in this document should be treated as indicative pending future announcements.

#### Summary of spending plans and council tax requirement calculation

- 1.34 Forecast council tax precept income (the ‘consolidated council tax requirement’) and the other sources of finance for 2024-25, including government grants and fare revenues, are summarised in the following table:

Spending plans and council tax requirements	2024-25 £m	2024-25 %
Spending plans	17,480.4	100%
<i>Less funding sources:</i>		
Fares income	-5,519.1	32%
Group Contributions to FB expenditure	-34.3	0%
Home Office Police General and Formula Grant	-2,401.6	14%
Other general income	-2,611.2	15%
Retained business rates	-3,636.2	21%
Home Office specific grants for policing	-738.4	4%
Other specific government grants	-572.6	3%
Use of reserves	-426.6	2%
Collection Fund (surplus) / deficits	-50.2	0%
<b>Consolidated council tax requirement for GLA Group</b>	<b>1,490.3</b>	<b>9%</b>

Note: Percentages in the above table represent each funding source’s proportion of spending plans.

### Funding allocations from sources over which the Mayor has direct control

- 1.35 The following tables summarise the proposed funding allocations from retained business rates and council tax to the GLA: Mayor and Assembly and the relevant functional bodies for 2024-25 compared to the revised 2023-24 budget. These are the funds which the Mayor has the ability to apply and reallocate across the GLA Group at his discretion, subject to legislation (including the 2024-25 council tax excessiveness principles in respect of council tax) and the Assembly's consideration of the Mayor's council tax proposals. Appendix H sets out both a summary and detailed breakdown of the revenue expenditure, government grants and retained rates allocations proposed by the Mayor.

#### Allocation of funding sources over which the Mayor has direct control

	GLA: Mayor	GLA: Assembly	MOPAC	TfL	LFC	LLDC	OPDC	Group items	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>2024-25</b>	<b>£m</b>	<b>£m</b>							
Council tax	68.3	2.8	963.7	244.1	211.4	0.0	0.0	0.0	1,490.3
Net Collection fund surplus (Ctax and Business rates)	0.0	0.0	50.2	0.0	0.0	0.0	0.0	0.0	50.2
Business rates	100.3	5.9	129.2	2,169.9	283.7	30.5	7.2	909.6	3,636.2
<b>Total Mayoral funding</b>	<b>168.6</b>	<b>8.7</b>	<b>1,143.1</b>	<b>2,414.0</b>	<b>495.1</b>	<b>30.5</b>	<b>7.2</b>	<b>909.6</b>	<b>5,176.6</b>

	GLA: Mayor	GLA: Assembly	MOPAC	TfL	LFC	LLDC	OPDC	Group items	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>2023-24</b>	<b>£m</b>	<b>£m</b>							
Council tax	67.4	2.7	909.6	178.3	195.1	0.0	0.0	0.0	1,353.1
Net Collection fund deficit	17.0	0.0	-7.2	-77.6	-1.6	0.0	0.0	0.0	-69.3
Business rates	170.0	5.8	94.8	1,991.1	252.3	29.7	7.0	878.1	3,428.7
<b>Total Mayoral funding</b>	<b>254.6</b>	<b>8.3</b>	<b>997.2</b>	<b>2,091.8</b>	<b>445.8</b>	<b>29.7</b>	<b>7.0</b>	<b>878.1</b>	<b>4,712.5</b>

<b>Change</b>	<b>-86.0</b>	<b>0.4</b>	<b>145.8</b>	<b>322.2</b>	<b>49.3</b>	<b>0.8</b>	<b>0.2</b>	<b>31.4</b>	<b>464.1</b>
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**Responding to the London Partnership Board**

- 1.36 The London Partnership Board was established in March 2023. It continues to oversee key workstreams established by the London Recovery Board, which was established during the COVID-19 pandemic. The Board is co-chaired by the Mayor and the Chair of London Councils and contains representatives from across the GLA Group. Its purpose is to:
- build on the experience of responding to the pandemic, to enable the city to respond to current and future complex and cross-cutting challenges by convening London's leaders
  - help co-ordinate London's response to these challenges, fostering collaboration between the city's partners at local, sub regional and city level to achieve shared goals
  - advocate for London, amplifying the voice of Londoners
  - bring together experts by experience to represent the diversity of London's communities
  - empower partners to take action together, and within their own organisations.
- 1.37 The Recovery Board was convened in the wake of the COVID-19 pandemic to support the work of the GLA and key partners in securing London's recovery. The Board made significant progress in leading London's recovery from the pandemic and many of the recovery missions are culminating. Accordingly, as set out in section 2, the GLA: Mayor budget for 2024-25 is now structured based on themes rather than the Recovery Board's missions. This new structure remains consistent with the partnership approach and the GLA: Mayor's contribution to Partnership Board recovery missions continues under the relevant theme. Discussions have begun with London Councils about how this can inform the work of the Partnership Board.
- 1.38 The GLA and its functional bodies will continue to play an active role in the work of the London Partnership Board.

**GLA Group Collaboration**

- 1.39 The GLA Group Collaboration Programme is a portfolio set up by the Mayor to ensure the GLA Group realises the maximum benefits obtainable from collaboration, both within the GLA Group and with other like-minded organisations. Senior executives from across the GLA Group sit on the Group Collaboration Board which is responsible for strategic oversight and key decision making.
- 1.40 The programme has developed options for realising benefits from greater collaboration, including efficiencies arising from buying energy more efficiently; utilising the GLA Group's estates better; leveraging procurement processes; and removing duplication in back and middle office support service and other areas not provided exclusively by a member of the GLA Group.

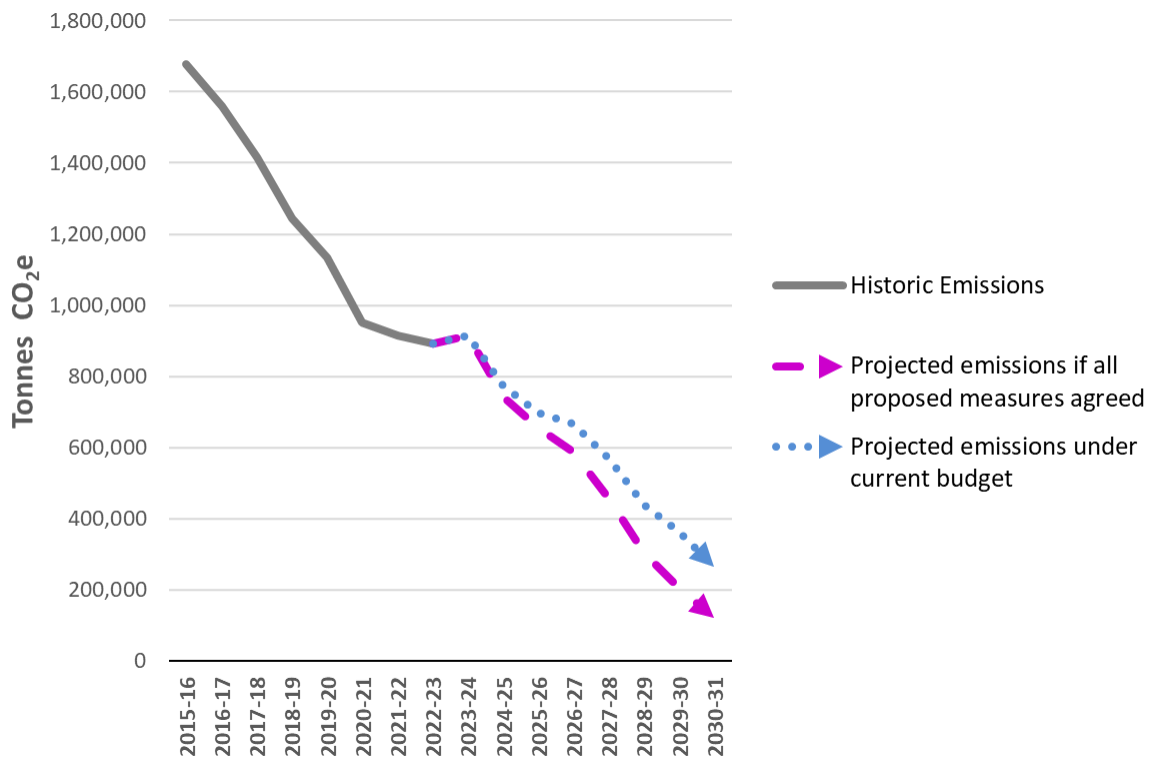
- 1.41 The programme will ultimately be self-funding in that its direct costs will be paid for by the GLA Group organisations in proportion to each body's share of overall savings achieved. To date, it is anticipated over £10.0 million of savings per annum have been achieved. Of this total savings amount, £1.2 million relates to the Group Collaboration Board's accommodation strategy and £6.3 million relates to its collaborative procurement programme. Further programmes, currently ongoing, which will generate additional efficiencies include the Treasury Collaboration Project and the Electric Vehicle Infrastructure Delivery (EVID) project which is looking to utilise land on the GLA Group estate to accommodate rapid Electric Vehicle charging infrastructure.

### **Environmental impact and Climate Budget**

- 1.42 The climate, ecological and air quality emergencies are among the greatest challenges London faces. These are issues that affect Londoners' prosperity, their quality of life, and their right to live in a healthy, pleasant city.
- 1.43 Over the last year, the impacts of climate change have accelerated, with July 2023 marking the world's hottest month on record. To limit global warming to 1.5 degrees above pre-industrial levels, widescale and urgent action is required to make significant cuts in greenhouse gas emissions. As our climate changes, we will also need to make sure our homes, public spaces and critical infrastructure can cope with warmer temperatures and are resilient in the face of more extreme climate events.
- 1.44 The Mayor is committed to this decade being one of climate action. In addition to the obvious benefits to our planet and future generations, tackling the climate crisis brings many co-benefits across our city. In this ongoing cost-of-living crisis, energy efficiency improvements help cut our energy bills for the long-term. Expanding our public transport services and active travel infrastructure cuts emissions from cars but also brings health benefits to those that switch to walking and cycling. A greener city provides shading on hot days and acts as a sink for surface water flooding during storms, and being amongst nature provides Londoners with mental health and wellbeing benefits. This approach aligns with the Mayor's commitment to a 'just transition' in which environmental measures are responsive to communities' needs whilst also tackling entrenched inequalities.
- 1.45 The Mayor is taking decisive action to cut greenhouse gas emissions and targeting net zero emissions across the city by 2030. He is enhancing the capital's green spaces, making them more accessible to Londoners, and 'rewilding' to bring nature back into the city. He is cutting air pollution so that all Londoners can enjoy clean, healthy air. He is also boosting London's thriving green economy, supporting green businesses, jobs and skills. All of this work is targeted to tackle the historic underlying inequalities that persist in our city, for example by helping to fight fuel poverty during the cost-of-living crisis. This Budget reflects these priorities.



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- 1.46 For the second year, this budget incorporates the concept of climate budgeting, setting out how the GLA Group's spending is linked to the Mayor's commitment to make London net zero by 2030. The key change this year is that the scope of the GLA Group Climate Budget has been expanded to cover measures that cut emissions in London beyond the Group's estate and fleet, and funded measures to ensure London is well adapted to a changing climate. The key measures in this Budget that support the Mayor's climate goals have been set out in the relevant section for each of the constituent bodies and the consolidated Climate Budget tables are linked in Appendix J.
- 1.47 The GLA Group continues to track emissions across its estate and fleet, and these are captured in the figure below. In 2015-16, it is estimated that the Group produced 1.7 million tonnes CO<sub>2</sub>e. This has reduced by approximately 45 per cent to an estimated 0.9 million tonnes in 2023-24. Over the same period, the GLA cut emissions by 23 per cent, MOPAC by 46 per cent, TfL by 46 per cent and LFC by 30 per cent. LLDC's emissions almost tripled over this period since they acquired responsibility for the London Stadium in 2018. This is a slight increase compared to emissions in 2022-23, mostly due to an increase in the carbon intensity of the UK's electricity grid, as seen in the graph below, but is expected to decline again in 2024-25.
- 1.48 The measures within this Budget are estimated to reduce these emissions to 0.26 million tonnes by 2030, a reduction of 84 per cent from 2015-16. If resources can be found to implement the additional measures currently proposed, it is estimated the GLA Group's overall emissions could be reduced to 0.12 million tonnes per year, by 2030-31, a reduction of 93 per cent on the levels produced in 2015-16. Work continues to identify, develop and implement further measures for the GLA Group to lead by example, and achieve the Mayor's ambition for net zero carbon emissions across the Group's estate and fleet by 2030.



**Figure 1: GLA Group historic and projected emissions**

- 1.49 The GLA Group has already made significant progress embedding activity to improve its environmental impact. All GLA Group members' corporate strategies and business plans reflect the importance of the environment through delivery of their core services. For example, TfL is transitioning its entire fleet of around 9,000 buses and 1,000 support vehicles to be zero-emission at tailpipe by 2034. TfL will invest around £350 million over the next three years to decarbonise its operations and plans to source 100 per cent of its electricity from renewable sources by 2030. TfL is also embedding climate resilience measures such as sustainable drainage into the maintenance of its infrastructure, and installing wildflower verges by the roads it manages.
- 1.50 The London Fire Brigade's corporate strategy ('Community Risk Management Plan') commits to supporting London's resilience to climate change, including managing the increased risks of wildfires and surface water flooding. The London Legacy Development Corporation's strategy also embeds environmental sustainability and wellbeing at the centre of their mission as a place-maker in the heart of East London.
- 1.51 Beyond the GLA estate, and across the entire city, London's emissions have declined by 45 per cent over the last two decades, dropping from 51 MtCO<sub>2</sub>e in 2000 to 28 MtCO<sub>2</sub>e in 2020. In order to have a realistic chance of limiting the impacts of climate change the Mayor's target is to meet net zero emissions across the whole of London by 2030, reflecting the urgent need to accelerate emissions reductions much sooner than the UK's national target of 2050.

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- 1.52 The Mayor has always been clear that he is unable to deliver this pathway alone and that it requires co-ordinated action from a range of actors. Not least, it requires action from the government to deliver on its own commitments for cutting emissions by 2030, particularly in relation to improving existing buildings, where the Mayor has no regulatory powers.
- 1.53 The measures in this Budget demonstrate that the Mayor is striving to meet that 2030 target across London using the full range of levers at his disposal; from directly funding decarbonisation measures and using regulatory powers (such as the London Plan) and direct influence (for example, over development partners), to providing finance through the Green Finance Fund and convening or supporting others to take action.
- 1.54 Major investment in TfL capital projects that increase the capacity, frequency and quality of public transport will continue to make public transport a more attractive choice and encourage the shift away from private car use. The Superloop will see over one million further kilometres added to the bus network and there are plans to deliver EV Charging Hubs on TfL land and seek further opportunities to use the waste heat from the Underground to heat homes.
- 1.55 The Mayor is also taking action to help make London better adapted to the impacts of climate change. The GLA has budgeted almost £26 million across three years to support urban green projects, tree planting and implementing the recommendations of the forthcoming London Climate Resilience Review. These measures are all intended to promote cooling during hot weather, flood resilience, resilience to extreme weather events, as well as supporting wellbeing and mental health for Londoners through increased access to nature. In 2023, TfL published its first Climate Change Adaptation Plan, setting out actions to prepare for the impacts of climate change across London's transport network and it is on track with its Adaptation Plan target of delivering 5,000 square metres (sqm) of catchment drainage into highways Sustainable Drainage Systems each year.
- 1.56 The Mayor's vision is for London to have the best air quality of any major world city by 2050, going beyond the legal requirements to protect human health and minimise inequalities. The scientific evidence is clear – there is no safe level of air pollution. London has a long history of air pollution and attempts to tackle it. Although we no longer experience the smogs of the 1950s, air pollution in London is still a matter of life and death – with thousands of Londoners dying prematurely each year. Importantly, this is also an issue of racial and social justice. Minority communities and the poorest Londoners who are least likely to own a car are nonetheless being exposed to the highest levels of pollution.

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- 1.57 The Ultra Low Emission Zone (ULEZ) was expanded to cover all London's boroughs in August 2023, and is the largest clean air zone in the world. It is helping the capital's nine million residents breathe cleaner air, benefitting public health and helping to combat climate change. Findings from the London-wide ULEZ First Month Report indicate that the London-wide ULEZ has already been highly effective at reducing the number of older, more polluting vehicles in London. 95 per cent of vehicles seen driving in London (on an average day) now meet the ULEZ emission standards, up from just 39 per cent in 2017.

### **Equalities impact**

- 1.58 Promoting equality, diversity, inclusion, social mobility and social integration are high priorities for the Mayor. The Mayor published a new set of equality objectives for his 'Inclusive London' strategy in November 2022, with the fully updated strategy being due to be published shortly. The Mayor also worked as part of the London Partnership Board to publish the 'Building a Fairer City' plan in May 2022 which sets out fourteen actions for all organisations to take to address structural inequalities.
- 1.59 All seven constituent bodies (the Mayor and Assembly and the five functional bodies) must comply with section 149 of the Equality Act 2010. Compliance with the duty is iterative and ongoing. It includes carrying out a process to identify and actively consider potential detrimental impacts (if any) that may arise for individual protected groups and what mitigations (if any) could be implemented to address them at a level proportionate to the decision being taken.
- 1.60 The constituent bodies undertake this duty at a budget level and in the implementation of their individual policies, programmes and projects. An interim assessment of the equality implications of each component body's budget at this stage of the process is set out in each of their sections.

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**Consultation process**

- 1.61 Reflecting the Mayor's commitment to transparency and engagement, as in previous years the GLA engaged Londoners proactively in the budget consultation process. The consultation document was hosted on the Talk London website. Talk London members were invited to read the consultation budget and to comment on the GLA Group Budget Proposals and Precepts 2024-25 within a discussion thread. In addition, the Consultation Budget document was sent to Commissioners, the London Assembly, the relevant Deputy Mayors, the 33 London billing authorities, and Business Improvement Districts and other business representative bodies in London for comment. The consultation on Talk London took place from Tuesday 19 December 2023 to Wednesday 10 January 2024. The development of this Budget has also been directly informed by the GLA's Talk London budget engagement exercise; a summary of the responses received has been made available to Assembly Members. In addition, the Budget and Performance Committee sent a series of letters to the Mayor, dated 4 January 2024, 25 January 2024 and 9 February 2024, that represented its response to the consultation budget. The Mayor's Chief of Staff responded to the 4 January letter and replies will be sent to the other letters shortly.

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## Greater London Authority: Mayor of London

- 2.1 The GLA is the strategic authority for London with a specific role to design a better future for the capital city. The Mayor of London sets a city-wide vision of improvement and, via the GLA, develops strategies, policies and investment programmes to realise this vision. The London Assembly holds the Mayor to account by examining his decisions and actions to ensure he delivers on his promises to Londoners. The Assembly also has the power to amend the Mayor's proposed component council tax requirements for the seven constituent bodies and the resulting consolidated council tax requirement (i.e. the sums raised in-year via the Mayor's council tax precept).
- 2.2 For the purpose of setting the annual revenue and capital budgets, the Mayor of London and London Assembly must be treated as separate constituent bodies. The component budget for the Assembly comprises estimates for its direct expenditure and income, which are set out in section 3. The budget for the Mayor is set out below. The Mayor's budget includes expenditure incurred on accommodation in relation to the Assembly's business, and goods and services provided or procured for the Authority in general.

### Key deliverables

- 2.3 For three years up to and including 2023-24, GLA: Mayor budgets have been structured around the framework of recovery missions and foundations. Originally established in 2021-22 to support the work of the GLA and our key partners in securing London's recovery from the COVID-19 pandemic, this framework provided an effective structure for prioritising resources and aligning the objectives of partners across London through the work of the London Partnership Board (previously the London Recovery Board).
- 2.4 However, London has emerged strongly from the COVID-19 pandemic and in September London's output was 4.5 per cent above pre-pandemic levels, compared to 0.9 per cent for the rest of the UK. Therefore, a strategic and flexible structure of eight themes has been developed for organising the GLA: Mayor's use of resources. It is the intention in due course to create two additional themes to capture the activities predominantly carried out by MOPAC/MPS and the LFC ('Safety') and TfL ('Transport').
- 2.5 The GLA: Mayor's eight themes are as follows:
- **Housing:** increasing the numbers of Londoners who have a safe, decent and affordable home.
  - **Social Justice:** working to ensure that Londoners of all backgrounds feel welcome and can play a full and equal part in the life of our city.
  - **Environment:** helping to ensure London is on the path to net-zero carbon emissions by 2030; responding to the climate and ecological emergencies; and improving London's air quality to meet World Health Organization guidelines across our city.

- **Health:** reducing London's health inequalities – that is, reducing the link between Londoners' health outcomes and their incomes or backgrounds – and working with partners to ensure Londoners have the best health outcomes.
- **Skills:** working to ensure Londoners have the right skills to access decent, well-paid jobs; and that London's businesses have access to the skills they need to grow.
- **Children and Young People:** working so children and young Londoners in need have the right positive opportunities to fulfil their potential.
- **Economy:** delivering our commitment to good growth and prosperity while ensuring London's economy works for all Londoners.
- **Global City and Culture:** working to promote London as a world-leading city; supporting our cultural and creative institutions; promoting tourism; and strengthening London as a world-leading destination for business and leisure.

#### **Revenue expenditure and council tax requirement**

- 2.6 The element of the council tax precept relating to GLA: Mayor services is unchanged from that in 2023-24. The uplift in council tax funding of £0.9 million relates to the increased taxbase. This is £0.1 million lower than was previously anticipated at the Draft Budget stage, but additional funding has been provided from business rates to make up this shortfall.
- 2.7 Based on the proposed net revenue expenditure, after deducting income from retained business rates and government grants, the statutory council tax requirement for the GLA: Mayor's budget for services is £68.3 million.
- 2.8 The GLA: Mayor's budget on a directorate (i.e. objective) basis is set out in the following table:

<b>Objective analysis GLA: Mayor services</b>	<b>Revised Budget</b>	<b>Forecast</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>
	<b>2023-24</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Good Growth	124.3	113.3	142.4	67.6	67.3
Housing & Land	95.0	93.5	77.9	65.4	31.6
Communities & Skills	603.0	593.5	581.7	448.4	401.8
Strategy and Communications	34.9	34.9	38.1	31.4	30.8
Resources	39.0	40.0	35.5	36.9	38.2
Chief Officer	7.4	8.1	6.5	6.7	6.7
Mayor's Office	5.7	5.7	5.6	5.6	5.7
Elections	1.5	1.5	27.8	0.1	0.1
<b>Net service expenditure</b>	<b>910.8</b>	<b>890.4</b>	<b>915.4</b>	<b>662.2</b>	<b>582.2</b>
Contingency	1.0	1.0	1.0	1.0	1.0
<b>Other service expenditure</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
Financing costs – other	1.8	1.8	1.6	1.6	1.6
Provision for repayment of debt/ other grant payments - LLDC	11.8	11.8	11.8	11.8	11.8
Interest receipts	-61.8	-166.3	-77.9	-68.0	-62.0
Interest receipts GLAP loan	-15.0	-15.0	-15.0	-13.0	-7.2
<b>Financing costs</b>	<b>-63.2</b>	<b>-167.7</b>	<b>-79.5</b>	<b>-67.6</b>	<b>-55.8</b>
Transfer to/ (from) reserves held for GLA services	-81.8	96.3	-107.7	-26.4	9.1
Transfer to/ (from) reserves held for Group items	-11.8	-14.4	-11.8	-11.8	-11.8
<b>Net financing requirement</b>	<b>755.0</b>	<b>805.6</b>	<b>717.4</b>	<b>557.4</b>	<b>524.7</b>
Specific grants	497.3	539.4	522.3	426.9	392.0
Retained business rates	170.0	170.0	100.3	61.1	62.3
Local government settlement grant	3.3	11.8	26.5	0.0	0.0
Council tax collection fund surplus	17.0	17.0	0.0	0.0	0.0
<b>Council tax requirement</b>	<b>67.4</b>	<b>67.4</b>	<b>68.3</b>	<b>69.3</b>	<b>70.4</b>

2.9 The GLA: Mayor is also reporting on progress against themes, as referred to above. The following table restates the GLA Directorate expenditure line for 2024-25, 2025-26 and 2026-27.



Themes	Gross Expenditure 2024-25 £m	Gross income 2024-25 £m	Net Expenditure Budget 2024-25 £m	Net Expenditure Plan 2025-26 £m	Net Expenditure Plan 2026-27 £m
Housing	81.9	-59.7	22.2	17.1	16.9
Social Justice	14.9	-0.5	14.4	5.7	5.7
Environment	29.6	-0.4	29.2	26.9	27.0
Health	5.0	-0.2	4.7	4.0	4.0
Skills	402.6	-394.4	8.2	7.5	7.2
Children and Young People	158.8	0.0	158.7	51.1	5.6
Economy	102.5	-78.2	24.3	23.5	23.5
Global City and Culture	2.9	0.0	2.9	3.9	3.9
<b>Total Themes</b>	<b>798.0</b>	<b>-533.3</b>	<b>264.7</b>	<b>139.6</b>	<b>93.8</b>
Analysis & Intelligence	6.6	-1.1	5.5	5.6	5.5
City Operations	1.9	-0.3	1.6	1.7	1.6
CMT	9.2	-0.1	9.1	11.8	14.2
Crystal Palace NSC	3.8	-1.9	1.8	1.9	1.8
Digital Experience Unit	8.4	-0.4	8.0	7.7	7.1
Elections	27.8	0.0	27.8	0.2	0.2
Events	16.3	0.0	16.3	9.4	9.4
External Relations	5.9	-0.3	5.6	5.5	5.5
Facilities Management	13.4	-2.8	10.6	10.7	10.7
Finance	6.1	-3.5	2.5	2.6	2.7
Fire & Resilience	0.6	0.0	0.6	0.6	0.6
Governance	1.5	-0.7	0.8	0.8	0.8
Mayor's Office	5.6	0.0	5.6	5.6	5.7
Museum of London	8.1	0.0	8.1	8.1	8.1
The People Team	3.4	-0.2	3.2	3.2	3.2
Shared Services & Corporate	19.0	-1.9	17.1	16.3	15.0
Statutory Planning	6.8	-3.1	3.7	3.6	3.7
Strategic Partnerships	1.8	-0.1	1.7	1.6	1.6
<b>Core Functions</b>	<b>146.0</b>	<b>-16.5</b>	<b>129.5</b>	<b>96.7</b>	<b>97.4</b>
<b>Total Themes including Core</b>	<b>943.9</b>	<b>-549.8</b>	<b>394.1</b>	<b>236.3</b>	<b>191.2</b>
Contingency	-1.0	0.0	-1.0	-1.0	-1.0
Specific grants	0.0	522.3	522.3	426.9	392.0
<b>Total Directorate Expenditure</b>	<b>942.9</b>	<b>-27.5</b>	<b>915.4</b>	<b>662.2</b>	<b>582.2</b>

### Explanation of budget changes

- 2.10 An analysis of the year-on-year movement in the proposed council tax requirement for the GLA: Mayor compared to the revised budget for 2023-24 is set out below. An explanation of each change is provided in the paragraphs that follow.

Changes in the council tax requirement	£m	£m
2023-24 council tax requirement		67.4
<i>Changes due to:</i>		
Net change in service expenditure and income		-11.7
<i>Including:</i>		
<i>Inflation</i>	10.9	
Change in use of reserves		-25.9
Government grants		-48.2
Retained business rates funding		69.7
Change in council tax collection fund surplus		17.0
<b>2024-25 council tax requirement</b>		<b>86.3</b>

Note: Positive figures reflect reductions in other funding sources or increased expenditure plans, and therefore increase the council tax requirement. Negative figures reflect increases in other funding sources or reductions in expenditure plans, and therefore decrease the council tax requirement.

### Net change in service expenditure and income

- 2.11 The budget proposes a £11.7 million net decrease in service expenditure and income.
- 2.12 The biggest new commitment in the 2023-24 budget was the allocation of £130 million in the 2023-24 academic year to fund Universal Free School Meals for all primary-age children in the state sector who are not eligible for the government's free school meal scheme. This was an emergency response to the cost-of-living crisis and is assisting up to 287,000 children with an annual benefit of some £440 per child. The Draft Budget reflected the profiling of spend across two financial years on Universal Free School Meals. The budget for the portion of the academic year falling into 2023-24 was £90 million, with £40 million required for 2024-25.
- 2.13 In the Draft Budget, an additional £140 million was allocated to enable the Universal Free School Meals programme to continue for the 2024-25 academic year (i.e. September 2024 to July 2025). This is funded from re-purposing £120 million of reserves (£65 million held by GLA: Mayor, and £55 million from the group-wide Transport Services Reserve, which is no longer needed and has been disbursed). The remainder of this initiative is funded from £20 million of additional business rates funding.
- 2.14 The Draft Budget also included an additional £4.2 million to extend the Income Maximisation scheme to help Londoners facing financial challenges access income to which they are entitled, as well as £0.8 million to fund School Superzones. These are one-off investments for 2024-25 and have been funded from Services Grant awarded in the local government finance settlement (£3.3 million) and £1.7 million of business rates income.

- 2.15 As disclosed in the GLA's quarterly performance reporting, the GLA is forecasting to receive materially more interest income from its investments. This Final Draft Budget allocates £55 million of increased investment income as revenue funding to the GLA Capital Programme reserve (releasing £26.6 million of business rates income which was previously set aside for this purpose, given the contents of the billing authority returns), to meet potential pressures emerging from GLA Group development schemes given government decisions and delays regarding second staircases in high-rise buildings, significant cost pressures in the construction sector and wider economic challenges depressing land values and sale prices. Funding arising from the final local government settlement and additional interest receipts takes the total increase in this reserve to £105 million. An initial profile for the expenditure of this reserve has been assumed in order to give clarity on likely future reserve levels, however this is subject to change as further information emerges and negotiations with partners conclude.
- 2.16 Additionally, £3 million has been allocated in this budget for expenditure on air quality initiatives which at this stage is assumed to be capital expenditure. This Budget also confirms the allocation outlined in the Draft Budget of £3 million tackling climate risk and nature loss. This will support the continuation of the Mayor's Trees for London programme and further rewinding work. An allocation of £1 million per annum from 2024-25 to 2026-27 is helping to fund the GLA's response to the recommendations from the London Climate Resilience Review currently underway.

#### Savings and efficiencies

- 2.17 With the exception of the budget for the pay award and that relating to utility bills and other unavoidable supplier cost increases, the budget makes little provision for inflation, meaning other areas will be required to make savings to remain within similar budgets.

#### Inflation

- 2.18 The budget includes a provision for inflation of £10.9 million. This includes £6.4 million for non-pay inflation (including a provision for unavoidable inflation in Events and Facilities Management) and £4.5 million relating to pay inflation. All other areas have to contain their spend within the allocation made.

#### **Change in use of reserves**

- 2.19 The budget proposes a net increase in the transfer from reserves of £25.9 million from the revised budget for 2023-24. This is driven by a number of factors, including the profiling of Universal Free School Meals expenditure across academic years, and capital programme profiling.

**Net change in retained business rates, specific grants and council tax collection fund surplus**

- 2.20 Government grants are budgeted to increase by £48.2 million compared to the revised 2023-24 budget partly due to increases in Domestic Abuse and Skills allocations. The local government settlement provided an allocation of £3.4 million of one-off local government settlement grants, £3.3 million of which has been used to fund the extension of the income maximisation scheme. From the additional grant funding in the final settlement, £3 million has been allocated to GLA Mayor to fund its air quality initiatives in the capital programme.
- 2.21 There has been a decrease in retained business rates of £69.7 million between 2023-24 and 2024-25. This is because GLA reserves will mainly be used to fund the second academic year of Universal Free School Meals supported by a contribution from additional business rates income; whereas in 2023-24, one-off business rates was the primary funding source for this initiative.
- 2.22 The council tax collection fund surplus is reduced from £17.0 million to nil, as there is no surplus for distribution in 2024-25.

**Adult Education Budget (AEB)**

- 2.23 The largest single area of revenue expenditure within the GLA: Mayor component budget – reported within the Communities and Skills directorate – is Adult Education. The core AEB budget for 2024-25 is £346.3 million which is funded through a government grant. Further details on the planned programme of expenditure were set out in section 4 of the GLA's budget submission considered by the London Assembly's Budget and Performance Committee on 21 November 2023.

**Capital financing costs for the Elizabeth Line (Crossrail) and the Northern line extension**

- 2.24 On 30 November 2020, the GLA, TfL and the Department for Transport (DfT) agreed a revised funding deal under which the GLA would provide an additional £825.0 million contribution to allow the completion of the Elizabeth line. This was paid over in full by 31 March 2023. In his 2022-23 budget, the Mayor also agreed to provide an additional £48.5 million of GLA funding to complete the project funded by balances held in the Business Rates Reserve. This sum is assumed at this stage to be transferred to TfL before the end of 2023-24 but this is dependent on the project's funding requirements and therefore a proportion of this may slip into 2024-25. The Mayor's additional contribution was matched by further additional funding, from the DfT, of £50.0 million, as part of the TfL funding deal agreed in August 2022.

- 2.25 Taking into account direct contributions towards the project, the GLA will have provided around £7 billion towards the project since 2010 by 31 March 2024, financed – with the exception of the £48.5 million contribution in 2023-24 – using revenues from the Crossrail Business Rate Supplement (BRS) and Mayoral Community Infrastructure Levy (MCIL). The GLA is forecast to have approximately £4.0 billion of outstanding Crossrail related borrowing as at 1 April 2024 which is owed to the Public Works Loans Board, the DfT and bondholders. This debt is not expected to be fully repaid until the early 2040s, noting that the GLA is permitted (under secondary legislation) to only apply MCIL revenues towards financing costs until March 2043, whilst the end date assumed for the Crossrail BRS remains at 31 March 2041. The GLA is budgeting to incur approximately £125 million in capital financing costs on this debt in 2024-25; BRS and MCIL income combined is expected to be around £370 million – with the balance not required to meet these financing and associated administrative costs being set aside to repay the GLA's outstanding Crossrail debt.
- 2.26 The Mayor approved the policies for the Crossrail BRS for 2024-25 via Mayoral Decision 3236 which was published on 7 February. The rateable value threshold above which the BRS applies for assessments on the local rating list was increased from £70,000 to £75,000 (on 1 April 2023) to reflect the impact of the 2023 business rates revaluation in London. This threshold will be maintained for 2024-25 and is expected to be maintained for the life of the new rating list (i.e. until at least 2025-26). The number of hereditaments made exempt from paying the Crossrail BRS through the Mayor's discretion, compared to the statutory minimum of £50,000 specified by the existing legislation based on the new £75,000 threshold, is estimated at just under 18,000 premises in 2024-25 – an effective reduction of nearly 30 per cent, which only results in a 6 per cent reduction in the tax take, given the relatively small sums those ratepayers made exempt would pay. It is forecast at this stage that the BRS will raise around £248 million in 2024-25 after allowing for valuation losses and the impact of the 75 per cent relief awarded to ratepayers in the retail, leisure and hospitality sectors which also applies to local supplements on a pro rata basis. It is also forecast for planning purposes that MCIL will raise around £120 million in 2024-25. The actual BRS and MCIL receipts will depend on the sums collectable by the 33 local authorities and (in respect of MCIL only) the LLDC and OPDC (as the local planning authorities in those areas).
- 2.27 The Northern Line Extension to Battersea Power Station (BPS) and Nine Elms opened in September 2021. In October 2022, BPS re-opened and a number of retail, leisure and hospitality operators commenced operation at the site. The GLA paid its final instalment of its £1 billion contribution towards the cost of Northern Line Extension (NLE) in 2021-22, albeit there was a small residual payment relating to one element of the project made by the GLA in April 2023.

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- 2.28 Following the opening of the NLE, a further £105.2 million was triggered in developer contributions in 2021-22. The Business Rates Reserve (BRR) was reimbursed for the sums charged to it arising from financing the 2019-20 and 2020-21 accounting deficits on the NLE revenue account using these contributions. This additional revenue also covered the in-year revenue financing shortfall for 2022-23. These deficits represented short-term cash flow issues pending the anticipated growth in business rates income locally from the BPS development and the remainder of the statutory designated area – and were thus managed through a temporary repayable drawdown from the BRR.
- 2.29 A newly created temporary NLE reserve was created to hold the remaining balance of the additional developer contributions. This reserve is being held as a provision to meet capital financing costs in the short-term should the business rates income from the local designated area be insufficient in any year.
- 2.30 Now the NLE and Battersea Power Station (BPS) development have opened, the level of business rates income from the local designated area is expected to increase substantially over the next two to three years as the new office and retail space on the BPS site both become occupied and also added to the valuation list. Any unused balance on the NLE reserve not required to meet capital financing costs, will be available to be applied for the earlier repayment of the GLA's NLE related borrowing of approximately £1 billion. This reserve is expected to be released in full to repay debt by 2026-27 but this is dependent on the timing and level of business rates receipts from the local designated area, established by Parliament from 1 April 2016. Business rates growth in the area is retained to support the financing and repayment of this borrowing until March 2041, with the potential for an extension for a further five years should this be required. The income profile for 2024-25 reflects the expected outturn position once all new hereditaments at the Battersea Power Station site have been added to the rating list.
- 2.31 Capital financing costs on the GLA's NLE debt, including bond index linking, are forecast to be £27.8 million in 2024-25.
- 2.32 For the first time, in the interests of transparency, the GLA borrowing repaid for the Elizabeth line and the NLE is being reported in Group items, now that the final contributions towards both projects financed by borrowing have been made. In 2024-25, the GLA is budgeting to repay £254 million of its Crossrail debt followed by a further repayment of £294 million in 2025-26. The first £30 million repayment of the NLE debt is budgeted to take place in 2025-26. The future annual surpluses on the annual Crossrail and NLE revenue accounts, as reported in the GLA's statement of accounts, equate to the GLA's minimum revenue provision for the associated outstanding debt which it is required to make under accounting regulations and legislation. These surpluses will be applied to repay the GLA's borrowing.

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**Reserves**

- 2.33 The Business Rates Reserve (BRR) is used primarily to manage income risk and volatility relating to the GLA Group's approximately £3.6 billion per annum of business rates (including the Crossrail BRS) and £1.5 billion of council tax revenues. The balance held on the BRR, as at 31 March 2023, as reported in the GLA's statutory 2022-23 accounts (after post audit adjustments) was around £185.5 million.
- 2.34 The significant volatility arising from pandemic related business rates reliefs and tax income guarantee grant, which saw the balance on the reserve rise to over £1.6 billion at the end of 2020-21, then falling to £1.1 billion at the end of 2021-22 (due to accounting and timing issues) has now been fully worked through and eliminated from the balances held. The balance at the end of 2022-23 was lower than the £203.4 million figure assumed in the Mayor's Final Budget for 2023-24 approved last February, albeit this reflected the impact of various offsetting items. For example, the remaining £48.5 million Crossrail contribution due to be funded from the BRR is assumed be paid to TfL in 2023-24. This was offset by other adjustments to manage LLDC financing issues and necessary year end business rates accounting adjustments arising from the 2022-23 billing authority outturn data. A £50.0 million contingency has been set aside within the reserve to meet potential prior year deficits should they arise following the conclusion of the audit of the 33 local billing authority statutory accounts up to 2022-23 and/or if the estimated 2023-24 surplus allocated in this final draft budget does not ultimately materialise in the outturn for that year.
- 2.35 After allowing for the above carry forwards, re-allocations of funding for group-wide cost pressures, the allocation of the business rates contingency and capital spending managed at a Group level, the final year of the three-year spreading of business rates deficits for 2020-21 and other amendments, the forecast balance on the BRR at 31 March 2025 is £163.1 million. This balance is projected to reduce to £112.2 million at the end of 2026-27 which is considered to provide adequate protection against the uncertainty inherent in the business rates regime and in the face of potential changes to that regime which are currently impossible to accurately predict. Additional funding to a number of billing authorities to support council tax and business rates income maximisation work over and above the current budgeted allocations is in the process of being approved. This is in light of rising levels of council tax and business rates arrears which are materialising due to the cost-of-living crisis. As explained in Appendix G these additional contributions once confirmed – which are expected to be self-financing from the additional revenues generated – will be managed through the BRR.

- 2.36 The GLA's Interim Chief Finance Officer considers that it would be desirable to at a minimum hold the balance of the Business Rates Reserve at a level that reflects the risks to future tax revenues, taking account of the actual level of support from the government that will be forthcoming and the shortfall the GLA would have to meet in one year were it to be in a safety net position within the business rates retention system. As explained in Appendix I, the estimated shortfall the GLA would need to meet, were it to be in a safety net position within the business rates retention system, based on the revised 92.5 per cent threshold now in place and assuming an indicative uplift in 2024-25 linked to September 2023 CPI inflation, is estimated to be £102.1 million in 2024-25. The estimated balance at 31 March 2027 complies with this safety net linked target balance.
- 2.37 The Strategic Investment Fund (SIF) reserve was created to manage the drawdown of the approximately £185.0 million of additional business rates growth generated for the GLA under the 2018-19 and 2019-20 London business rates pilots. The reserve is expected to be less than £5.0 million by the end of 2023-24 and is forecast to be fully utilised by the end of 2024-25 as the remaining expenditure on the approved strategic investment projects is incurred.
- 2.38 The Mayoral Development Corporation (MDC) reserve (which includes the OPDC flexibility reserve reported separately in the GLA accounts) is ringfenced to support the LLDC and OPDC and a contingency held for any unexpected costs and to assist them in managing year-on-year variances in their expenditure. The balance on the reserve is now forecast to reduce from £40.5 million at the end of 2023-24 to £38.4 million by the end of 2024-25 and then declining to £7.5 million at 31 March 2027. Capitalisation of OPDC costs may reduce the calls on this reserve in the years ahead, in which case its level would be reviewed.
- 2.39 The closing balance on the Transport Services Funding reserve at the end of 2022-23 was £287.9 million – as budgeted. Other planned movements from this reserve in 2023-24 included transfers to TfL of up to £110.0 million for the Mayor's vehicle scrappage scheme, and £96.1 million budgeted to be moved to the new Environmental Improvement reserve. TfL are forecast to achieve an operating surplus in 2023-24. In light of the stabilisation of their finances a decision has been taken that this reserve, which was created to manage risks associated with the extraordinary pressures caused by the COVID-19 pandemic, is no longer required. Therefore, it has been disbursed for other purposes. The remaining balance of the Transport Services Funding reserve is allocated towards the extension of Universal Free School Meals (£55 million), transport innovations (£24 million), Superloop (£5.5 million) and the LLDC Capital reserve (£15.5 million). Therefore, the full balance of the Transport Services Funding Reserve is expected to be fully utilised by the end of 2024-25, which is unchanged from the Draft Budget.



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- 2.40 The Mayor created a new Group-wide Environmental Improvement (EI) reserve in his 2023-24 budget to fund projects to deliver initiatives associated with achieving this objective. This was funded from £96.1 million previously allocated to the Transport Services Reserve, and one-off business rates receipts of £38.3 million. Of the original £134.4 million allocation, £50.0 million funding was approved by the Mayor in August 2023 to extend the scrappage scheme, leaving a balance of £84.4 million at the end of March 2024. Given the funding available in the GLA's separate Climate Emergency Funding reserve, the remainder of the reserve was allocated in the Draft Budget to fund a further contribution to the scrappage scheme (£50 million in 2023-24), and LLDC Capital Reserve (£34.4 million in 2024-25). This reserve will therefore be fully utilised by the end of 2024-25, which is unchanged from the Draft Budget.
- 2.41 The NLE reserve, as outlined in the NLE and Crossrail section above, has been established to manage short-term deficits between the GLA's capital financing costs and the local income received in developer contributions and business rates growth in the designated area. The balance on this reserve was £59.1 million at 31 March 2023 and is forecast to be £60.5 million at the end of 2025-26. Once the GLA can be certain the in-year business rates growth receipts from the local designated area are sufficient to meet its annual financing costs and to allow it to commence repayment of its £1.0 billion of NLE related debt, it will release the balance on this reserve for the latter purpose. This final release of the reserve is currently scheduled to take place in 2026-27.
- 2.42 A new GLA Group Collaboration reserve has been created with a target balance of £6.0 million between 2023-24 and 2026-27. This is to support Group Collaboration work so will be drawn down as the need arises.
- 2.43 The GLA's general reserve will be maintained at £10.0 million until the end of the planning period.
- 2.44 The balance of core GLA earmarked reserves (i.e. reserves earmarked for GLA services, the capital programme and the interest smoothing reserve in the tables below but excluding the Assembly reserve and the above group reserves) at the end of 2023-24 is forecast to be £496.3 million, decreasing to £304.5 million by 31 March 2027. The committed use of these GLA core earmarked reserves over the planning period is set out below and is subject to change as resources are allocated and applied. The usage of reserves will be adjusted as expenditure plans are agreed.
- 2.45 The following table shows the forecast movement in GLA reserves:

<b>Movement in reserves during financial year</b>	<b>Outturn 2022-23 £m</b>	<b>Forecast 2023-24 £m</b>	<b>Budget 2024-25 £m</b>	<b>Plan 2025-26 £m</b>	<b>Plan 2026-27 £m</b>
Opening balances	1,850.7	1,081.2	863.2	688.2	555.4
<i>Transfers to/from:</i>					
Business Rates Reserve	-821.8	-75.2	52.8	-20.2	-30.7
Northern Line Extension Reserve	-4.6	8.9	22.3	-29.8	-60.5
Mayoral Development Corporation Reserve	23.8	-1.3	-2.1	-10.1	-20.8
Transport Services Funding Reserve	-4.6	-199.4	-88.5	0.0	0.0
Environmental Improvement Reserve	0.0	34.4	-34.4	0.0	0.0
Reserves Earmarked for GLA Services	144.8	-11.8	-90.6	-32.4	9.1
Interest Smoothing Reserve	31.0	42.0	-4.0	6.0	0.0
Capital Programme Reserve	-30.5	79.5	-27.3	-52.8	0.3
LLDC Capital Funding Reserve	-82.9	-73.3	1.8	6.8	-11.0
Strategic Investment Fund	-25.7	-27.4	-4.8	0.0	0.0
GLA Group Collaboration Budget Reserve	0.0	6.0	0.0	0.0	0.0
Assembly Reserve	1.0	-0.3	-0.2	-0.3	-0.1
General Reserve	0.0	0.0	0.0	0.0	0.0
<b>Closing balances</b>	<b>1,081.2</b>	<b>863.2</b>	<b>688.2</b>	<b>555.4</b>	<b>441.8</b>

2.46 The forecast total GLA reserves at the end of each financial year are summarised below:

<b>Total reserves at end of financial Year</b>	<b>Outturn 2022-23 £m</b>	<b>Forecast 2023-24 £m</b>	<b>Budget 2024-25 £m</b>	<b>Plan 2025-26 £m</b>	<b>Plan 2026-27 £m</b>
Business Rates Reserve	185.5	110.3	163.1	142.9	112.2
Northern Line Extension Reserve	59.1	68.0	90.3	60.5	0.0
Mayoral Development Corporation Reserve	41.8	40.5	38.4	28.3	7.5
Transport Services Funding Reserve	287.9	88.5	0.0	0.0	0.0
Environmental Improvement Reserve	0.0	34.4	0.0	0.0	0.0
Reserves Earmarked for GLA Services	337.6	325.8	235.1	202.7	211.8
Interest Smoothing Reserve	45.5	87.5	83.5	89.5	89.5
Capital Programme Reserve	3.5	83.0	55.7	2.9	3.2
LLDC Capital Funding Reserve	75.7	2.4	4.2	11.0	0.0
Strategic Investment Fund	32.1	4.8	0.0	0.0	0.0
GLA Group Collaboration Budget Reserve	0.0	6.0	6.0	6.0	6.0
Assembly Reserve	2.5	2.2	2.0	1.7	1.6
General Reserve	10.0	10.0	10.0	10.0	10.0
<b>Total</b>	<b>1,081.2</b>	<b>863.2</b>	<b>688.2</b>	<b>555.4</b>	<b>441.8</b>

### GLA Group items

- 2.47 The following table sets out the budget for GLA Group related items and include Crossrail and NLE capital financing costs, planned debt repayments and the associated revenues explained above. The budget for these items is controlled by the Mayor. These GLA Group items are managed through resources that are held within the GLA: Mayor but are distinct from the service-related items that are set out in the objective and subjective tables.

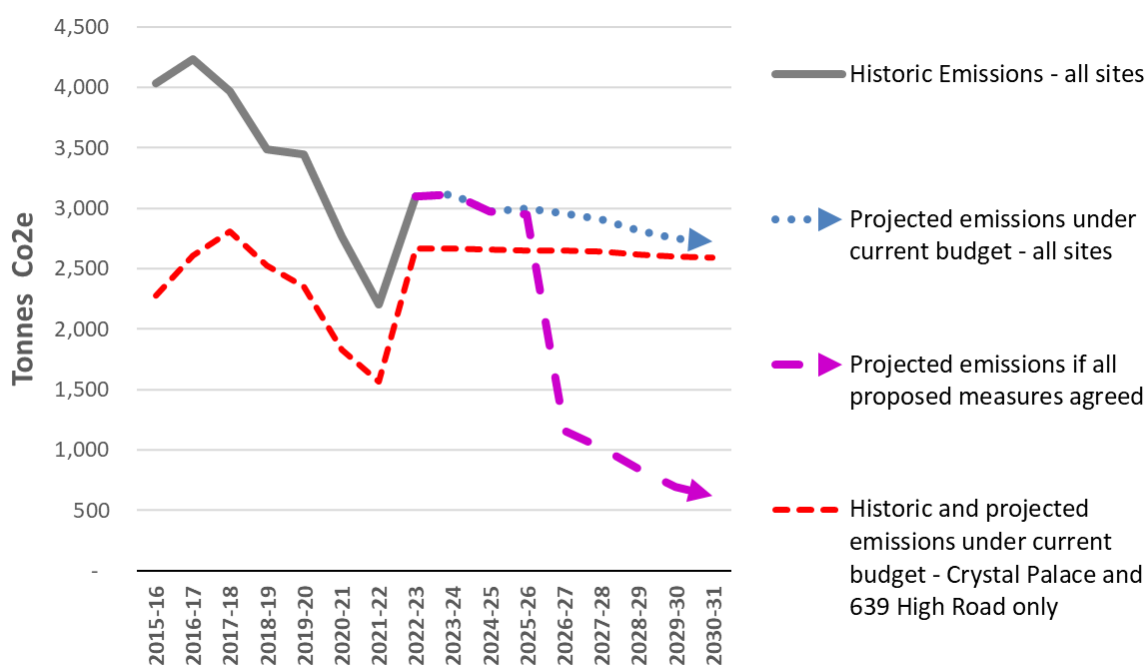
GLA Group Items	Revised Budget 2023-24 £m	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
Group collaborative and responsible procurement	2.9	4.3	8.5	6.2	6.5
Borough income maximisation initiatives	5.3	5.6	5.4	5.5	5.6
Strategic investment fund	27.8	27.4	4.8	0.0	0.0
<b>Group Initiatives subtotal</b>	<b>36.0</b>	<b>37.2</b>	<b>18.7</b>	<b>11.8</b>	<b>12.1</b>
NLE contributions applied for capital spending	7.5	7.5	0.0	0.0	0.0
NLE Financing costs	36.5	33.7	27.8	24.9	21.3
NLE contributions	-50.1	-50.1	-50.1	-25.1	-25.1
NLE principal debt repaid	0.0	0.0	0.0	30.0	64.3
Crossrail financing costs	132.4	132.4	125.0	118.6	112.6
Crossrail principal debt repaid	264.0	264.0	254.0	294.0	274.0
Crossrail BRS and MCIL income	-396.4	-396.4	-379.0	-412.6	-386.6
<b>Major projects Subtotal</b>	<b>-6.1</b>	<b>-8.9</b>	<b>-22.3</b>	<b>29.8</b>	<b>60.5</b>
LLDC expenditure funded from Group Items	9.6	102.0	59.5	10.8	37.3
OPDC expenditure funded from Group Items	7.7	4.6	4.6	4.4	0.0
GLA expenditure funded from Group Items	11.8	23.4	66.8	11.8	11.8
TfL expenditure funded from Group Items	92.7	251.8	18.0	0.0	0.0
Green Finance Facility	0.0	-1.8	-4.2	0.0	0.0
2020-21 NNDR deficit to be recovered from TfL	-77.5	-77.5	0.0	0.0	0.0
Interest receipts from LLDC on Loans	0.0	-1.1	-3.0	-0.1	16.4
<b>Functional body Subtotal</b>	<b>44.3</b>	<b>301.4</b>	<b>141.7</b>	<b>26.9</b>	<b>65.5</b>
Residual/forecast NNDR sums payable to billing authorities and DLUHC	178.0	86.5	0.0	0.0	0.0
2021-22 DLUHC Levy surplus	4.4	4.4	0.0	0.0	0.0
Billing authority net repayments including pandemic deficits	11.0	0.0	0.0	0.0	0.0
Tariff and levy payments to DLUHC	764.9	762.3	836.3	824.1	840.5
<b>Collection fund payments subtotal</b>	<b>958.3</b>	<b>853.1</b>	<b>836.3</b>	<b>824.1</b>	<b>840.5</b>
<b>Total gross expenditure</b>	<b>1,556.5</b>	<b>1,709.7</b>	<b>1,410.6</b>	<b>1,330.3</b>	<b>1,390.4</b>
<b>Total gross income</b>	<b>-524.0</b>	<b>-526.8</b>	<b>-436.3</b>	<b>-437.8</b>	<b>-411.7</b>
<b>Total net expenditure</b>	<b>1,032.5</b>	<b>1,182.9</b>	<b>974.3</b>	<b>892.5</b>	<b>978.7</b>
Transfer to/from (-) MDC reserve	0.0	-1.3	-2.1	-10.1	-20.8
Transfer to/from (-) LLDC Capital Funding reserve	0.0	-85.1	-10.0	-5.0	-22.8
Transfer to/from (-) SIF reserve	-27.8	-27.4	-4.8	0.0	0.0
Transfer to/from (-) NLE reserve	6.1	8.9	22.3	-29.8	-60.5
Transfer to/from (-) Transport reserve	-188.7	-199.4	-88.5	0.0	0.0
Transfer to/from (-) Environmental Improvement reserve	134.3	34.4	-34.4	0.0	0.0
Transfer to/from (-) Collaboration reserve	0.0	6.0	0.0	0.0	0.0
Transfer to/from (-) BRR reserve	-64.9	-75.2	52.8	-20.2	-30.7
<b>Financing requirement</b>	<b>891.5</b>	<b>843.8</b>	<b>909.7</b>	<b>827.4</b>	<b>844.0</b>
Local government settlement grant	13.4	13.4	0.1	0.0	0.0
Business rates collection fund surplus/ (deficit)	0.0	0.0	2.8	0.0	0.0
Council tax collection fund surplus/ (deficit)	0.0	0.0	-2.8	0.0	0.0
Retained business rates	878.1	830.4	909.6	827.4	844.0
<b>Council tax requirement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Environmental impact and Climate Budget

2.48 This section of the budget outlines how the GLA, through its own operations and through its wider programme budget, is supporting the Mayor to achieve his net zero target and help London adapt to a changing Climate.

#### Estate: current and future measures

2.49 In terms of the GLA's own estate, the Climate Budget focuses specifically on emissions arising from City Hall, Trafalgar Square, Crystal Palace National Sports Centre and 639 Tottenham High Road. Figure 2 below, summarises GLA: Mayor emissions to date and expected emissions to 2030.



**Figure 2: GLA: Mayor historic and projected emissions**

2.50 This figure shows that the GLA: Mayor emissions reduced from 4.0 kilo tonnes (kt) CO<sub>2</sub>e in 2016 to 3.1 kt in 2023, a 23 per cent reduction. Emissions reduce to 2.7 kt by 2030 (a 32 per cent reduction) with currently funded measures, and down to 0.6 kt (an 85 per cent reduction) if all measures are funded.

- 2.51 It should be noted that emissions are dominated by the large Crystal Palace National Sports Centre (CPNSC). The centre is currently not operating at full capacity with the main swimming pool having been out of action since early 2020. As the timing and nature of the renovation measures to be undertaken at the Centre are still being finalised, there is a great deal of uncertainty around the projected emissions at the site. However, the above graph shows the current best understanding of the potential savings that could be made at the site. The baseline projection (blue line) assumes refurbishment goes ahead but without additional measures to improve energy efficiency and switch away from gas. The pink line shows the emissions savings that could be achieved if the CPNSC project is successful in getting support from the Green Finance Fund and it's therefore possible to incorporate into the refurbishment programme measures such as switching away from gas, solar panels, and improved energy efficiency.
- 2.52 At City Hall and Trafalgar Square there are only a few climate measures due to City Hall already being very efficient due to its design features and the extensive refurbishment undertaken before moving in. Many of the further potential decarbonisation measures are already underway. The main climate measures at these sites are:
- an upgrade to the electrical capacity at Trafalgar Square. This means that those running events at Trafalgar Square will be able to plug into the grid electricity network to power vans and equipment and that they will no longer need diesel generators for the additional power supply
  - completion of LED lighting upgrades at City Hall.
- 2.53 There is further scope to cut emissions at 639 High Road in Tottenham; work is still ongoing to quantify the potential emissions savings associated with these measures and to secure support for the retrofit works.
- 2.54 As a subsidiary company of the GLA, GLA Land and Property (GLAP) is one of the largest public sector landowners in London with primary aims of creating jobs and affordable housing. Whilst GLAP does not provide a budget submission to the Mayor in the same manner as the rest of the GLA Group, funded and unfunded (and as yet unadopted) climate measures have been identified in Appendix J for the estate under GLAP control.
- Green tariffs and air travel
- 2.55 The GLA's energy provider is Ecotricity which is a 100 per cent renewable energy provider.
- 2.56 Emissions from staff air travel for 2022-2023 were 220 tonnes of CO<sub>2</sub>e. The GLA offsets any carbon emissions from flights using Gold Standard Certified Emissions Reductions projects, by purchasing credits from Carbon Footprint Ltd.

Programme Budget: Current measures

- 2.57 For this Budget, the scope of the Climate Budget has expanded to incorporate both spend on policies and programmes that will benefit the climate beyond its own estate and fleet, and measures which will help London adapt to a changing climate.
- 2.58 The Mayor has four key levers to cut emissions across London, and relevant programmes in the GLA's budget are noted against each of these levers:
- direct funding of decarbonisation projects or delivering programmes: £28 million of funding across 3 years is being provided for the Zero Carbon Enabler, Home Upgrade Grant, support for local businesses and communities, Creative Enterprise Zone Workspace Capital Programme and Future Neighbourhoods
  - using regulatory powers and direct influence: £2 million in funding is outlined for this over three years, with further support from staff time. Measures of this type include enforcing London Plan policies (which exceed national sustainability requirements), ensuring high sustainability standards on GLA-related development schemes such as the Affordable Homes Programme, and the Non-Road Mobile Machinery Low Emission Zone
  - providing finance: this includes the £500 million Green Finance Fund for public sector decarbonisation projects, and the Mayor's Energy Efficiency Fund loans for capital infrastructure
  - convening or supporting others to take action: key measures include skills programmes, the Better Futures Programme, subregional energy planning work, and energy advice services. Not all programmes have a set budget, but Table C identifies nearly £50 million worth of spending over the next three years to support others to tackle climate change, whilst helping Londoners into jobs, stimulating business growth, and strengthening local communities.
- 2.59 The Mayor is also taking action to help make London better adapted to the impacts of climate change. These impacts include rising temperatures and the increasing frequency and intensity of heatwaves and flooding as UK summers become hotter and drier, and winters, milder and wetter. Almost £26 million is budgeted across three years, covering urban greening projects, tree planting, and implementing the recommendations of the forthcoming London Climate Resilience Review. These measures are intended to promote cooling during hot weather, flood resilience, wellbeing and mental health improvements and resilience to extreme weather events.
- 2.60 Further details on all the climate measures can be found in Appendix J.

**Equalities impact**

- 2.61 In line with best practice, and consistent with the Mayor's 'Inclusive London' Equality, Diversity and Inclusion Strategy, the impact on groups who also have the potential to be socially excluded, for example people on low incomes or from particular communities, should also be considered. While these specific attributes are not protected under the Equality Act 2010, evidence highlights how they can impact on Londoners' wellbeing and contribute towards the exclusion of some people and communities from participation in London's society. In addition, they may be factors that are common to people with protected characteristics. The decisions outlined in this budget have been taken in accordance with these principles of equality, diversity and inclusion.
- 2.62 Accordingly, this budget allocates resources in order to ensure that the GLA is able to work effectively with partners to reduce inequalities in London, with choices underpinned by analysis of the evidence of the disproportionate impact of COVID-19. This includes:
- continuing to recognise work on equality, diversity and inclusion as a critical cross-cutting foundation for all of the GLA's work to support London's ongoing recovery and development
  - supporting the ongoing allocation of resources to support an increased level of engagement with London's communities through all of the GLA's work, with an emphasis on communities and groups who face the greatest challenges and inequalities
  - ensuring that the GLA Group Public Health Unit now provides a shared service through which specialist health capacity can be mobilised, supporting work across the GLA to tackle health inequalities and keeping people safe from threats to health, including their determinants (most notably the cost-of-living crisis).
- 2.63 Additionally, the focus of our work is to provide a long-term plan for how the GLA will tackle the inequalities facing Londoners, based on the updated objectives that will be expanded on in the Mayor's refreshed Equality, Diversity and Inclusion Strategy. Specifically, this includes the GLA's strategies for:
- providing genuinely affordable homes for the benefit of those groups and communities that are most likely to live in overcrowded, poor quality or unaffordable housing
  - increasing the number of homes that meet Londoners' diverse housing needs including increasing, year-on-year, the pace of provision of affordable specialist and supported housing
  - addressing the specific barriers that prevent some rough sleepers exiting rough sleeping and rebuilding their lives
  - addressing the specific barriers faced by those groups of Londoners most likely to experience financial hardship, helping them understand and access their entitlements and available support



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- addressing the specific barriers faced by new arrivals, helping them to access the advice and support that will enable them to thrive in the capital
  - improving the democratic participation of the communities and groups who are least likely to vote or take part in consultations to shape the public services that support them
  - ensuring London's diverse communities have the knowledge, networks, and volunteering opportunities they need to connect and support each other, regardless of their differences
  - improving Londoners' air quality and access to green space and lowering the city's carbon emissions so that inequalities in exposure to harmful pollution and climate risks are reduced
  - delivering investment in London's high streets with the aim that it benefits the most deprived parts of London and meets the expressed priorities of marginalised or underrepresented groups
  - addressing the reasons for health inequalities that cause some groups to experience poorer physical and mental health outcomes
  - helping Londoners at risk of marginalisation in the labour market to get the skills and support they need to secure good quality jobs
  - ensuring London's workforce reflects its population at all levels and in all sectors
  - supporting those most at risk of digital exclusion by promoting a consistent approach to addressing access needs, and upskilling those lacking basic digital skills
  - removing the barriers preventing children and young Londoners from realising their potential now and in later life
  - increasing the number and proportion of diverse-owned businesses within the Mayor's main supply chain
  - supporting our businesses to thrive and grow, with a particular focus on minority owned SMEs
  - ensuring that Londoners from all walks of life feel heard and see themselves reflected in the public realm.

2.64 The GLA: Mayor's budget submission can be found [here](#).

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## Greater London Authority: London Assembly

- 3.1 The separate component budget for the London Assembly comprises GLA costs arising in respect of Assembly Members, employees of the Authority who work as support staff for the Assembly, goods and services procured solely for the purposes of the Assembly and the support provided by the Assembly to London TravelWatch, the watchdog for transport users in and around London.

### **Key deliverables**

- 3.2 The Assembly Secretariat supports the Assembly in:
- holding the Mayor to account
  - conducting investigations into issues of importance to Londoners
  - enabling Assembly Members to conduct their representative and constituency roles
  - raising its profile and enhancing its reputation among Londoners
  - overseeing the work of London TravelWatch.

### **Revenue expenditure and council tax requirement**

- 3.3 The element of the council tax precept relating to GLA: Assembly is unchanged from that previously charged in 2023-24. The uplift in council tax funding of £0.1 million relates to the forecast increase in the council taxbase.
- 3.4 The revenue expenditure for the Assembly is budgeted to increase by £0.2 million between 2023-24 and 2024-25.
- 3.5 The following table sets out the Assembly's budget on an objective basis.

<b>Objective analysis Assembly</b>	<b>Revised Budget 2023-24 £m</b>	<b>Forecast 2023-24 £m</b>	<b>Budget 2024-25 £m</b>	<b>Plan 2025-26 £m</b>	<b>Plan 2026-27 £m</b>
Assembly Members	2.0	2.0	1.9	1.9	1.9
Member Services	2.5	2.5	2.5	2.5	2.5
Committee Services	0.8	0.8	0.8	0.8	0.9
Scrutiny	1.7	1.7	1.8	1.8	1.9
Assembly Communications	0.4	0.4	0.4	0.4	0.4
Director/Business Support	0.3	0.3	0.4	0.4	0.4
London TravelWatch	1.1	1.1	1.1	1.1	1.1
<b>Net service expenditure</b>	<b>8.8</b>	<b>8.7</b>	<b>9.0</b>	<b>9.1</b>	<b>9.1</b>
Transfer to/(from) reserves	-0.4	-0.3	-0.3	-0.2	-0.1
<b>Financing requirement</b>	<b>8.4</b>	<b>8.4</b>	<b>8.7</b>	<b>8.8</b>	<b>9.0</b>
Retained Business Rates	5.8	5.8	5.9	6.1	6.2
Council tax collection fund surplus/ (deficit)	0.0	0.0	0.0	0.0	0.0
<b>Council tax requirement</b>	<b>2.7</b>	<b>2.7</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>

Note: Figures may not sum due to rounding. The London Assembly business rates allocation for 2023-24, 2024-25 and future years has been increased by £0.2 million from the published budget to reflect the recurring transfer of funding from the GLA: Mayor for the 2023-24 pay award. Funding for further increases for pay awards in 2024-25 are held in GLA: Mayor until exact figures are settled. These will be transferred at that time.

- 3.6 The 2024-25 budget includes provision for staffing and non-staffing costs for Members, Committee and Member Services and the grant payable to London Travelwatch.

### Explanation of budget changes

- 3.7 An analysis of the year-on-year movement in the Mayor's proposed council tax requirement for the Assembly compared to the revised budget for 2023-24 is set out below. An explanation of each change is provided in the paragraphs that follow.

<b>Changes in the Assembly's council tax requirement</b>	<b>£m</b>	<b>£m</b>
2023-24 council tax requirement		2.7
<i>Changes due to:</i>		
Net change in net service expenditure		0.2
<i>Inflation</i>	0.1	
Change in use of reserves		0.1
Increase in retained business rates funding		-0.2
<b>2024-25 council tax requirement</b>		<b>2.8</b>

Note: Positive figures reflect reductions in other funding sources or increased expenditure plans, and therefore increase the council tax requirement. Negative figures reflect increases in other funding sources or reductions in expenditure plans, and therefore decrease the council tax requirement.

**Change in net revenue expenditure**

- 3.8 The £0.1 million increase in net revenue expenditure relates to the incremental increase of London TravelWatch staffing costs. Funding for the 2024-25 pay award is held in the GLA: Mayor budget and will be allocated to the Assembly once it has been formally determined.

**Change in use of reserves**

- 3.9 The 2024-25 Assembly budget includes a net decrease in the use of reserves of £0.1 million. The main purpose of this reserve is to fund resettlement costs when Assembly Members leave office. The Assembly reserve is forecast to be £2.0 million at the end of 2024-25.

**Change in retained business rates funding**

- 3.10 The Mayor proposes to increase the business rates allocation to the Assembly by £0.2 million compared to 2023-24.

**Environmental impact and Climate Budget**

- 3.11 Any emissions arising from the Assembly's use of GLA buildings are reflected in the GLA: Mayor's Climate Budget. The Assembly scrutinises the London Climate Budget as part of the 2024-25 budget process.

**Equalities impact**

- 3.12 There are no specific equalities impacts arising from the Assembly's budget. The Assembly scrutinises the Mayor's performance in this regard.

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## Mayor's Office for Policing and Crime

- 4.1 The Mayor's Office for Policing and Crime (MOPAC) works on behalf of Londoners to fund and hold the Metropolitan Police Service (MPS) to account, reduce crime and improve the provision of criminal justice services across the capital. MOPAC's Police and Crime Plan sets out the Mayor's strategy for policing and crime reduction over a three-year period from 2022-23 to 2024-25.

### Key deliverables

- 4.2 The Mayor's top priority is keeping Londoners safe. The Mayor's Police and Crime Plan sets out his vision for a city in which Londoners are safer – and feel safer. The four key themes of the Plan are:
- **Reducing and preventing violence** – preventing and reducing violence affecting young people; making London a city in which women and girls are safer and feel safer; tackling the harm caused by drugs; reducing reoffending by the most violent and high-risk groups; preventing hate crime; and working together to prevent terrorism and violent extremism
  - **Increasing trust and confidence** – increasing public trust in the MPS and reducing gaps in confidence between different groups; ensuring that the MPS engages with Londoners and treats them fairly; and ensuring that the MPS, borough councils and all community safety partners respond to neighbourhood crimes such as burglary and anti-social behaviour
  - **Better supporting victims** – improving the service and support that victims receive from the MPS and the criminal justice service; working to ensure victims receive a better criminal justice response and outcome; and reducing the number of repeat victims of domestic abuse and sexual violence
  - **Protecting people from being exploited or harmed** – reducing the number of young people and adults who are criminally exploited or harmed; keeping young people in the justice system supported and safe; and keeping people safe online.
- 4.3 Police reform is a critical part of this mayoralty and the Mayor continues to spearhead building a police service that is trusted, representative of London and delivers the highest possible service to every community in our city as part of building a safer London for everyone. Following a series of appalling scandals relating to the MPS, the Mayor asked Baroness Casey to conduct an independent review of culture and standards in the service. In her review, Baroness Casey found that the MPS is institutionally racist, misogynist and homophobic.
- 4.4 The Mayor is determined to ensure the MPS takes action on Baroness Casey's findings, to rebuild trust with Londoners and take a community-first approach, where police officers listen, understand and respond to the needs and concerns of London's communities, in particular those who have been let down for far too long, especially Black communities.

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- 4.5 The Mayor has ensured the MPS is now on a path of far-reaching systemic and cultural reform. In 2023, the Commissioner launched A New Met for London (NMfL) to deliver the change needed. The NMfL is the MPS plan to address the systemic and foundational issues raised by Baroness Casey and the findings from the HMICFRS PEEL inspection. Supporting this ambition and addressing the acute challenges faced by MPS in the short term by driving the focus on More Trust, Less Crime and High Standards is a key element of the budget submission.
- 4.6 This budget will deliver NMfL, but given government funding shortfalls some of the investment needed has had to be deferred, delaying delivery of some areas of NMfL to future years. In addition, the proposed workforce reform has been deferred until the Met are able to secure additional funding from the Home Office. This is subject to a separate bid.
- 4.7 However, delivering NMfL is a priority, and this budget builds on the Mayor's decision in February 2023 to invest additional funding on a recurring basis of £52.3 million through additional precept and business rate allocations to support NMfL. This funding is being used to recruit additional PCSO's and invest in leadership training, Basic Command Unit (BCU) victims' desks, Public Protection and Met Command and Control.
- 4.8 The 2024-25 budget now includes additional investment of £189 million of which £110 million is to strengthen existing services and £79 million is to invest in new priorities. The growth will enable the Met to continue to strengthen front line policing including tackling violence and neighbourhood policing. All of the investment will support the delivery of the New Met for London ambition.
- 4.9 The Mayor's Violence Reduction Unit (VRU) is tackling violence through a programme of investment, partnership with public sector organisations, policy advocacy, developing research and data, and critically, putting London's communities and young people at the heart of its preventative public health approach.

#### **Revenue expenditure and council tax requirement**

- 4.10 On a like-for-like basis, compared to 2023-24, the Mayor is providing an additional £151 million in funding for MOPAC in 2024-25 from business rates, council tax and general grant. This funding means that Mayoral support for MOPAC will have more than doubled compared to the 2016-17 budget.
- 4.11 In total, the amount raised via the non-police precept will generate an additional £54.1 million and a further £7.2 million has been provided reflecting the ending of COVID-19 funding repayments.

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- 4.12 £34.4 million of additional funding is recurring business rates. This includes £1.6 million to reflect the 6.3 per cent uplift in the London Policing legacy council tax freeze grant and £0.7 million since the Draft Budget owing to the lower council tax base figures provided by billing authorities. This funding ensures that the 1,300 police officers the Mayor has enabled the MPS to recruit will be fully funded on a recurring basis.
- 4.13 Since the Draft Budget, a further £55.4 million of one-off business rates funding has been allocated to MOPAC in 2024-25. £48.9 million of this enables additional investment in reform, while a further £6.5 million is provided to tackle violence reduction.
- 4.14 As explained in section 1, the government confirmed on 31 January in the 2024-25 final police settlement that the council tax excessiveness principle for local policing bodies in 2024-25 would be an increase of up to £13 for Band D properties. The Mayor has decided to apply this £13 uplift which raises an estimated additional £13.4 million per annum, compared to the 2.99 per cent increase assumed in the 2024-25 Budget Guidance. This means the total increase in council tax funding provided by the Mayor to MOPAC in 2024-25 is £54.1 million. This is £0.7 million lower than was previously anticipated at the Draft Budget stage as a result of lower than forecast taxbase growth, but additional funding has been provided from business rates to make up this small shortfall.
- 4.15 The final police settlement confirmed a £69.1 million increase in Home Office Police grant (2.8 per cent) after taking into account the in-year uplift for 2023-24 to meet the increased police pay award and excluding the council tax freeze legacy funding provided through retained business rates. This includes a £60 million uplift in funding for police pensions costs arising from previous government policy decisions, which is expected to be £0.6 million less than is needed to meet associated additional expenditure pressures. When this is excluded, the effective like-for-like increase is £9.1 million (0.4 per cent) compared to the revised 2023-24 allocation. The settlement also makes available £29.8 million of police uplift programme funding for additional police officers, compared to a £62.9 million equivalent figure in the original 2023-24 police grant settlement. Conditions against the government funding for additional police officers need to be met before the funding can be recognised. At this stage, MOPAC is not confident that it will meet the conditions for this £29.8 million funding. Compared to 2010-11, government funding for the Met has only increased by 2 per cent in cash terms, on a like for like basis and excluding funding which has been provided for new pressures which have emerged since 2010. In real terms, this is a funding cut of over £1 billion, or a 32.4 per cent real terms reduction up to December 2023.

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- 4.16 Ensuring sufficient funding for policing in London is vital and, in recognition of this, representations have been made to the Home Office to address their structural underfunding of the MPS. The significant under-funding of the National and International Capital City (NICC) grant of £159 million in 2016, when restated to reflect current prices, is estimated to be approximately £240 million per annum and needs to be addressed. The Home Secretary has stated that this matter will be considered through the future police funding formula review, despite this being a pressing current issue. The NICC grant within the MPS' police grant allocation has again been frozen at £185.3 million in 2024-25 – as has the council tax support legacy funding of £119.7 million which has remained the same in cash terms for the last decade.
- 4.17 As a consequence of government funding shortfalls and long-term uncertainty surrounding police grant funding, despite the record funding provided by the Mayor, it is becoming increasingly difficult to balance the MPS budget. In developing the 2024-25 budget, MOPAC and the MPS have identified further efficiency savings, additional income, changed the phasing of NMfL with delivery of certain areas deferred into future years and used reserves. Whilst difficult decisions have had to be made, the budget ensures there are sufficient resources available to continue to meet the Mayor's priority to keep Londoners safe and to accelerate the reform of the MPS.
- 4.18 Work to refine estimates and priorities will continue ahead of the finalisation of the MOPAC and MPS budgets in March. A new budget development process will be introduced by MPS ahead of the creation of the 2025-26 budget. For now, the funding gaps of £299.8 million in 2025-26 and £294.0 million in 2026-27 reflect prudent assumptions around government funding (given it is beyond the current spending review period) plus desired NMfL investment that will be reviewed for affordability through the new process.
- 4.19 Gross revenue expenditure is forecast to increase by £157.2 million between 2023-24 and 2024-25. Net revenue expenditure is budgeted to increase by £156.9 million for the reasons set out in the 'explanation of budget changes' section. There is strong commitment from the Commissioner to use existing investment effectively and to reprioritise where resources are currently allocated, to maximise delivery of reform.
- 4.20 Officer numbers at the end of 2023-24 are estimated to be 34,000 and the 2024-25 budget is based on this being maintained. Whilst an increase in officer numbers is desirable, it is still an ambitious recruitment plan against the levels of applications the MPS are currently receiving.
- 4.21 The Mayor has previously provided funding for an additional 1,300 police officers above what would otherwise be affordable. 800 of these were funded on a recurring basis, with the balance met through an annual expenditure of £30 million drawn from reserves established in 2019-20 for this purpose. The additional business rates funding provided by the Mayor in the Draft Budget means that all these officers are now funded on an ongoing basis, with the £30 million reserve balance being allocated to meet other budgetary pressures.



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- 4.22 The budget includes continued annual investment of £1.5 million in support of the Mayor's Action Plan. This was published in November 2020 to improve trust and confidence in the MPS and to address community concerns about the disproportionality in the use of certain police powers affecting Black Londoners. The funding will be used to develop greater community involvement in police officer training and in recruiting and progressing Black officers in the MPS.
- 4.23 The 2023-24 year has seen the most significant change in how MOPAC exercises its statutory functions in the last decade, with the creation of the London Policing Board. This Board sits at the apex of MOPAC's oversight function and helps to support and challenge the MPS in a transparent and rigorous way. The creation and servicing of this Board is an additional responsibility for MOPAC and the cost of that are included in the budget. The Board will enhance the transparency and rigour of Mayoral oversight of the MPS, providing challenge and support to them. Further investment of £1.0 million in data science will support the work of the London Policing Board and will help challenge and support the MPS in responding to both the report by Baroness Casey and the Engage process being overseen by HMICFRS.
- 4.24 Additional funding has been provided to ensure MOPAC can fulfil their statutory oversight obligation to, upon request, review complaints made against the MPS. This follows an internal review of demand and will ensure reviews are conducted more swiftly, providing a better service to the public.
- 4.25 Funding for the Violence Reduction Unit (VRU) includes ongoing annual Mayoral funding of £17.5 million and an allocation of £1.6 million from the London Crime Prevention (LCPF) co-commissioning fund. This Final Draft Budget includes additional funding of £6.5 million in prevention and early intervention this year through the VRU. The investment will help to boost the VRU's community-led programme to tackle violence in neighbourhoods and estates; and fund a programme of street-based youth workers working after school hours to divert young people from robbery and violence. The VRU budget also includes a confirmed allocation of Home Office funding of £9.4 million in 2024-25 and an assumed allocation of £9.4 million in 2025-26 and 2026-27, as well as an allocation of Serious Violence Duty grant funding from the Home Office of £0.9 million. The earmarked reserves drawn-down for the VRU reflect the prudent profiling of some programmes to enable multi-year funding. This is in keeping with the rationale for setting up the VRU to explore longer term approaches towards violence reduction, for more sustainable change. This view has been further enhanced by listening to community organisations and by the VRU's neighbourhood research, which found that short-term funding and pilot schemes can sometimes cause more harm to communities than good.
- 4.26 With no information available from government on funding levels for 2025-26 and later years, prudent assumptions have been adopted, which are a key factor behind the significant budget gaps shown for future years. This will be reviewed as further information becomes available from the government.

4.27 The following table sets out MOPAC's budget on an objective basis.

<b>Objective analysis MOPAC</b>	<b>Revised Budget 2023-24 £m</b>	<b>Forecast 2023-24 £m</b>	<b>Budget 2024-25 £m</b>	<b>Plan 2025-26 £m</b>	<b>Plan 2026-27 £m</b>
<b>Metropolitan Police Service</b>					
Frontline Policing	1,660.7	1,692.7	1,714.7	1,717.7	1,692.5
Operations & Performance	976.2	972.2	1,009.3	1,009.3	992.0
Specialist Operations	491.3	504.1	462.8	462.8	462.5
Professionalism	101.9	101.6	108.7	107.9	105.8
Digital, Data & Technology	241.3	238.2	245.6	245.7	243.7
People & Resources	365.4	374.9	353.4	347.2	339.9
Comms & Engagement	13.6	14.2	14.9	14.3	14.3
Strategy & Transformation	56.5	83.9	49.7	47.6	44.6
<b>Net service expenditure</b>	<b>3,906.9</b>	<b>3,982.0</b>	<b>3,959.0</b>	<b>3,952.6</b>	<b>3,895.4</b>
Discretionary pension costs	49.0	55.9	51.8	50.9	51.7
Centrally held	75.6	66.2	149.6	334.8	401.0
Capital financing costs	121.9	112.1	150.4	206.7	218.1
<b>Financing and corporate expenditure</b>	<b>246.5</b>	<b>234.2</b>	<b>351.7</b>	<b>592.4</b>	<b>670.8</b>
<b>Mayor's Office for Policing and Crime</b>					
Victims Services and Crime Prevention	85.3	82.2	78.9	70.9	65.5
Oversight and Accountability	5.5	5.7	8.2	8.4	7.7
Shared audit function	1.5	1.7	1.6	1.5	1.5
<b>Total MOPAC</b>	<b>92.3</b>	<b>89.6</b>	<b>88.7</b>	<b>80.7</b>	<b>74.6</b>
Violence Reduction Unit	41.2	41.0	44.3	32.8	28.8
<b>Net expenditure</b>	<b>4,286.8</b>	<b>4,346.8</b>	<b>4,443.8</b>	<b>4,658.4</b>	<b>4,669.7</b>
Savings yet to be identified	0.0	-40.1	0.0	-299.8	-294.0
Transfer to/(from) reserves	-211.1	-210.7	-155.6	-32.4	-12.3
<b>Financing requirement</b>	<b>4,075.7</b>	<b>4,095.9</b>	<b>4,288.2</b>	<b>4,326.2</b>	<b>4,363.3</b>
Specific grants	794.1	814.4	738.4	732.4	732.4
Local government settlement grants	0.0	0.0	5.2	0.0	0.0
Retained business rates	94.8	94.8	129.2	132.0	133.9
Collection fund surplus/(deficit)	-7.2	-7.2	50.2	0.0	0.0
Home Office Police Grant	2,284.3	2,284.3	2,401.6	2,464.0	2,464.0
<b>Council tax requirement</b>	<b>909.6</b>	<b>909.6</b>	<b>963.7</b>	<b>997.7</b>	<b>1,032.9</b>

Note: Specific grants line includes police pensions (until 2024-25) and police uplift programme grant which are reported as part of general police grant in the Home Office final settlement data. They are not in practice general grant as there are conditions attached to their use.

### Explanation of budget changes

- 4.28 An analysis of the year-on-year movement in the Mayor's proposed council tax requirement for MOPAC compared to the revised budget for 2023-24 is set out below. An explanation of each change is provided in the paragraphs that follow.

Changes in the council tax requirement	£m	£m
2023-24 council tax requirement		909.6
<i>Changes due to:</i>		
Net change in service expenditure and income		156.9
<i>Including:</i>		
Savings and efficiencies	-172.8	
Inflation	231.1	
Use of reserves		55.6
Government grants		-66.7
Retained business rates funding		-34.4
Collection fund surplus/(deficit)		-57.4
Savings yet to be identified		0.0
<b>2024-25 council tax requirement</b>		<b>963.7</b>

Note: Positive figures reflect reductions in other funding sources or increased expenditure plans, and therefore increase the council tax requirement. Negative figures reflect increases in other funding sources or reductions in expenditure plans, and therefore decrease the council tax requirement.

### Net change in service expenditure and income

- 4.29 The budget for 2024-25 reflects a £156.9 million net increase in service expenditure and income, which includes additional investment in learning and development (£11.4 million), additional MPS Shared Service costs (£8.8 million), transformation pressures (£21.0 million) and following the final police settlement an additional £60.6 million police pensions cost pressure, all bar £0.6 million of which is offset by a matching uplift in Home Office pensions grant.

#### Savings and efficiencies

- 4.30 MOPAC are involved in programmes to explore how the GLA Group can drive efficiency and consistency in commissioning practices by working more collaboratively across functional bodies, including energy procurement. Detailed work is underway to determine how to deliver the planned savings and efficiencies of £172.8 million. At this stage, it cannot be guaranteed that this can be achieved without some impact on services. These savings are in addition to the more than £1.1 billion in savings that have been delivered since 2012-13.

#### Inflation

- 4.31 The budget includes inflation of £231.1 million, of which £214.9 million relates to pay reflecting the higher pay award, which was largely funded by additional government police grant, and £16.2 million relates to non-pay inflation on contractual costs.

**Change in use of reserves**

- 4.32 The use of reserves has reduced by £55.6 million in 2024-25 compared to the 2023-24 budget.
- 4.33 Reserves are used for a number of one-off purposes including supporting the Transformation Programme and local change activities, supporting the Estates Transformation Programme and a number of initiatives within Business Groups. Reserves have also been used to support NMfL activities.

**Net change in government grants**

- 4.34 MOPAC is forecast to receive a net increase of £66.7 million in government grants compared to the revised 2023-24 budgeted figure.

**Retained business rates**

- 4.35 MOPAC will receive £129.2 million in funding via retained business rates in 2024-25. This represents an increase of £34.4 million as compared with 2023-24, as a result of the Mayor's decision to allocate additional business rates funding to MOPAC partly offset by the removal of a small amount of one-off funding in 2023-24. Of this business rates funding, £44.1 million relates to the policing share of historic council tax freeze grant which, since 2016-17, has been allocated through retained business rates to the GLA through the local government finance settlement as funding for London Policing.

**Reserves**

- 4.36 The expected movements in reserves over the planning period are set out in the following table.

<b>Movement in reserves during financial year</b>	<b>Outturn 2022-23 £m</b>	<b>Forecast 2023-24 £m</b>	<b>Budget 2024-25 £m</b>	<b>Plan 2025-26 £m</b>	<b>Plan 2026-27 £m</b>
Opening balances	575.9	495.3	284.6	129.0	96.6
<i>Transfers to/from:</i>					
Earmarked reserves	-80.6	-210.7	-155.6	-32.4	-12.3
General reserves	0.0	0.0	0.0	0.0	0.0
<b>Closing balances</b>	<b>495.3</b>	<b>284.6</b>	<b>129.0</b>	<b>96.6</b>	<b>84.3</b>

- 4.37 In total, it is forecast MOPAC will hold £238.0 million of earmarked reserves at the close of 2023-24. The medium-term forecast assumes these balances will be used to manage budget fluctuations during the year and to smooth the short-term impact of funding changes and cost pressures, support delivery of the various modernisation programmes, in particular estates transformation, and fund a number of specific operational requirements or projects where it has been agreed funding would be carried forward to enable the profiling of these costs in future years.

- 4.38 The expected total reserves at the end of each financial year are summarised in the following table.

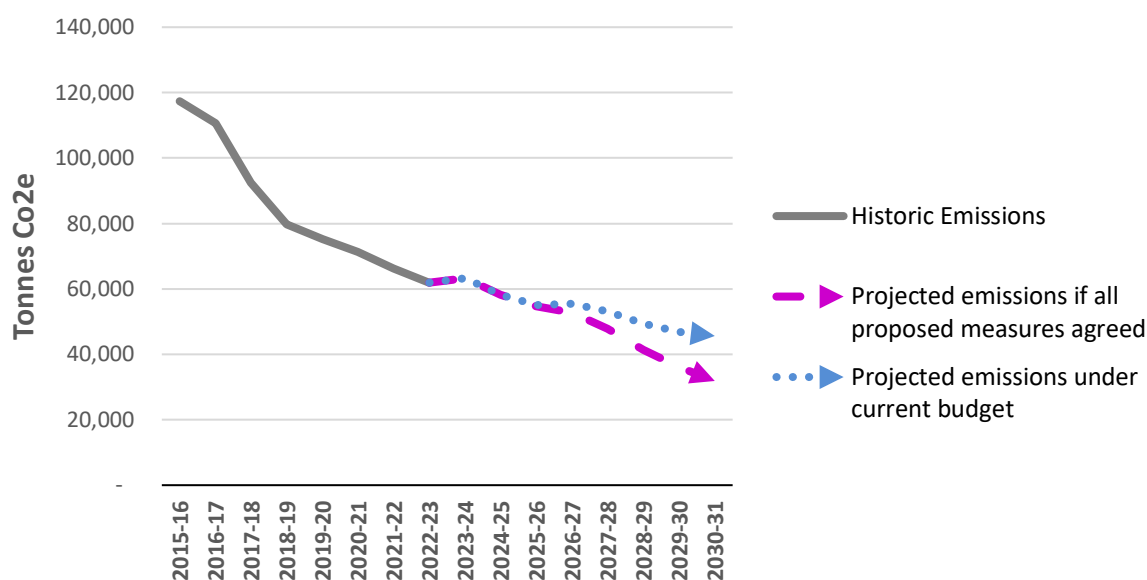
<b>Total reserves at end of financial year</b>	<b>Outturn 2022-23 £m</b>	<b>Forecast 2023-24 £m</b>	<b>Budget 2024-25 £m</b>	<b>Plan 2025-26 £m</b>	<b>Plan 2026-27 £m</b>
Earmarked reserves	448.7	238.0	82.4	50.0	37.7
General reserves	46.6	46.6	46.6	46.6	46.6
<b>Total</b>	<b>495.3</b>	<b>284.6</b>	<b>129.0</b>	<b>96.6</b>	<b>84.3</b>

### **Environmental impact and Climate Budget**

- 4.39 The MPS has an environment and sustainability programme in place to ensure MOPAC complies with UK environmental legislation. The level of ambition and delivery of this programme is depending on further funding made available to achieve the scale of ambition required, thereby ensuring it's not at the expense of operational policing. This programme aims to drive the continual improvement of environmental performance at an organisational level. The MPS activities to deliver 'sustainability outcomes' are aligned to the Environment policy and Environment & Sustainability strategy objectives as well as commitments under the Mayor's London Environment Strategy.
- 4.40 The MPS has developed an Estate Heat Decarbonisation plan to improve the phasing of sites for future investments while implementing net zero carbon measures as part of funded and approved schemes where opportunities arise. The MPS is part of the GLA's Net Zero 2030 working group, reporting monthly on progress in planning for the 2030 target.
- 4.41 Working together, MOPAC and the MPS has successfully applied for Public Sector Decarbonisation Scheme (PSDS) grant funding. This has already achieved the decarbonisation of four sites, has work in progress for a further 15 sites – total value c. £30 million – and an application for a further tranche of PSDS funding of £15.6 million to decarbonise a further 19 sites has been submitted, the outcome of which is awaited.
- 4.42 MOPAC's and MPS' commitment to the air quality policies in line with the London Environment Strategy has ensured all MPS non-exempt fleet based within the Ultra Low Emission Zone (ULEZ) is fully compliant. By September 2024, all exempt vehicles will also be compliant. The MPS fleet currently includes over 1,000 electric, hybrid or hydrogen vehicles. By 2025, the expectation will be for the general purpose fleet of over 800 vehicles to be hybrid and the MPS will seek to ensure that all replacement vehicles purchased beyond 2025 will be either hybrid or fully electric.

4.43 In line with the GLA Budget Guidance and the Mayor's aspiration of achieving Carbon Net Zero by 2030, the MOPAC budget submission outlines in detail the work in hand, and the actions and potential costs to address this challenge. Further details can also be found in the Climate Budget Tables in Appendix J.

4.44 The graph below shows the historic and forecast emissions for MPS for the scope outlined in the Climate Budget (estate and fleet). The graphs below set out what can be achieved through costs that are budgeted and for those for which funding is yet to be confirmed/identified. It should be noted that the temporary rise in emissions for 2023-24 arises from the UK wide electricity grid emissions reporting factor increasing by 7 per cent, which similarly affects all reporting organisations across the UK.



**Figure 3: MOPAC historic and projected emissions**

4.45 Key climate measures expected to be completed in the next financial year include (for further details, see the Climate Budget tables in Appendix J):

- completion of Public Sector Decarbonisation Scheme (PSDS) 3b projects
- commencement, if successful, of the PSDS 3c programme
- continuation of the estate wide LED replacement programme
- ongoing Building Management System optimisation interventions
- commencement of the detailed EV charging assessment and operational process change review
- continuing the installation of vehicle telematics.

- 4.46 There will be a significant gap in funding required to meet the targets to substantially achieve decarbonisation by 2030. Currently unfunded measures can be found in Table B in Appendix J. The gap is broadly split into four components:

#### Estates

- Additional budget is required to ensure full decarbonisation of the remaining estate, including with insulation, solar PV and heat pumps/electrified assets, as appropriate for each site.

#### Fleet

- The MPS fleet vehicle replacement programme is currently planned against known UK government and MOPAC clean air aspirations and the MPS is working towards a net zero fleet. Achieving this by 2030 will incur costs beyond what is currently budgeted.

#### EV charging infrastructure

- The cost of installing sufficient infrastructure for charging an entirely electric fleet is dependent on what proportion of the public network would be available by 2030.

#### Infrastructure resilience

- Work is needed to understand the likelihood and impact of a large power failure in a net zero environment and what the operational response should be.

- 4.47 The MPS has no significant planned activities which will influence emissions reductions in London outside the scope of the MPS Estate.

### **Equalities impact**

- 4.48 This budget sets out how resources will be allocated in support of the Police and Crime Plan.
- 4.49 The Mayor's Equality, Diversity and Inclusion Strategy, 'Inclusive London', drives work on equality and inclusion, including race equality, with a range of projects, programmes and policies that, in addition to policing, span education, health and civil society. GLA community engagement and advisory functions provide expertise on race equality to bring insight and shape to MOPAC's work. These include the Mayor's Equality, Diversity and Inclusion Advisory Group, the Migrant and Refugee Advisory Panel and civil society partner organisations.
- 4.50 In allocating resources, due consideration has been made to legal obligations, in particular the need to exercise the equality duty under the Equality Act 2010, to have due regard to the impacts based on sufficient evidence appropriately analysed.
- 4.51 MOPAC continues to work closely with the GLA Group on the implementation of 'Inclusive London' and the Mayor's commitment to economic fairness.

- 
- 4.52 MOPAC's plans are underpinned by a commitment to equality, diversity, and inclusion. The risks of offending and victimisation change in nature as people age. The budget includes resources to increase the safety and confidence of young people and adults in London, recognising the different specific needs and risks for Londoners at different stages of their lives.
- 4.53 The budget includes comprehensive measures to reduce serious violence, crimes that disproportionately affect Black Londoners. The allocation of resources also underlines the Mayor's commitment to ensuring that Londoners of all races have confidence in the police, receive a high-quality service from the justice system and that ethnic disproportionality is identified and addressed. It includes investment to deliver the Mayor's Action Plan for Transparency, Accountability and Trust in Policing and the MPS new Strategy for Diversity, Inclusion and Engagement.
- 4.54 MOPAC's published budget submission can be found [here](#).



## Transport for London

- 5.1 TfL is responsible for the planning, delivery, and day-to-day operation of the Capital's public transport system, including London's buses, London Underground, London Overground, the Elizabeth line, the DLR, London Trams and London River Services. It is also responsible for managing road user charging schemes (the Congestion Charge, ULEZ and LEZ), maintaining London's main roads and traffic lights, regulating taxis and private hire vehicles, making London's transport more accessible and promoting Active Travel - walking and cycling initiatives.

### Key deliverables

- 5.2 The key deliverables from TfL's proposed budget are as follows:
- To continue to run a safe and reliable transport system that delivers for London. TfL needs to prepare for whatever challenges lie ahead and aims to:
    - achieve a long-term capital funding settlement with government
    - grow an operating surplus of around £500 million by 2026-27, building on the expected operational surplus in 2023-24
    - grow TfL's General Reserve Fund back to at least £500 million by 2025-26.
  - attract more customers on to the TfL network, reduce reliance on fares income and motivate colleagues to achieve TfL's revenue goals:
    - reach pre-pandemic levels of four billion journeys by the end of 2026-27
    - grow new revenue sources
    - increase non-fares revenue as a proportion of total income.
  - continue to be affordable for customers and taxpayers. This will be done by improving working practices to make TfL a great place to work, while also targeting continuous savings:
    - continue to reduce like-for-like operating costs in real terms by inflation minus 2 per cent
    - deliver the target of £650 million of recurring operating cost savings by 2025-26.

### Revenue expenditure and council tax requirement

- 5.3 This Final Draft Budget proposes, in line with the council tax excessiveness principles confirmed by government as part of the final local government finance settlement on 5 February, that TfL's element of the council tax precept will be increased by £20, as per the government's requirements to raise additional revenues from Londoners under the COVID-19 emergency funding agreements. This uplift, along with the taxbase increase of 1.42 per cent, results in a council tax requirement of £244.1 million for TfL for 2024-25, an increase of £65.8 million on 2023-24. This is £0.2 million lower than was previously anticipated at the Draft Budget stage due to lower than previously forecast taxbase growth, but additional funding has been provided from business rates to make up this shortfall.

5.4 The gross revenue expenditure of TfL is budgeted to increase by £522.6 million between 2023-24 and 2024-25. Operating expenditure is forecast to increase by £276.2 million for the reasons set out in the 'explanation of budget changes' section.

5.5 The following table sets out TfL's budget on an objective basis.

<b>Objective analysis TfL</b>	<b>Revised Budget 2023-24 £m</b>	<b>Forecast 2023-24 £m</b>	<b>Budget 2024-25 £m</b>	<b>Plan 2025-26 £m</b>	<b>Plan 2026-27 £m</b>
Passenger Income	-5,239.0	-5,249.9	-5,519.1	-5,848.1	-6,103.9
CC, LEZ & ULEZ income	-1,016.6	-998.5	-988.0	-751.7	-565.0
Other Operating Income	-650.9	-598.4	-602.1	-633.9	-643.8
Third-party contributions	-31.8	-33.0	-35.6	-35.8	-36.2
<b>Subtotal income</b>	<b>-6,938.2</b>	<b>-6,879.8</b>	<b>-7,144.8</b>	<b>-7,269.5</b>	<b>-7,348.8</b>
London Underground	1,815.5	1,819.9	1,740.1	1,722.1	1,722.7
Bus, Roads, Compliance & Policing	3,133.5	3,129.3	3,369.4	3,422.1	3,427.6
Contracted Rail & Sponsored Services	608.4	609.7	647.1	663.7	663.6
Elizabeth line	538.0	522.5	586.6	581.4	583.2
CC, LEZ & ULEZ	613.2	693.3	575.8	453.5	349.8
Other Operations	1,179.0	1,045.8	1,244.6	1,183.1	1,155.4
<b>Subtotal operating costs</b>	<b>7,887.5</b>	<b>7,820.6</b>	<b>8,163.7</b>	<b>8,025.9</b>	<b>7,902.3</b>
<b>Net operating income and expenditure</b>	<b>949.3</b>	<b>940.8</b>	<b>1,018.9</b>	<b>756.4</b>	<b>553.5</b>
Debt servicing	417.0	414.0	432.7	475.1	511.6
Revenue resources used to support capital investment	815.4	842.3	1,046.0	1,231.1	1,407.5
<b>Net service income and expenditure</b>	<b>2,181.7</b>	<b>2,197.1</b>	<b>2,497.6</b>	<b>2,462.5</b>	<b>2,472.6</b>
Transfer to/(from) reserves	10.4	112.0	-57.2	-12.9	-4.1
<b>Financing requirement</b>	<b>2,192.1</b>	<b>2,309.1</b>	<b>2,440.4</b>	<b>2,449.6</b>	<b>2,468.5</b>
Specific grants	7.5	9.4	8.4	8.1	0.0
GLA funding from Group reserves	92.7	203.3	18.0	0.0	0.0
Retained business rates	1,991.1	1,991.1	2,169.9	2,193.7	2,217.0
NNDR deficit repayment to the GLA	-77.6	-77.6	0.0	0.0	0.0
Local government settlement grant	0.0	4.6	0.0	0.0	0.0
HM Government revenue support	0.0	0.0	0.0	0.0	0.0
<b>Council tax requirement</b>	<b>178.3</b>	<b>178.3</b>	<b>244.1</b>	<b>247.8</b>	<b>251.5</b>

Note: CCC, LEZ & ULEZ income covers the Congestion Charge, Ultra Low Emission Zone, Low Emission Zone, Direct Vision Standard schemes and Penalty Charge Notices (PCNs).

- 5.6 The budget for gross service expenditure of £9,642.4 million in 2024-25 is £522.5 million higher than the similar budget for 2023-24 (£9,119.9 million) as higher operating costs and higher debt servicing costs are matched by higher income, allowing £230.6 million of additional revenue resources to be directed towards capital investment.
- 5.7 TfL's demand forecasts have always been underpinned by independent data and statistics and informed by analysis of the effect of real events and TfL's own expertise. TfL has used a scenario-based approach to demand forecasting as TfL continues to deal with an uncertain macroeconomic environment, changing travel behaviours and the cost-of-living crisis. These scenarios are underpinned by a range of external forecasts relating to the economy and population, but now also include projections for less reliable factors, such as the commuting frequency of office workers and when it is likely to reach the new normal for travel behaviour.
- 5.8 Monitoring and assessing external and internal threat and opportunity indicators are key to the planning and reporting process, enabling an effective response to early warning signs in order to take actions to keep TfL on track.

### Explanation of budget changes

- 5.9 An analysis of the year-on-year movement in the Mayor's proposed council tax requirement for TfL compared to the budget for 2023-24 is set out below. An explanation of each change is provided in the paragraphs that follow.

Changes in the council tax requirement	£m	£m
2023-24 council tax requirement		178.3
<i>Changes due to:</i>		
Passenger and commercial revenue and other income		-206.6
Net change in operating expenditure		276.2
<i>Including:</i>		
<i>Savings and efficiencies</i>	-301.0	
<i>Inflation</i>	255.0	
Debt servicing		15.7
Revenue resources used to support capital investment		230.6
Use of reserves		-67.6
Government and other revenue grants		-0.9
Retained business rates		-178.8
GLA contribution from Group reserves		74.7
NNDR deficit repayment to the GLA		-77.6
<b>2024-25 council tax requirement</b>		<b>244.1</b>

Note: Positive figures reflect reductions in other funding sources or increased expenditure plans, and therefore increase the council tax requirement. Negative figures reflect increases in other funding sources or reductions in expenditure plans, and therefore decrease the council tax requirement.

**Net change in passenger and commercial revenue and other income**

- 5.10 Passenger, commercial and other income is estimated to increase by £206.6 million, from £6,938.2 million in the 2023-24 budget to £7,144.8 million in 2024-25, primarily due to passenger income from growing ridership and a higher fare yield. TfL's passenger demand assumption is steady growth, in line with current trends, returning to pre-pandemic levels of four billion journeys by the end of 2026-27.
- 5.11 The Mayor has decided to allocate an additional £147 million business rates income to TfL in 2024-25, to fund a fares freeze and trial a fares innovation scheme. This fares freeze aims to support Londoners during the cost-of-living crisis and ensure that public transport remains as affordable as possible. TfL's Business Plan, approved on 22 December 2023, included in its planning assumptions an annual national fare increase of four per cent in March 2024. The Mayor's decision, [MD3221](#), to freeze fares was signed on 18 January 2024, and published on the GLA website on 19 January 2024, including the fares advice he had received from TfL, as in previous years. This fares revision will be implemented on 3 March 2024.
- 5.12 To help meet the conditions of government funding agreements during the COVID-19 pandemic, the Mayor announced in December 2021 that he had to consider some modifications to fare structures and ticketing to raise between £60 million and £80 million per year. This involved making some hard decisions, but the Mayor must balance protecting important concessions with the requirement from government to raise additional revenue. TfL supported the Mayor by implementing several options. These were:
- All journeys to and from Heathrow via Zone 1 are now an all-day peak fare
  - The fee for a new Oyster card has changed from £5 to £7, which is now non-refundable
  - The temporary suspension of free travel for 60+ Oyster card and Older Persons Freedom Pass holders between 4.30am and 9am on weekdays is now permanent.
- 5.13 In July 2023, TfL gave train operators six months' notice of its intent to withdraw the Day Travelcard in January 2024 if no agreement could be found to enable the Day Travelcard to continue to be accepted on services, while still meeting the terms of TfL's funding agreement with government. After close collaboration with the Rail Delivery Group, a solution was found which means customers can continue to buy Day Travelcards as part of their train tickets to London. The proposal includes a one-off price increase on Day Travelcards bought outside Zones 1-6 as part of a National Rail ticket from March 2024 (three per cent on average), which will be in addition to any general regulated fares increase at the time. In 2023-24 the Mayor provided £9.0 million in recurring funding to retain Monthly and Annual Travelcards.

5.14 In November 2022, the Mayor announced that he would expand the ULEZ London-wide to tackle the triple threats of air pollution, the climate emergency and congestion, and to ensure five million more Londoners can breathe cleaner air. The expansion came into effect on Tuesday 29 August 2023 across all London boroughs up to the existing Low Emission Zone boundary. The expansion was accompanied by a brand new scrappage scheme launched in January 2023 to support Londoners, charities, small businesses and sole traders to transition to less polluting vehicles. The Draft Budget made a further contribution to the scrappage fund in 2023-24, funded from an additional drawdown of £50 million from the Environmental Improvement Reserve, increasing the overall value of the scrappage scheme to £210 million. As of 19 November 2023, £138.8 million of the £210 million fund has been committed to 42,000 applicants.

#### **Net change in operating expenditure**

- 5.15 The change in total operating expenditure is an increase of £276.2 million between the budget for 2023-24 and 2024-25. Increased costs on TfL's Bus and other Contracted Services are key drivers of the increase, partially offset by savings and other efficiencies. This Budget includes allocations of additional funding in 2024-25 including for the purposes set out below.
- 5.16 A further £30 million funding has been allocated from business rates income from 2024-25 to support TfL's 2023-24 pay negotiations, given the exceptionally high levels of inflation in that period, and the previous support provided by the Mayor to London Fire Brigade, the GLA and the Mayoral Development Corporations for this reason.
- 5.17 Additional funding of £5.5 million has been allocated from the GLA's Transport Services Reserve in 2023-24 to fund costs associated with Superloop bus services, which will be met within TfL's base budget from 2024-25.

#### Savings and efficiencies

- 5.18 TfL is committed to reducing like-for-like operating costs by inflation less two per cent, and as such, as part of the 2024 Business Plan, TfL has re-assessed its overall savings target for 2022-23 to 2025-26 to £650.0 million, plus a further £141.0 million of recurring savings in the final year of this plan, 2026-27.
- 5.19 TfL plans to make incremental recurring operating savings of £301.0 million in 2024-25. TfL is committed to meeting these targets through:
- Delivering the existing savings programme – in order to become a more affordable and effective organisation that is a great place to work for all colleagues, TfL is reviewing its working practices to drive improvements and efficiencies where possible. TfL will optimise its procurement and commercial approach to deliver savings across third-party expenditure, including operational concessions, other key operating and maintenance contracts and head office accommodation. TfL will also maintain tight controls on recruitment and overtime.

- Embedding a culture of continuous saving – the launch of TfL’s internal strategy helped communicate the need for continuous improvement in efficiency. This approach will be driven through TfL’s annual budget process, supported by a roll-out of zero-based budgeting and increased use of benchmarking.
- Reducing bus operating costs – TfL is reviewing its operating model to ensure it delivers efficiency and supports the transition to a zero-emission network. TfL has set a target to decrease bus journey times, which will mean fewer buses are required to deliver timetables.
- Creating a whole-life assets approach – working effectively across the TfL value-chain creates the opportunity to deliver, maintain and renew assets more efficiently. This includes how TfL specifies, procures, delivers, maintains, reports and assures on its asset delivery.
- Exploring opportunities for innovation – to build a new programme of savings initiatives to 2030 will require embracing the benefits of innovation and new technology. TfL’s innovation team will identify opportunities and run trials which can develop into a new programme of savings initiatives to be delivered over the second half of this decade.

#### Inflation

- 5.20 Inflation has continued to cause significant pressure on TfL’s total operating cost base and current expectations are that the impact of higher inflation will drive an additional £255.0 million of cost on a year-on-year basis in 2024-25. Of this, £37.0 million relates to pay and £218.0 million relates to non-pay inflation.

#### **Debt servicing costs**

- 5.21 Debt servicing increases by £15.7 million in 2024-25 compared to the 2023-24 budget as maturing debt is expected to be refinanced at higher rates, although this is partially offset by higher interest income on TfL’s cash deposits. TfL constantly monitors and assesses the affordability of all borrowings as well as ensuring sufficient resources are set aside for the repayment of debts over time.

#### **Change in use of revenue resources to support capital investment**

- 5.22 This budget commits an increase of £230.6 million in revenue resources to support capital investment. This is predominantly driven by higher income and government funding which allows more of TfL’s capital investment to be funded from revenue resources.
- 5.23 This Budget also commits £3 million per annum to provide additional public toilets on TfL estates, as well as modernise existing facilities where required, funded from business rates income.

**Change in use of reserves**

- 5.24 The use of reserves has reduced by £67.6 million in 2024-25 compared to the 2023-24 budget predominantly due to changes in forecast cash balances arising from working capital movements, operating and capital spend.

**Government and other revenue grants**

- 5.25 In August 2022, the government and TfL agreed a funding agreement covering the period to March 2024, as TfL's finances recovered from the impact of COVID-19. On 18 December 2023, government agreed to provide £250 million funding stating: this capital settlement is to enable TfL to continue to deliver its current capital programme and its committed major capital projects, prioritising the Piccadilly Line Upgrade Phase 1, and should not be used for any other purpose or to fund any new capital activity. £245 million of this funding is being provided in 2023-24.
- 5.26 The final local government finance settlement did not uprate for inflation the £1.07 billion of former TfL capital investment grant within the GLA's settlement baseline funding. Had the government uprated this funding on the same basis as used for rest of the local government settlement provided via retained business rates since April 2023 it is estimated that TfL's capital funding would have been more than £100 million higher in 2024-25. Further details on TfL capital plans are included in the Capital Strategy in section 9.

**GLA contributions from Group Reserves**

- 5.27 The reduction in GLA contributions predominantly relates to the funding profile for the Scrappage Scheme supporting the expansion of the ULEZ London-wide. This was opened for applications in January 2023 and is the UK's biggest-ever such city-led scheme. Originally totalling £110 million, in August 2023 the Mayor increased the scheme by a further £50 million, to £160 million, and opened eligibility to all London residents. A further contribution to the scrappage fund is now being made in 2023-24, funded from an additional drawdown of £50 million from the GLA: Mayor's Environmental Improvement Reserve.

**Retained business rates and council tax**

- 5.28 The Mayor is proposing at this stage to allocate a total of £2,414.0 million in funding from locally raised revenues to TfL in 2024-25, which comprises funding from the Mayor's non-police council tax precept of £244.1 million and business rates retention income of £2,169.9 million. Funding received under the business rate devolution proposals is not restricted to support capital investment and can be used to cover operating and financing costs. TfL's Council Tax requirement increases by £65.8 million due to the additional £20 Band D precept in 2024-25 (as required to meet the government's requirements in COVID-19 funding agreements) and a 1.42 per cent uplift in the Council Tax base.

**NNDR deficit repayment to the GLA**

- 5.29 TfL's contribution towards meeting the estimated net collection fund deficit repayable to London billing authorities decreases from £77.6 million in 2023-24 to nil in 2024-25 as the final third of the 2020-21 unfunded pandemic related deficit will have been repaid by 31 March 2024.

**Reserves**

- 5.30 As at 31 March 2024, TfL general fund reserves are expected to total £393.3 million and are budgeted to increase to £500.0 million at 31 March 2026.
- 5.31 In total, it is forecast that TfL will hold £422.5 million of earmarked and street works reserves and general fund reserves at the close of 2023-24; these reserves will increase to £492.5 million by the end of 2024-25, £555.9 million by the end of 2025-26 and £617.2 million by the end of 2026-27.
- 5.32 Earmarked reserves have been established to finance future projects. The street works reserve holds surpluses in relation to street works impacting traffic, which are required under legislation to be applied to reduce the adverse effects caused by street works. TfL maintain a general fund, with a target minimum of £500 million, to ensure liquidity and protect from short-term fluctuations in cash requirements.
- 5.33 The expected movements in reserves over the planning period are set out in the following table.

<b>Movement in reserves during financial year</b>	<b>Outturn 2022-23 £m</b>	<b>Forecast 2023-24 £m</b>	<b>Budget 2024-25 £m</b>	<b>Plan 2025-26 £m</b>	<b>Plan 2026-27 £m</b>
Opening balances	634.1	216.9	422.5	492.5	555.9
<i>Transfers to/from:</i>					
Earmarked reserves	-106.9	2.0	0.0	26.7	61.3
General reserves	-310.3	203.6	70.1	36.7	0.0
<b>Closing balances</b>	<b>216.9</b>	<b>422.5</b>	<b>492.5</b>	<b>555.9</b>	<b>617.2</b>

- 5.34 The expected general fund, street works reserve and earmarked reserves at the end of each financial year are summarised in the following table.

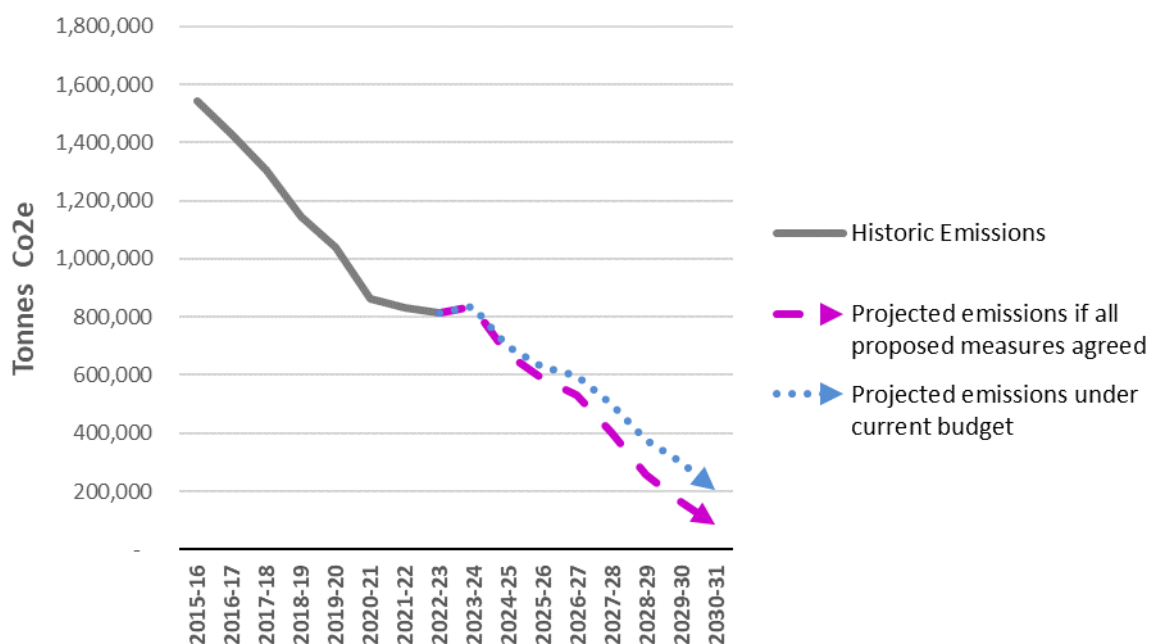
<b>Total reserves at end of financial Year</b>	<b>Outturn 2022-23 £m</b>	<b>Forecast 2023-24 £m</b>	<b>Budget 2024-25 £m</b>	<b>Plan 2025-26 £m</b>	<b>Plan 2026-27 £m</b>
Earmarked reserves	27.2	29.2	29.2	55.9	117.2
General reserves	189.7	393.3	463.3	500.0	500.0
<b>Total</b>	<b>216.9</b>	<b>422.5</b>	<b>492.5</b>	<b>555.9</b>	<b>617.2</b>



**Environmental impact and Climate Budget**

- 5.35 TfL is committed to reducing emissions of air pollutants in London, supporting the transition to a zero-carbon city, and supporting delivery of the London Environment Strategy.
- 5.36 On 29 August 2023, the ULEZ expanded across all London boroughs. This follows on from an expansion to inner London on 25 October 2021 and the original introduction of the scheme in central London on 8 April 2019. One month after the launch of the London-wide expansion, monitoring showed that a larger proportion of vehicles seen driving in London are cleaner. The London-wide compliance rate for vehicles subject to the ULEZ standards during the first month was 95.3 per cent, up from 91.6 per cent in June 2023 and 39 per cent in February 2017 when changes associated with the ULEZ began. On an average day, there were around 77,000 fewer unique non-compliant vehicles (i.e., individual vehicles detected travelling in the zone at least once) detected in the London-wide ULEZ compared to June 2023. This is a 45 per cent reduction in non-compliant vehicles.
- 5.37 TfL is committed to reducing emissions of air pollutants and greenhouse gases from its bus fleet. TfL is continuing to introduce zero emission buses and will deliver a fully zero emission fleet by 2034, or 2030 if additional funding can be secured. Around 15 per cent of the bus network will be zero emission by the end of March 2024.
- 5.38 TfL operates approximately 1,000 fleet vehicles, with less than five per cent currently being Zero Emission Capable (ZEC). TfL has funding to convert all cars and vans in the TfL fleet to zero emission in line with the London Environment Strategy, with the leasing of new vehicles as well as the implementation of supporting infrastructure in vehicle depots.
- 5.39 Through licensing requirements, TfL sets standards for taxis and private hire vehicles which will result in reduced emissions from these fleets, as well as vehicle age limits. Taxi owners continue to be able to access ZEC taxi vehicle grants helping them transition to zero emissions as soon as possible. TfL has also been providing the necessary electric charging infrastructure to support the switch to zero emissions, helping to reduce harmful nitrogen oxide (NOx) emissions from the taxi sector.
- 5.40 The Mayor wants to significantly increase the area of green cover in the built environment. The London Environment Strategy includes policies and proposals that aim to ensure that more than half of London will be green by 2050 and the city's tree canopy cover increases by 10 per cent. TfL will continue to support this strategy. TfL is on track to meet the Mayor's Transport Strategy requirement of a one per cent annual increase in street tree numbers on the TfL Road Network. TfL is expanding wildflower verges across its road network, improving London's biodiversity.

- 5.41 TfL is continuing to develop its understanding of the likely impacts of climate change on its operations. In 2023, TfL published its first Climate Change Adaptation Plan, setting out actions to prepare for the impacts of climate change across London's transport network. TfL will make disclosures on its management of climate risks and opportunities through its annual reporting, aligned to Taskforce for Climate-Related Financial Disclosures requirements.
- 5.42 TfL is on track to meet its Adaptation Plan target of delivering 5,000 sqm of catchment draining into highways Sustainable Drainage Systems (SuDS) each year. This is being delivered by working in partnership with the London boroughs and other stakeholders, supported by funding from Thames Water and the GLA, helping to reduce surface water flooding risks. TfL will also continue to contribute to the development of the London surface water flood risk management strategy.
- 5.43 TfL has a dedicated programme of decarbonisation activities in its buildings. This programme focuses on fossil fuel appliance removal, prioritising assets reaching end of life, those in poor condition and those that will payback within the period of the plan. The programme also looks at implementing energy efficiency upgrades to further reduce energy consumption and installing solar panels where other works are undertaken.
- 5.44 Further details of TfL's work to reduce carbon emissions and adapt the network to climate change can be found in TfL's budget submission.
- 5.45 The following graph highlights progress to date in cutting TfL's operational emissions, (i.e. emissions from all energy and fuel that TfL purchases directly or indirectly for the operation of TfL-branded transport services and for its estate), and projected emissions to 2030 with measures included under the current budget.



**Figure 4: TfL Historic and projected emissions**

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**Equalities impact**

- 5.46 TfL has produced a report called Equity in Motion, which analyses the needs of customers to identify the most impactful actions TfL can take. Actions in this plan which support TfL's equality aims include Sustainable Housing and Accessibility, Safe and Healthy Streets, and enhancing the bus network. TfL is also increasing the proportion of its network that is step-free, and improving accessibility and inclusivity in its vehicles, spaces and places.
- 5.47 At the end of June 2023, TfL launched its first pan-TfL diversity and inclusion strategy, Action on Inclusion. This is TfL's new long-term promise to its people and sets out how TfL will create a truly inclusive workplace by 2030, where everyone has a part to play through active allyship.
- 5.48 TfL's published budget submission can be found [here](#).

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## London Fire Commissioner

- 6.1 The London Fire Commissioner (LFC) is responsible for fire and rescue services in London and supporting the London boroughs in their emergency planning role. It oversees the work of the London Fire Brigade ('the Brigade').
- 6.2 The LFC's Community Risk Management Plan (CRMP) – '[Your London Fire Brigade](#)' – came into effect on 1 January 2023, replacing the previous London Safety Plan. The CRMP will be effective until 2029. It remains anchored in the purpose and vision established in response to the recommendations from the Grenfell Tower Inquiry. It describes four new pillars that the Brigade will work to over the life of the plan (engaging, protecting, learning from, and representing Londoners) and eight new commitments, to improve services to Londoners.

### Key deliverables

- 6.3 This year will see the Brigade focus on building trust with the communities it serves, further modernisation of the response service (including through investment in training and equipment) and improving our culture.
- 6.4 'Your London Fire Brigade' describes two new services which will be introduced to improve the support the Brigade provides to communities so they can better prepare and recover from incidents. The Brigade will also work more closely with communities, creating local station plans to manage risk in their area and the Borough Risk Management Plans introduced in 2023-24 will continue to evolve in response to community feedback.
- 6.5 LFC will be significantly investing in operational training to address the changing risks in London, including the introduction of new firefighting techniques and equipment and further investment in the training and support provided to firefighters in development.
- 6.6 There will be a continued focus on improving the Brigade's culture, including the roll out of leadership training at all levels and embedding a new set of values. Alongside this, People Services will be modernised, including through the new Professional Standards Unit and the provision of improved wellbeing support for staff.

### Revenue expenditure and council tax requirement

- 6.7 The Mayor is proposing a 2.99 per cent increase in the non-policing element of the Band D GLA council tax charge in 2023-24 (equivalent to £4.26 per Band D household) to be fully allocated to the LFC. As a result, the council tax requirement for the LFC increases from £195.1 million to £211.4 million. This is £0.2 million lower than was previously anticipated at the Draft Budget stage due to lower than previously forecast taxbase growth, but additional funding has been provided from business rates to make up this shortfall.

6.8 Gross revenue expenditure is budgeted to increase by £33.8 million between 2023-24 and 2024-25. Net revenue expenditure is budgeted to increase by £31.2 million for the reasons set out in the 'explanation of budget changes' section.

6.9 The following table sets out LFC's budget on an objective basis.

Objective analysis London Fire Commissioner	Revised Budget	Forecast	Budget	Plan	Plan
	2023-24 £m	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Operational Delivery	332.1	336.5	345.6	355.5	366.3
Corporate Services	107.1	110.4	102.6	102.2	101.6
People	40.4	42.6	52.3	53.2	57.7
Transformation	3.6	3.5	9.2	8.6	6.8
Communications	3.3	3.3	3.8	3.9	3.9
<b>Net service expenditure</b>	<b>486.5</b>	<b>496.3</b>	<b>513.4</b>	<b>523.4</b>	<b>536.3</b>
Capital financing costs	11.5	9.7	15.8	21.0	25.6
External interest receipts	-4.5	-4.5	-4.5	-4.5	-4.5
<b>Net revenue expenditure</b>	<b>493.5</b>	<b>501.5</b>	<b>524.7</b>	<b>539.9</b>	<b>557.4</b>
Transfer to/(from) reserves	-15.1	-23.6	-19.5	-15.7	-0.1
Savings to be found	0.0	0.0	0.0	0.0	-13.3
<b>Financing requirement</b>	<b>478.4</b>	<b>477.9</b>	<b>505.2</b>	<b>524.2</b>	<b>544.0</b>
Specific grants	32.6	32.1	10.1	10.1	10.1
Retained business rates	252.3	252.3	283.7	288.9	294.2
Council tax collection fund deficit	-1.6	-1.6	0.0	0.0	0.0
<b>Council tax requirement</b>	<b>195.1</b>	<b>195.1</b>	<b>211.4</b>	<b>225.2</b>	<b>239.7</b>

6.10 The 2024-25 budget includes both efficiency savings and the use of reserves which will help to provide investment to key areas such as the delivery of the CRMP and a Modern Firefighting and Training programme.

### Explanation of budget changes

6.11 An analysis of the year-on-year movement in the Mayor's proposed council tax requirement for LFC, compared to the Mayor's revised budget for LFC in 2023-24 is set out in the following table. An explanation of the year-on-year changes is provided in the paragraphs that follow.

Changes in the council tax requirement	£m	£m
2023-24 council tax requirement		195.1
<i>Changes due to:</i>		
Net change in service expenditure and income		31.2
<i>Including:</i>		
Savings and efficiencies	-16.3	
Inflation	10.1	
Use of reserves		-4.4
Government grants		22.5
Retained business rates funding		-31.4
Council tax collection fund deficit		-1.6
<b>2024-25 council tax requirement</b>		<b>211.4</b>

Note: Positive figures reflect reductions in other funding sources or increased expenditure plans, and therefore increase the council tax requirement. Negative figures reflect increases in other funding sources or reductions in expenditure plans, and therefore decrease the council tax requirement.

### Net change in service expenditure and income

- 6.12 The budget for 2024-25 reflects a £31.2 million net increase in service expenditure and income. This includes the additional investment required to deliver business as usual activities (£4.4 million), organisational change in the form of the CRMP (£5.6 million) and the Modern Firefighting and Training programme (£9.7 million).

#### Savings and efficiencies

- 6.13 The 2024-25 budget incorporates planned savings and efficiencies of £16.3 million. This includes a combination of £6.5 million in departmental and efficiency reviews, and £5.3 million in operational and Fire and Rescue Service (FRS) vacancy assumptions averaging at 100 operational posts below establishment across the year.

#### Inflation

- 6.14 The budget includes a provision for inflation of £10.1 million. Of this, £8.7 million is related to pay inflation, and the remaining £1.4 million relates to pressures on existing contracts with clauses on inflation alongside cost pressures when entering new contracts.

### Change in use of reserves

- 6.15 The use of reserves has increased by £4.4 million in 2024-25 compared to the 2023-24 Budget. In this Final Draft Budget, the Mayor has allocated an additional £3 million per annum from business rates to support the Modern Firefighter and Training projects, reducing the budget gap in future years. It is assumed that £3.8 million will be required from the Budget Flexibility reserve to balance the 2024-25 budget. In addition, as part of an earmarked reserves review, £4.5 million has been released that will help to fund the delivery of CRMP Programmes.

### Government grants and other revenues

- 6.16 Income from government grants has decreased by £22.5 million in 2024-25 compared to the 2023-24 Budget. As set out in the provisional local government settlement on 18 December, and confirmed in the final local government settlement on 5 February, from 2024-25 the fire pensions grant will be rolled into revenue support grant (in practice for the GLA its retained business rates funding baseline) and cease to be paid as a Home Office specific grant directly to local fire and rescue bodies. For 2024-25 this is £21.7 million, therefore the Mayor has increased the LFC's retained business rate funding from 2024-25 onwards by £21.7 million to offset the equivalent loss in specific grant.

### Net change in retained business rates

- 6.17 LFC will receive £283.7 million in funding via retained business rates in 2024-25, an increase of £31.4 million compared to 2023-24. Of this, £9.7 million has been allocated towards new investments in delivery of the CRMP and any other pressures net of savings and efficiencies held in the medium-term financial strategy. The remaining £21.7 million as stated above relates to the rolled in fire pensions grant.

### Reserves

- 6.18 The expected movements in reserves over the planning period are set out in the following table.

<b>Movement in reserves during financial year</b>	<b>Outturn 2022-23 £m</b>	<b>Forecast 2023-24 £m</b>	<b>Budget 2024-25 £m</b>	<b>Plan 2025-26 £m</b>	<b>Plan 2026-27 £m</b>
Opening balances	113.8	105.4	74.8	55.3	39.6
<i>Transfers to/(from):</i>					
Earmarked reserves	-9.9	-30.9	-19.5	-15.7	-0.1
General reserves	1.5	0.3	0.0	0.0	0.0
<b>Closing balances</b>	<b>105.4</b>	<b>74.8</b>	<b>55.3</b>	<b>39.6</b>	<b>39.5</b>

- 6.19 At 31 March 2024, LFC's general reserves are expected to total £17.0 million and are budgeted to remain constant throughout the MTFS.
- 6.20 In total, it's forecast LFC will hold £57.8 million of earmarked reserves at the close of 2023-24. The medium-term forecast assumes a use of £19.5 million in 2024-25 and a further £15.7 million in 2025-26 in order to support key investments, most notably in Modern Firefighter Training and the delivery of the CRMP.
- 6.21 The expected balances on the earmarked and general reserves at the end of each financial year are summarised in the following table.

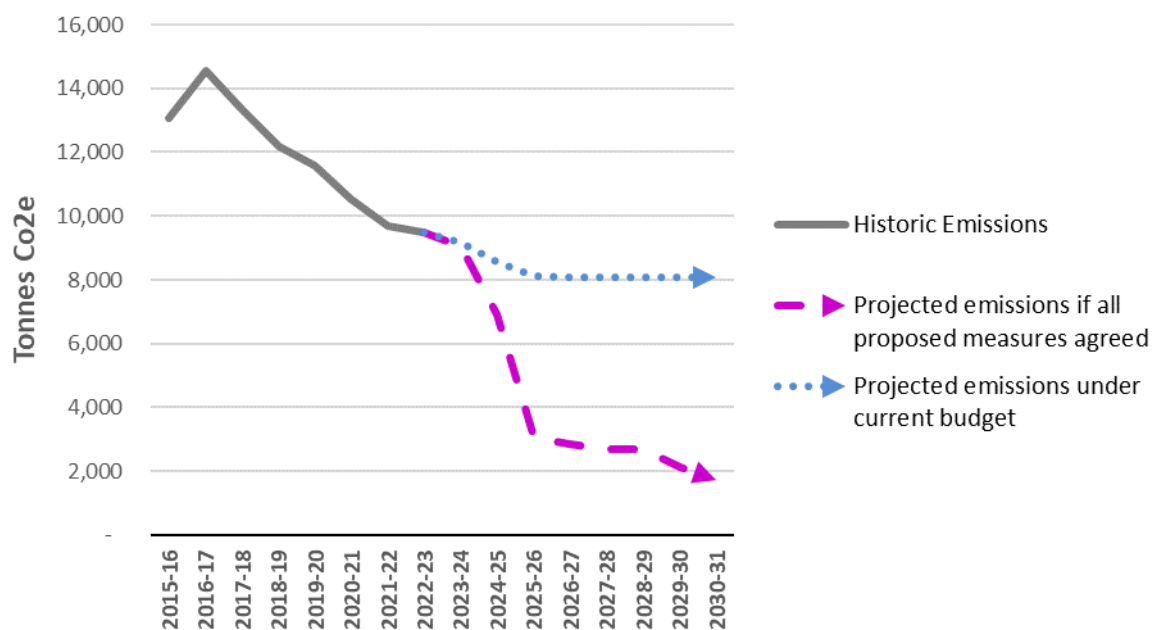
Total reserves at end of financial year	Outturn 2022-23 £m	Forecast 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
Earmarked reserves	88.7	57.8	38.3	22.6	22.5
General reserves	16.7	17.0	17.0	17.0	17.0
<b>Total</b>	<b>105.4</b>	<b>74.8</b>	<b>55.3</b>	<b>39.6</b>	<b>39.5</b>

### Environmental impact and Climate Budget

6.22 Following extensive public consultation and Mayoral approval, LFC adopted its CRMP in January 2023 which confirms the LFC's commitment to reducing its impact on the environment and stated the target of aiming to reach net zero carbon by 2030.

6.23 The graph below outlines:

- historic emissions for the given scope (grey line below)
- a projection of future emissions to 2030 for the given scope, when including actions in the current budget, included Table A in Appendix J (blue line below)
- a projection of future emissions to 2030 for the given scope, when including actions for which a budget has not yet been confirmed or identified, included in Table B in Appendix J (pink line below).



**Figure 5: LFC Historic and projected emissions**



6.24 The LFC Sustainable Development Annual Report (LFC-23-079) has further details outlining the LFC's carbon emission reductions and progress to date. Highlights include:

- total LFC CO<sub>2</sub>e emissions have reduced by 61.2 per cent in 2022-23 from the previous agreed baseline of 1990, against a target of 60 per cent reduction by 2025
- LFC has introduced a new target of Carbon Net Zero by 2030. In 2022-23 emissions reduced by a further 1.5 per cent from the previous year to 9.8 per cent below the new baseline year of 2020-2021.

6.25 Key measures in the LFC budget are (see also Appendix J):

- replace gas cooking equipment with electric models across 30 sites (where no electrical capacity upgrade work is required and assets require replacement)
- Air Source Heat Pumps replacing gas boilers
- installing 4 Solar PV arrays
- further retrofit measures including window replacement, appliance bay door replacement and roof replacement
- replacement of driver training cars.

6.26 To achieve Carbon Net Zero, LFC has adopted six principles which are intended to move LFC from its current baseline level of emissions to a position of net zero, these are set out in more detail in the LFC Budget submission and Appendix J of this Budget and cover:

- opening the infrastructure: further increases to electrical capacity across the estate
- premises decarbonisation: continue the switch to electrically powered heating (hybrid of electric condensing boiler with air source heat pumps across all LFC sites)
- 100 per cent renewable energy: increasing the installed capacity of solar panels across the estate
- carbon offsetting and alternative fuels: it is anticipated that there will be some residual emissions associated with fossil fuel use in transport (e.g. engines or boats) that do not yet have an adequate electric alternative, and also for back up generators, used for resilience. Hydrotreated vegetable oils will be used as a stepping stone in existing diesel vehicles
- moving to a zero emission fleet: switching to electric vehicles across the fleet. For the heavy specialist fire appliances that have a longer life, this is challenging to deliver by 2030, with 37 per cent of the fleet still projected to be diesel in 2030. Biofuels will be a steppingstone to meet targets as fleet electrification continues into the early 2030s
- smart energy use: carbon impact training across staff, optimisation of building management systems and continued participation in the National Energy Saving Competition.

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**Equalities impact**

- 6.27 The results of the LFC's Independent Culture Review, conducted by Nazir Afzal, were published in November 2022. In total, the report made 23 recommendations across 5 areas: creating a workplace where everyone is afforded dignity; better engagement with London communities; building a leadership model of trust; improving wellbeing; and transforming HR services.
- 6.28 Actions which have taken place in response to this report so far include a new monthly Community Forum which provides valuable insights directly from the people LFC serves, the launch of an independent external complaints service, the rollout of mental health training to 800 of the LFC's leaders, and introduction of a new Professional Standards Unit which will set, monitor and uphold professional standards across the Brigade and report when these standards are not met.
- 6.29 Planned future improvements include improved maternity pay, a conference for leaders from Black, Asian and ethnic minority backgrounds, changes to uniform and working environments. Feedback will be sought from staff and communities throughout this process.
- 6.30 An Equalities Impact Assessment has been included in Appendix 10 of the LFC's published budget submission.
- 6.31 LFC's published budget submission can be found [here](#).

## London Legacy Development Corporation

- 7.1 The London Legacy Development Corporation (LLDC) is a Mayoral Development Corporation (MDC), responsible for promoting and delivering physical, social, economic and environmental regeneration in Queen Elizabeth Olympic Park (QEOP) and surrounding area. LLDC aims to maximise the legacy of the London 2012 Olympic and Paralympic Games, by securing high-quality sustainable development and investment, ensuring the long-term success of the facilities and assets within its direct control and supporting and promoting the aim of increased social mobility in surrounding communities.
- 7.2 Since the London 2012 Olympic and Paralympic Games, LLDC has delivered the transformation of the Park and venues from their Olympic to their legacy configuration. LLDC also works in partnership to bring forward regeneration schemes, schools and housing to further the transformation of east London enabled by the London 2012 Games. Further work includes delivering East Bank, a new cultural and educational district, new social and transport infrastructure, and working with the host boroughs and other partners to create economic opportunity and support local people and businesses. LLDC also retains legal ownership of the London Stadium and its operations, which, largely due to the contracts negotiated by the previous Mayor, continues to impose costs on LLDC and the GLA Group.
- 7.3 As such, the LLDC budget broadly comprises of two elements:
- costs relating to core activities, which are forecast to reduce once the East Bank project is complete and planning powers revert to the local boroughs in December 2024, with LLDC transitioning to become a smaller organisation by the end of 2024-25
  - costs relating to the London Stadium, which, although much-reduced through proactive interventions by LLDC and the GLA Group (including capital investment in spend-to-save projects), are being significantly impacted by high inflation, particularly on the cost of utilities.

### Key deliverables

- 7.4 During 2024-25, LLDC's revenue and capital budgets will be deployed to deliver its objectives, which include:
- successful operation of East Bank with UCL East and UAL's London College of Fashion already open; opening of Sadler's Wells Theatre and the public realm; handover of V&A and BBC for tenant fit-out work, ahead of the opening of V&A East and BBC Studios in 2025
  - deliver an effective and responsive planning service (until handover of planning powers to the local boroughs) with at least 70 per cent of applications determined in required timeframes
  - East Wick and Sweetwater Phase 2 construction continues to programme and joint venture partnership for Pudding Mill Lane will be established

- 
- Stratford Station: design works underway, Outline Business Case submitted, and delivery vehicle will be established
  - continue to deliver the Inclusive Economy agenda with Growth Boroughs and partners
  - next phase of LLDC: planning function and powers transferred to local boroughs by the end of 2024. Future structure of LLDC in place ahead of April 2025 with agreed functions, geography and governance
  - managing and maintaining the quality of the Park and venues, including retaining Green Flag status
  - supporting the safe delivery of major events including the London Stadium programme.

**Revenue expenditure**

- 7.5 Gross revenue expenditure is budgeted to decrease by £8.4 million between 2023-24 and 2024-25. Net revenue expenditure is budgeted to decrease by £8.2 million for the reasons set out in the 'explanation of budget changes' section below.
- 7.6 The following table sets out LLDC's budget on an objective basis.

Objective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan
LLDC	2023-24	2023-24	2024-25	2025-26	2026-27
	£m	£m	£m	£m	£m
Park Operations and Venues	7.1	7.3	3.7	3.2	3.3
Trading	0.0	0.5	-1.6	-2.0	-2.0
Developments	-0.3	-0.5	-0.6	-0.8	-0.8
Regeneration	2.8	2.6	1.8	0.7	0.7
Corporate	9.8	12.2	9.5	6.7	6.5
Planning Authority	1.7	1.8	1.3	0.0	0.0
Transition and Contingency	9.2	5.5	5.8	3.7	3.5
Stadium	16.7	16.7	15.9	16.6	16.0
<b>Net service expenditure</b>	<b>47.0</b>	<b>46.1</b>	<b>35.8</b>	<b>28.1</b>	<b>27.2</b>
Financing costs	13.3	13.3	16.3	16.4	16.3
<b>Net expenditure</b>	<b>60.3</b>	<b>59.4</b>	<b>52.1</b>	<b>44.5</b>	<b>43.5</b>
Transfer to/ (from) MDC reserve for core activities	-17.3	-16.4	-0.9	-0.3	0.0
Transfer to/ (from) MDC reserve for stadium	0.0	0.0	-4.4	-5.5	-4.4
<b>Financing requirement</b>	<b>43.0</b>	<b>43.0</b>	<b>46.7</b>	<b>38.7</b>	<b>39.1</b>
Retained business rates for core activities	13.0	13.0	19.0	11.2	11.2
Retained business rates for stadium	16.7	16.7	11.5	11.1	11.6
GLA funding for financing costs	13.3	13.3	16.3	16.4	16.3
<b>Council tax requirement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

- 7.7 LLDC's funding carried forward from previous years (held within the Mayoral Development Corporation (MDC) reserve) is forecast to be fully utilised in 2025-26 but, overall, no additional revenue funding is required for LLDC core activity.
- 7.8 However, for the London Stadium, a total of £14.3 million of additional funding is required from the GLA across the three-year period. This is largely due to inflationary pressures (£4.4 million in 2024-25), particularly on energy costs, which are outside of the Stadium's immediate control. Excluding the inflationary pressures, the Stadium has reduced its operational losses (which are largely driven by onerous contracts agreed under the previous Mayor's administration) close to the target levels set out in the five-year plan agreed in December 2020. The Stadium budget assumes that a naming rights partner is secured from 2024-25.

7.9 The GLA's direct funding allocations towards LLDC's core activities and the London Stadium are highlighted in the following table.

<b>Funding requirements</b>	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>
<b>LLDC</b>	<b>2023-24</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>LLDC net service expenditure (excl Stadium)</b>	<b>30.3</b>	<b>29.4</b>	<b>19.9</b>	<b>11.5</b>	<b>11.2</b>
<b>Funded by:</b>					
Transfer to/ (from) MDC reserve	-17.3	-16.4	-0.9	-0.3	0.0
Retained business rates	-13.0	-13.0	-19.0	-11.2	-11.2
<b>Stadium net service expenditure</b>	<b>16.7</b>	<b>16.7</b>	<b>15.9</b>	<b>16.6</b>	<b>16.0</b>
<b>Funded by:</b>					
Transfer to/(from) MDC Reserve	0.0	0.0	-4.4	-5.5	-4.4
Retained business rates	-16.7	-16.7	-11.5	-11.1	-11.6
<b>LLDC financing costs*</b>	<b>13.3</b>	<b>13.3</b>	<b>16.3</b>	<b>16.4</b>	<b>16.3</b>
GLA funding for LLDC financing costs	-13.3	-13.3	-16.3	-16.4	-16.3

\*Note: LLDC financing costs relate to borrowings that cover both the London Stadium and other LLDC related expenditure (see paragraph 7.20).

7.10 LLDC's revenue budget includes:

- income from the Fixed Estate Charge, a charge on all occupiers of the Park to contribute towards the cost of maintaining the Park and its facilities. LLDC's income from this charge increases as East Bank buildings are handed over to the partners and residential developments are completed and more occupiers move onto the Park in the later years (see subjective analysis at Appendix E)
- income related to planning fees and Community Infrastructure Levy administration income payable to the LLDC Planning Authority, until the planned reversion of LLDC's planning powers to the local boroughs in 2024-25
- expected income arising from the Sponsorship, Marketing and Park Assets Strategy and Park Business Plan, under which LLDC is developing its sponsorship and marketing structures and systems and identifying opportunities to derive more value from the Park assets
- income expected from SHIFT, which is the new identity for the inclusive innovation community that exists at the Park and is expected to generate income from grants, seed funding from the founding partners and from memberships and trials on the Park
- day-to-day operational costs of the Park, including estate and facilities management of the Park, which is carried out under a third-party contract

- activities promoting environmental sustainability, supporting the Mayor of London's sustainability objectives across the Park's operation and development
- costs relating to the evolution of LLDC in 2025.

7.11 Following completion of the East Bank project and the reversion of planning powers to the local boroughs in 2024-25, LLDC will reduce in size from 1 April 2025. Accordingly, LLDC's core revenue grant allocation from the GLA will reduce significantly to c. £11.2 million per annum.

7.12 For the long-term financial sustainability of LLDC, its objective is that when developments on the Park have built out in the mid-2030s and associated Fixed Estate Charge income is available, the requirement for grant funding, excluding the London Stadium, will be eliminated.

### Explanation of budget changes

7.13 An analysis of the year-on-year movement in the Mayor's council tax requirement for LLDC, compared to the Mayor's revised budget for LLDC in 2023-24 is set out in the following table. An explanation of the year-on-year changes is provided in the paragraphs that follow.

<b>Changes in the council tax requirement (LLDC and Stadium)</b>	<b>£m</b>	<b>£m</b>
2023-24 council tax requirement		0.0
<i>Changes due to:</i>		
Net change in service expenditure and income		-8.2
<i>Including:</i>		
<i>Savings and efficiencies</i>	-2.0	
<i>Inflation</i>	5.1	
Use of reserves		12.0
Retained business rates funding		-0.8
GLA funding for financing costs		-3.0
<b>2024-25 council tax requirement (LLDC and Stadium)</b>		<b>0.0</b>

Note: Positive figures reflect reductions in other funding sources or increased expenditure plans, and therefore increase the council tax requirement. Negative figures reflect increases in other funding sources or reductions in expenditure plans, and therefore decrease the council tax requirement.

### Net change in service expenditure and income

7.14 The budget for 2024-25 reflects an £8.2 million net decrease in service expenditure relating to core activities. This net figure includes however:

- expected increases in income and reductions in costs following the re-procurement of some of LLDC's major venue operator contracts
- an increase in Fixed Estate Charge, reflecting inflation uplifts to be applied according to the respective leases (residential and commercial tenants) and the expected handover of East Bank buildings

- various movements to trading and property rental income forecasts, including increases in income from the interim uses of LLDC's development plots (where development is yet to commence)
- an increase in planning-related income (e.g. planning fees and pre-planning consultation recharges) reflecting increased levels of activity until the planned reversion of town planning powers to the local boroughs
- an increase in events and programming income reflecting increased hires on and around the Park, including for filming opportunities
- an increase in expenditure in Planning Policy and Decisions to support additional activity
- an increase in Regeneration and Community Partnerships expenditure in 2024-25 for SHIFT activities, which supports the generation of income.

#### Savings and efficiencies

7.15 The budget incorporates planned savings and efficiencies of £2.0 million, expected to be delivered from:

- income opportunities: from events and programmes held on the Park, including photoshoot and film hires, and additional income secured through the venue operational contracts procurements
- discretionary spend: savings built into the budget include professional fees, marketing and communications, IT costs and ongoing savings from a rationalisation of LLDC's office space following a move from its previous offices to an office building owned by Transport for London (part of the GLA Group)
- some early expected savings from the venue operational contracts procurements.

7.16 LLDC has continued to protect spend on inclusion and diversity, which is a priority area.

#### Inflation

7.17 The budget includes a provision for inflation of £5.1 million. This is predominantly for inflationary pressures at the London Stadium, particularly on energy costs, which are outside of LLDC's immediate control, but also includes £0.4 million relating to pay inflation.

#### **Change in use of reserves**

7.18 LLDC's reserves are held in the GLA: Mayor's earmarked MDC reserve. There is a decrease of £12.0 million in the use of these reserves compared to 2023-24, reflecting the net impact of changes within the budget outlined earlier.

#### **Change in retained business rates funding**

7.19 LLDC will receive £30.5 million in funding via retained business rates in 2024-25, an increase of £0.8 million compared to 2023-24. From this amount, £18.9 million will be utilised for expenditure on core activities and £11.5 million for expenditure on the London Stadium.

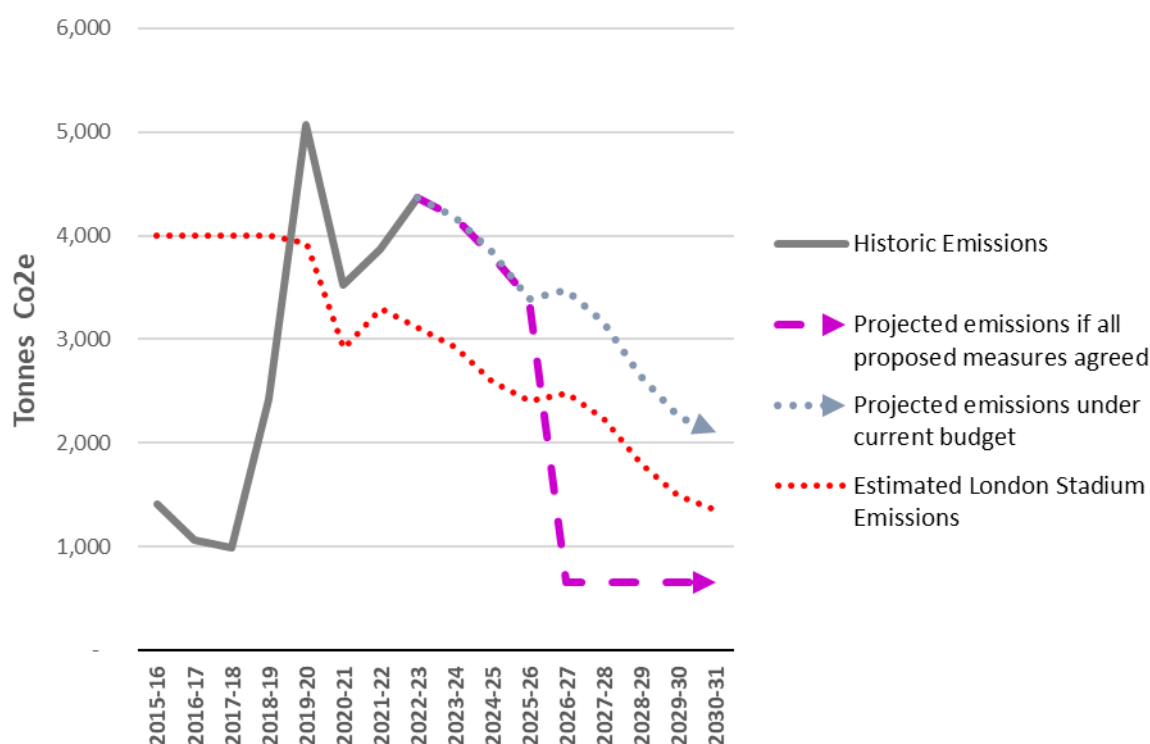


### Change in GLA funding for financing costs

7.20 LLDC will also receive an additional £16.3 million in funding via retained business rates in 2024-25, an increase of £3.0 million compared to 2023-24 reflecting the increase in the level of borrowings from the GLA and changes in interest rates. However, this amount is ultimately repaid back to the GLA and therefore does not form part of the Mayor's discretionary allocation.

### Environmental impact and Climate Budget

7.21 This section of the submission outlines LLDC's response to supporting the Mayor to achieve his target to make London net zero carbon by 2030. The following graph highlights the impact of LLDC's climate measures on its CO<sub>2</sub>e emissions:



**Figure 6: LLDC Historic and projected emissions**

7.22 The following information explains the historic and projected emissions in the graph:

- the graph shows LLDC's historic emissions – with the London Stadium included from 2018-19 (grey), projected emissions when including measures funded in the 2024-25 budget (blue – illustrative only) and projected emissions when including 2024-25 funded actions and those not currently in budget (pink – illustrative only)
- historic emissions include transformation from Olympic venues' 'Games mode' to improved efficiency in 'Legacy mode' from 2014 to 2016. Acquisition of the London Stadium operator in 2018 causes the grey line's peak, before energy consumption is reduced as a result of energy efficiency measures but also the substantial impact of the COVID-19 pandemic

- the grey line commences with a ‘bounce back’ from the pandemic, before showing anticipated savings associated within budget (blue) and not yet within budget (pink) carbon reduction measures
- the dotted blue line also reflects an initial reduction in emissions from 2023 of approximately 1,000 tonnes CO<sub>2</sub> following the completed and planned solar energy and other energy efficiency measures at the London Stadium which is funded in the 2024-25 budget. From 2025-26, further emissions reductions of approximately 2,303 tonnes are projected following the proposed switch to the GLA Group PPA.

7.23 The main climate measures currently included in LLDC’s budget 2024-25 to 2026-27 are as follows:

- placement of a solar membrane on the London Stadium roof
- replacement of halogen back of house lighting at the London Stadium with LEDs
- upgrades to automate the kiosk and TV controls at the London Stadium.

#### Green tariffs and air travel

7.24 Regarding the use of green energy tariffs, LLDC anticipates transferring from a Renewable Energy Guarantees of Origin (REGO) backed renewable energy contract to the GLA’s renewable Power Purchase Agreement (PPA) during the 2025-26 financial year or as soon as available.

7.25 Emissions from staff air travel have been calculated as 9 tonnes CO<sub>2</sub> in 2022-23. LLDC offsets these emissions by an independently verified tree planting carbon offset scheme – delivered by Trees for Cities, verified by Avieco.

#### Future measures

7.26 As can be seen in the above graph, there remains a potential gap in delivering the Mayor’s net zero 2030 target. A list of currently unfunded climate measures includes decarbonising the District Energy Network and the cost uplift for achieving 1.5 degree-aligned housing, retail and commercial developments across LLDC’s remaining development pipeline. These can be found in the Climate Budget Tables in Appendix J.

#### **Equalities impact**

7.27 LLDC was established to deliver the legacy ambitions of the London 2012 Games through ‘the regeneration of an entire community for the direct benefit of everyone who lives there’. The host boroughs for the London 2012 Games contained some of London’s most deprived neighbourhoods and communities and ambitious plans had long been fostered to regenerate this part of east London: to transform the post-industrial landscape while preserving local heritage and to create stronger economic conditions and better life chances for its residents.

7.28 LLDC promotes equality through its objectives to:

- establish successful and integrated neighbourhoods where people want and can afford to live, work, and play
- retain, attract and grow a diverse range of high-quality businesses and employers, and maximise employment opportunities for local people and under-represented groups
- create a global, future-ready exemplar for the promotion of cross-sector innovation in technology, sustainability, education, culture, sport, inclusion and participation.

7.29 In addition, LLDC is promoting equality by putting in place arrangements to create more affordable housing within the residential developments in line with the Mayor's three preferred affordable housing tenures: Social Rent (for people on low incomes), London Living Rent (helping Londoners on average incomes save for a deposit to buy their first home) and Shared Ownership (for people who want to buy but cannot afford to do so on the open market).

7.30 Key positive actions being taken by LLDC to promote equality within the organisation include:

- a refocus of the EDI priorities to concentrate on supporting talent from within, particularly colleagues from under-represented groups, the creation of dedicated EDI learning pathways, and a dedicated focus on data capture and data improvement relating to EDI
- a third-party review of its recruitment processes, which has helped develop suite of toolkits, related to the priorities identified by the project (talent attraction, fair and transparent applications, assessment and selection, inclusive decision making and inclusive onboarding)
- hosting national and international awareness and celebration days, including a programme of recent internal events and engagement including 'Taste and Talk' events, which create a social space with homemade food for colleagues to spend time together and learn about and celebrate different cultures and religious celebrations.

7.31 LLDC's published budget submission can be found [here](#).

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## Old Oak and Park Royal Development Corporation

- 8.1 The Old Oak and Park Royal Development Corporation (OPDC) is the MDC established to deliver the strategic regeneration opportunity for the Old Oak and Park Royal Opportunity Area.
- 8.2 The new HS2, Elizabeth Line and Great Western interchange station at Old Oak Common is due to open within the next decade, bringing significant transport connectivity between Old Oak and central London, Heathrow, the West country and Birmingham. OPDC is utilising its planning and regeneration powers to ensure that these benefits are maximised.
- 8.3 This budget has been prepared at a pivotal time for OPDC, as the organisation moves from strategic planning into delivery. In 2023–24, OPDC submitted its outline business case for ‘Old Oak West’ (OOW), prepared jointly with DfT, DLUHC, Network Rail, HS2 and Homes England, to organise the government-owned landholdings around HS2’s Old Oak Common Station into a comprehensive regeneration programme, creating a new mixed-use urban centre of around 9,000 homes and 2.5 million square feet of workspace and positive discussions are ongoing. In parallel, informed by an inclusive local engagement programme, OPDC has prepared a Supplementary Planning Document to support the delivery of OOW.
- 8.4 To spur the delivery of OOW, the corporation has secured a combined total of £140.0 million capital funding. This includes £54.0 million from DLUHC’s Brownfield, Infrastructure and Land (BIL) fund and £50.0 million from the Mayor’s Land Fund to assemble land for new housing and employment, which has enabled several key sites to be acquired in the heart of its development zone. OPDC was also awarded £36.0 million from the Department for Energy, Security and Net Zero (DESNZ) Green Heat Network Fund to kick-start an innovative new heat recovery network utilising waste heat from local data centres.
- 8.5 OPDC’s 2024–25 budget submission has been prepared with a focus on supporting their delivery plans, including completing the recruitment to the new target operating model, and the next steps of preparation for the comprehensive regeneration at OOW.
- 8.6 The budget includes the costs of administering OPDC’s existing and expanding statutory planning activities, spanning three London boroughs (Hammersmith & Fulham, Brent and Ealing); funding to support interventions in Park Royal to boost the productivity and sustainability of London’s largest industrial estate; community engagement and capacity building; and support to bring forward early development sites.

### Key deliverables

- 8.7 The key deliverables for 2024–25 are as follows:

### Delivery

The Delivery Directorate will continue to transition from strategic activity to delivery, with a focus on regeneration and development at OOW. This includes:

- the preparation of business cases, infrastructure and regeneration strategies for OOW
- producing the procurement documentation required to secure a private sector delivery partner
- a programme of private land assembly and public land coordination, by private treaty and compulsory purchase
- commencing the delivery of the Heat Network project
- a programme of regeneration projects including place-shaping and meanwhile uses, skills, employment and training support across the OPDC area.

### Planning

The Planning Directorate will operate its statutory function as local planning authority by implementing Local Plan policies and overseeing the determination of an 8,000-home pipeline of planning applications, together with applications for industrial intensification. This includes:

- supplementary guidance to implement the Local Plan, including the Mayoral Community Infrastructure Levy (MCIL) Charging Schedule and a design code for the OPDC area
- a comprehensive review of the Local Plan, in line with the new requirements set out in the Levelling Up and Regeneration Act
- maximising the delivery of affordable homes, jobs and Section 106 and MCIL contributions to facilitate new and improved infrastructure
- addressing unauthorised development to protect the amenity of residents and businesses and ensure industrial land supply is protected and used intensively and efficiently.

### Corporate Operations & Finance

The Corporate Operations & Finance function will ensure readiness during 2024-25 as the focus transitions into a delivery phase. This includes:

- embedding Business Partnering, clarifying roles and responsibilities, building relationships, and promoting collaboration
- securing new office accommodation within the OPDC regeneration area
- working in partnership with GLA Group Collaboration Board to leverage best practise and drive value for money through our shared service arrangements with the wider Group
- sound financial management and governance, entailing effective, accurate budget management and financial reporting
- fostering a culture of Learning & Development by enhancing skills, knowledge, and innovation to develop its people, and promote continuous improvement.

### Communications and Engagement

The Communications and Engagement function will engage stakeholders, partners and communities, raising awareness, increasing participation and building advocacy to help shape regeneration. This includes:

- inclusive engagement, consultation and community relations to shape development
- community outreach and network building, particularly with those whose voices go unheard, through small grants, volunteering and early activation programmes
- promoting OOW across a wide range of audiences through events, research, media and stakeholder engagement opportunities
- implementing an updated Community Engagement Strategy, monitoring social value, diversity and community sentiments.

### Revenue expenditure

8.8 Gross revenue expenditure is budgeted to increase by £2.9 million between 2023-24 and 2024-25. Net revenue expenditure is budgeted to increase by £1.0 million for the reasons set out in the 'explanation of budget changes' section.

8.9 The table below sets out the proposed budget for OPDC on an objective basis.

Objective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan
OPDC	2023-24	2023-24	2024-25	2025-26	2026-27
	£m	£m	£m	£m	£m
CEO Office	1.0	1.0	1.1	1.1	1.2
Planning	1.8	1.5	2.1	2.8	2.8
Delivery	5.6	6.0	8.0	7.0	7.0
Corporate Operations & Finance	2.9	2.8	3.0	3.2	3.4
Planning application and other income	-0.5	-0.5	-2.4	-2.4	-2.5
<b>Net service expenditure</b>	<b>10.8</b>	<b>10.8</b>	<b>11.8</b>	<b>11.7</b>	<b>11.9</b>
Transfer to/ (from) MDC reserve	-3.8	-3.8	-4.6	-4.4	0.0
Additional funding required	0.0	0.0	0.0	0.0	-4.4
<b>Financing Requirement</b>	<b>7.0</b>	<b>7.0</b>	<b>7.2</b>	<b>7.3</b>	<b>7.5</b>
Business rates	7.0	7.0	7.2	7.3	7.5
<b>Council tax requirement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Explanation of budget changes

8.10 An analysis of the year-on-year movement in the council tax requirement, comparing the revised 2023-24 budget to the proposed 2024-25 budget, is set out below.

<b>Changes in the council tax requirement</b>	<b>£m</b>	<b>£m</b>
2023-24 council tax requirement		0.0
<i>Changes due to:</i>		
Net change in service expenditure and income		1.0
<i>Including:</i>		
<i>Inflation</i>	0.2	
Use of reserves		-0.8
Retained business rates funding		-0.2
<b>2024-25 council tax requirement</b>		<b>0.0</b>

Note: Positive figures reflect reductions in other funding sources or increased expenditure plans, and therefore increase the council tax requirement. Negative figures reflect increases in other funding sources or reductions in expenditure plans, and therefore decrease the council tax requirement.

### **Net change in service expenditure and income**

- 8.11 The budget for 2024-25 reflects a £1.0 million net increase in service expenditure and income.
- 8.12 The Chief Executive and Corporate Operations proposed budgets, and OPDC's establishment reflect the organisation's target operating model.
- 8.13 The Delivery programme, including Regeneration and Economic Development (RED), is forecasting revenue spend to enable the development of OOW, including: early land assembly and the procurement of a master developing partnership. The increased expenditure is mitigated by increased rental income from early site acquisitions.
- 8.14 The Planning team has forecast additional activity in planning applications resulting in higher establishment numbers offset by corresponding income.

### Inflation

- 8.15 The budget includes a provision for inflation of £0.2 million predominantly relating to a provision for a pay award in 2024-25.

### **Changes in use of reserves**

- 8.16 The use of reserves has increased by £0.8 million in 2024-25 compared to the 2023-24 Budget predominantly to support increased expenditure required to scaleup and realise a fully funded target operating model.

### **Net change in retained business rates**

- 8.17 OPDC will receive £7.2 million in funding via retained business rates in 2024-25, an increase of £0.2 million compared to 2023-24. This increased funding has been allocated towards building capability and capacity in line with the target operating model.

**Reserves**

- 8.18 The OPDC's operational expenditure is funded by retained business rates and from the GLA's MDC Reserve. The revised budget for 2024-25 utilises £4.6 million of these reserves, an increase of £0.8 million from 2023-24. As OPDC acquires and develops capital assets, opportunities for capitalising expenditure will also be pursued which may result in less funding being required to be drawn in future from the MDC reserve.

**Environmental impact and Climate Budget**

- 8.19 OPDC does not directly produce carbon emissions as it does not have any operational estate or fleet, although they are now in the process of acquiring several sites with existing operational leases and uses. They are producing an asset management strategy which, within the constraints of the inherited leases, will address the management of environmental impact, including the consideration of appropriate meanwhile uses prior to eventual redevelopment.
- 8.20 The OPDC budget will have an impact on greenhouse gas emissions more widely in London, and these measures are captured in the 2024-25 Climate Budget (see Appendix J for more detail). These initiatives actively contribute to the reduction of carbon emissions within the OPDC area and beyond.
- 8.21 OPDC aligns with the requirements of the GLA's Responsible Procurement Implementation Plan (RPIP), committed to actively collaborating with its suppliers, intended to initiate and implement strategies aimed at reducing carbon emissions within the supply chain.

**Buildings**

- the Park Royal Solar project collaborates with local businesses and landlords to offer free solar feasibility studies and consultations. This has secured £50,000 in Mayoral funding and has the potential to yield carbon savings of 2,000 tonnes over 25 years
- the Industrial Retrofit – Small Business Loan Fund, establishes a revolving Park Royal Affordable Workspace and Business Loan Fund.

**Energy**

- OPDC has secured funding from DESNZ's Green Heat Network Fund to harness waste heat from datacentres, providing net-zero heating for up to 12,000 new homes and businesses, with an estimated 101,200 tonnes of carbon savings over 40 years.

**Public realm**

- OPDC is delivering several initiatives aimed at enhancing the quality and accessibility of outdoor spaces. Their Greenspace Volunteering programme focuses on Park Royal and the Grand Union Canal. This programme collaborates with local businesses and residents to organise volunteering events that encompass planting, maintenance, clean-ups, and events promoting the value of greenspace and sustainability.



### Planning

- Within its Local Plan, OPDC have established a set of policies that mandate developments to uphold a high level of environmental sustainability and resilience. OPDC's Supplementary Planning Documents provide valuable guidance to developers on sustainability and environmental responsibilities.

### **Equalities**

8.22 Equality, Diversity and Inclusion (EDI) is at the heart of OPDC's corporate vision. OPDC's approach to equality and inclusion aligns with the Mayor's Inclusive London strategy.

8.23 OPDC will continually build on the progress made, including exploring opportunities to:

#### Internally focused

- review and improve its EDI training offer for staff
- track recruitment campaigns to improve inclusive recruitment
- working in partnership with the GLA Group, develop and building a mentoring community to support all employees and in particular underrepresented groups
- continue to create a work environment that values and respects differences among employees leading to employee satisfaction, innovation and organisational success.

#### Externally focused

- undertake baseline data exercises, sentiments research and increase diversity monitoring to help develop initiatives to address local needs and measure social value
- increase staff participation in community engagement and local volunteering activities, particularly at senior executive and non-executive level
- work closely with TfL and Ealing Council to develop a scheme for North Acton station which delivers step-free access and improves the accessibility to the station to create a space which is fully useable and welcoming to all
- embed principles of inclusion and accessibility in all scoping and assumptions around new infrastructure including bridges, streets and public realm
- adopt OPDC's Supplementary Planning Document (SPD) for the OOW area in early 2024, including guidance for the design of open spaces and community-led housing that cater for groups with protected characteristics
- publish OPDC's Public Realm and Green Infrastructure SPD for public consultation early 2024, providing detailed guidance to developers on how EDI considerations should be at the forefront of public realm design.

8.24 In accordance with the Public Sector Equality Duty and the Mayor's Equality, Diversity and Inclusion Strategy, OPDC will continue to assess the likely impacts of the proposals set out in this budget on external groups as proposals are further developed and refined. Equalities assessments of individual programmes will be carried out as appropriate.

8.25 OPDC's published budget submission can be found [here](#).

## Capital Strategy including Capital Spending Plan

- 9.1 The Mayor is required to prepare a Capital Spending Plan and a long-term capital strategy every year for each of the GLA's functional bodies. Before issuing his final plan, he is required to consult with the Assembly and each functional body under section 123 of the GLA Act 1999 and this statutory process was met by the consultation process which took place on the wider budget between 19 December 2023 and 10 January 2024. The Mayor is also required to set the borrowing limits for the GLA Group – the proposals for which are set out in Appendices A to F for the GLA and each relevant functional body. The London Assembly does not undertake capital expenditure. The final 2024-25 Capital Spending Plan must be published by the Mayor before 28 February 2024.
- 9.2 The table below summarises the Mayor's Draft Capital Spending Plan (CSP) to 2027-28. These figures include the capital costs of the climate measures that are deemed to be 'funded' within the GLA and functional bodies capital budgets, as set out in Appendix J.

<b>Summary of the final draft capital plan</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 year</b>
<b>2023-24 to 2026-27</b>	<b>Forecast</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>	<b>total</b>
	<b>Outturn</b>					
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
GLA	1,299.5	1,546.4	1,637.7	1,694.2	912.6	7,090.4
MOPAC	335.6	340.5	254.5	249.2	253.6	1,433.4
TfL	2,045.4	2,285.2	2,074.2	2,119.8	2,387.6	10,912.2
LFC	29.2	37.9	52.4	41.1	28.5	189.1
LLDC	222.5	128.6	58.7	34.2	46.4	490.4
OPDC	84.2	106.1	50.0	0.0	0.0	240.3
<b>Total capital expenditure</b>	<b>4,016.4</b>	<b>4,444.6</b>	<b>4,127.5</b>	<b>4,138.5</b>	<b>3,628.7</b>	<b>20,355.8</b>

- 9.3 The following table summarises the Mayor's Final Draft Capital Spending Plan for 2024-25 which shows the capital funding sources for the CSP in line with the format required under section 122 of the GLA Act. Further details on the GLA and each functional body's draft plan are set out below. More details of the key deliverables are set out in this section under each member of the Group and in the relevant appendices.

### Final Draft GLA Group statutory capital spending plan 2024-25 under Section 122 of the GLA Act

	Section	GLA £m	MOPAC £m	TfL £m	LFC £m	LLDC £m	OPDC £m
	Total external capital grants	951.6	46.0	133.7	0.0	50.5	52.8
	Opening balance of capital receipts	645.0	0.0	0.0	0.0	0.0	0.0
	Total capital receipts during the year	0.0	11.9	148.2	0.0	69.4	0.0
<b>A</b>	<b>Total capital grants/ receipts</b>	<b>1,596.6</b>	<b>57.9</b>	<b>281.9</b>	<b>0.0</b>	<b>119.9</b>	<b>52.8</b>
	Minimum s.120(1) grant	0.0	0.0	0.0	0.0	0.0	0.0
	Total borrowings during the year	15.8	282.6	514.2	37.9	5.0	53.3
	Total credit arrangements during the year	0.0	0.0	0.0	0.0	0.0	0.0
<b>B</b>	<b>Total borrowings and credit arrangements</b>	<b>15.8</b>	<b>282.6</b>	<b>514.2</b>	<b>37.9</b>	<b>5.0</b>	<b>53.3</b>
	Total capital expenditure anticipated during the year	1,546.4	340.5	2,285.2	37.9	128.6	106.1
	Total amounts which may be treated as borrowing in the year because of section 8(2) of the Local Government Act 2003	0.0	0.0	0.0	0.0	0.0	0.0
<b>C</b>	<b>Total capital spending for the year</b>	<b>1,546.4</b>	<b>340.5</b>	<b>2,285.2</b>	<b>37.9</b>	<b>128.6</b>	<b>106.1</b>
	Funding: capital grants and contributions	1,427.4	46.0	133.7	0.0	50.5	52.8
	Funding: capital receipts/reserves	22.8	11.9	648.5	0.0	18.9	0.0
	Funding: borrowings and credit arrangements	15.8	282.6	514.2	37.9	5.0	53.3
	Funding: revenue contributions	80.4	0.0	988.8	0.0	54.2	0.0
<b>D</b>	<b>Total funding</b>	<b>1,546.4</b>	<b>340.5</b>	<b>2,285.2</b>	<b>37.9</b>	<b>128.6</b>	<b>106.1</b>

9.4 The following table summarises the GLA and each functional body's high-level capital spending need for the subsequent fifteen years. These estimates are based on many detailed assumptions, set out in the individual Capital Strategies for the GLA and functional bodies.

<b>Capital strategy</b>	<b>Years</b>	<b>Years</b>	<b>Years</b>	<b>Total</b>
<b>Outturn prices</b>	<b>6-10</b>	<b>11-15</b>	<b>16-20</b>	<b>Years 6-20</b>
	<b>2028-29 to</b>	<b>2033-34 to</b>	<b>2038-39 to</b>	<b>2028-29 to</b>
	<b>2032-33</b>	<b>2037-38</b>	<b>2042-43</b>	<b>2042-43</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>GLA: Mayor</b>				
Housing	20,840.6	24,500.0	24,500.0	69,840.6
Environment	177.8	173.8	173.0	524.5
Skills	140.0	150.0	160.0	450.0
Economy	52.0	52.0	52.0	156.0
Global City and Culture	2.9	2.9	2.9	8.6
Other	15.3	15.3	13.1	43.6
<b>Sub-total GLA</b>	<b>21,228.5</b>	<b>24,893.9</b>	<b>24,901.0</b>	<b>71,023.4</b>
<b>MOPAC</b>				
Transformation	278.0	289.4	285.8	853.3
Maintenance	740.8	675.4	710.2	2,126.4
<b>Sub-total MOPAC</b>	<b>1,018.9</b>	<b>964.8</b>	<b>996.0</b>	<b>2,979.7</b>
<b>TfL</b>				
Rolling Stock and Signalling Replacement	2,600.0	12,000.0	7,700.0	22,300.0
Enhancements	3,915.0	9,815.0	11,415.0	25,145.0
Renewals	8,000.0	12,600.0	18,500.0	39,100.0
Places for London	2,000.0	2,400.0	2,800.0	7,200.0
<b>Sub-total TfL</b>	<b>16,515.0</b>	<b>36,815.0</b>	<b>40,415.0</b>	<b>93,745.0</b>
<b>LFC</b>				
Estate, ICT and fleet maintenance	150.0	154.5	161.7	466.2
<b>Sub-total LFC</b>	<b>150.0</b>	<b>154.5</b>	<b>161.7</b>	<b>466.2</b>
<b>LLDC</b>				
Construction, infrastructure and lifecycle (excl stadium)	41.8	6.6	0.0	48.4
Stadium	19.0	3.3	0.0	22.3
<b>Sub-total LLDC</b>	<b>60.8</b>	<b>9.9</b>	<b>0.0</b>	<b>70.7</b>
<b>OPDC</b>				
Infrastructure	0.0	0.0	0.0	0.0
<b>Sub-total OPDC</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total GLA Group</b>	<b>38,973.2</b>	<b>62,838.1</b>	<b>66,473.7</b>	<b>168,285.0</b>

9.5 The following table shows the GLA, and each functional body's total spending need over years five to twenty against the likely level of capital resources available and illustrates the scale of likely shortfall.

<b>Outturn prices</b>	<b>Years 6-10 2028-29 to 2032-33 £m</b>	<b>Years 11-15 2033-34 to 2037-38 £m</b>	<b>Years 16-20 2038-39 to 2042-43 £m</b>	<b>Total Years 6-20 2028-29 to 2042-43 £m</b>
<b>GLA: Mayor</b>				
Spending need	21,228.5	24,893.9	24,901.0	71,023.4
Likely funding	1,180.6	68.5	10.8	1,259.9
<b>Sub-total GLA shortfall</b>	<b>20,047.9</b>	<b>24,825.4</b>	<b>24,890.2</b>	<b>69,763.5</b>
<b>MOPAC</b>				
Spending need	1,018.9	964.8	996.0	2,979.7
Likely funding	215.7	278.2	228.9	722.8
<b>Sub-total MOPAC shortfall</b>	<b>803.2</b>	<b>686.6</b>	<b>767.1</b>	<b>2,256.9</b>
<b>TfL</b>				
Spending need	16,515.0	36,815.0	40,415.0	93,745.0
Likely funding	13,215.0	18,315.0	24,515.0	56,045.0
<b>Sub-total TfL shortfall</b>	<b>3,300.0</b>	<b>18,500.0</b>	<b>15,900.0</b>	<b>37,700.0</b>
<b>LFC</b>				
Spending need	150.0	154.5	161.7	466.2
Likely funding	0.0	0.0	0.0	0.0
<b>Sub-total LFC shortfall</b>	<b>150.0</b>	<b>154.5</b>	<b>161.7</b>	<b>466.2</b>
<b>LLDC</b>				
Spending need	60.8	9.9	0.0	70.7
Likely funding	60.8	9.9	0.0	70.7
<b>Sub-total LLDC shortfall</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>OPDC</b>				
Spending need	0.0	0.0	0.0	0.0
Likely funding	0.0	0.0	0.0	0.0
<b>Sub-total OPDC shortfall</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total GLA Group shortfall</b>	<b>24,301.1</b>	<b>44,166.6</b>	<b>41,719.0</b>	<b>110,186.6</b>

9.6 The following sections set out the key issues arising from the above tables for the GLA and each of the functional bodies.

**Greater London Authority: Mayor**

- 9.7 The GLA is a strategic authority with a London-wide role to design a better future for the capital. The Mayor of London sets a citywide vision of improvement, develops strategies, policies and investment programmes to realise the vision and provides funding and encouragement to help make it a reality. The London Assembly holds the Mayor to account by examining his decisions and actions to ensure he delivers on his promises to Londoners.
- 9.8 The GLA's detailed five-year CSP of £7.090 billion over 2023-28 can be summarised as follows:
- housing expenditure £6.376 billion which is primarily the Affordable Home Programme
  - environment expenditure of £41.3 million of which £12.6 million is attributable to the Sustainable Warmth/Home Upgrade Programme
  - skills programme expenditure of £59.1 million including Skills for Londoners £40.3 million
  - economic expenditure of £62.3 million including £19.3 million UK Shared Prosperity Fund and
  - other GLA Core spend of £611.7 million of which £377.8 million for LLDC, £70.2 million for TfL and £1.3 million for OPDC.
- 9.9 The detailed GLA CSP for the period 2023-28 reflects the current levels of availability of government capital funding, which acts a constraint on the Mayor's ambitions for London. The Mayor will continue to press for additional capital funding from the government, in particular given the climate and ecological emergency, and the housing crisis.
- 9.10 The GLA's shortfall between its capital spending need and likely level of resource is on average £4.7 billion per annum from 2028-29 onwards. This is before the inclusion of any currently unfunded and unadopted climate measures associated with achieving the Mayor's aim for net zero carbon emissions by 2030 (see Appendix J).
- 9.11 The GLA's Final Draft CSP, and authorised and operating borrowing limits, are set out at Appendix A.

**MOPAC**

- 9.12 The Mayor's Office for Policing and Crime (MOPAC) works on behalf of Londoners to hold the Metropolitan Police Service (MPS) to account and improve the provision of criminal justice services across the capital.
- 9.13 MOPAC's detailed five-year capital plan of £1,433.4 million over the period 2023-28, can be summarised, as follows:
- Property Services – broadly split between estates transformation work (the Central Estates and Transforming the Workplace programmes), and essential maintenance of the estate through Business As Usual (BAU) and forward works activity

- Fleet Services – the MPS maintains a fleet of approximately 5,000 vehicles. The majority of proposed capital investment relates to the purchase of new vehicles (the Vehicle Replacement Programme) with smaller amounts spent on areas such as telematics and electric charging infrastructure
- Digital Policing – investment across core IT infrastructure (e.g. networks, hosting, maintenance, application and service upgrades), IT replacement (e.g. laptops) and contributions to national IT programmes (e.g. the Home Office’s Emergency Services Network ESN/ESMCP)
- Counter Terrorism Policing HQ (CTPHQ) – investment in data, technology and transformational activity in support of the strategic priority of ‘Protecting London from Terrorism’. Much investment in this space is sensitive and further detail cannot be set out in this document, however from a funding perspective all CTPHQ expenditure is matched by ring-fenced grants or third-party contributions
- Transformation – investment in major change programmes including Optimising Contact and Response and Transforming Investigations and Prosecutions.

9.14 Excluding National CTPHQ, MOPAC/MPS receives no central government capital grant to fund this programme. Therefore, the capital plan is funded almost entirely from capital receipts and borrowing. Property receipts are expected to reduce over the coming years leading to increased reliance on borrowing.

9.15 There are many uncertainties over this longer time horizon on both the funding and expenditure side. Therefore, it is assumed that the capital forecast will largely be that which is necessary to enhance and replace existing assets. When considering future innovation and transformation funding, there will be a need for MOPAC and the MPS to find a balance between capital and revenue funding.

9.16 MOPAC’s Final Draft CSP, and authorised and operating borrowing limits, are set out at Appendix B.

### **TfL**

9.17 Total capital expenditure for 2024-25 will be £2,285.2 million including the Crossrail construction programme and Places For London. The key investment areas in 2024-25 include:

- Piccadilly line rolling stock - £712.1 million
- DLR fleet replacement (including HIF funded elements) - £219.6 million
- Modernisation of Circle, District, Hammersmith and City and Metropolitan lines - £77.8 million
- East London Line Upgrade: Housing Infrastructure Fund (HIF) funded - £30 million

- Safe and Healthy Streets - £112.3 million (£150 million Healthy Streets spend including operating expenditure)
- Crossrail construction programme - £42.9 million
- Renewals £761 million
- Toilets on the TfL estate £3 million per annum.

9.18 TfL's capital spending is financed from seven main sources:

- government grant for rolling stock and signalling replacement, with assumed amounts beyond 2024-25 fares and ticket income
- charges under the road user charging schemes (Congestion Charge, LEZ and ULEZ)
- secondary revenue (such as advertising and property rentals)
- third-party funding for specific projects
- surplus revenue resource through the business rates devolution
- prudential borrowing and related financing (including bond issuances, and the Green Finance Fund).

9.19 Over the five-year CSP TfL will, subject to DfT funding, as well as further progressing the schemes above, deliver accessibility schemes, externally funded Royal Docks improvement works, work to upgrade Elephant & Castle station, fund decarbonisation of its operational buildings and offices, as well as continued investment in reducing emissions from its bus fleet, technology spend including cyber security, improvements to our income generating estate and funding to help unlock sustainable housing. Having constrained its investment in capital renewals to between £400 million and £600 million per year for the last five years, against an estimated steady state requirement of around £1 billion per year, the renewals investment plan builds up to a sustained level of around £925 million.

9.20 TfL has a balanced Plan to 2026-27, subject to DfT funding. Beyond this there is a funding shortfall due to a combination of specific projects which will require their own funding packages, and increased expenditure to meet the levels required to be consistent with the MTS vision by 2041, although no specific source of the additional funds has been assumed.

9.21 The government has consistently recognised TfL is not expected to fund the full cost of major renewals and enhancements through its own income sources and there should be some government support. TfL has clearly demonstrated the importance of this capital investment to the London and national economy. On 18 December 2023, government agreed to provide £250 million funding to help TfL to deliver its current capital programmes and committed major capital projects, including the upgrades to Piccadilly Line rolling stock.

9.22 TfL's Final Draft CSP, and authorised and operating borrowing limits, are set out at Appendix C.



**LFC**

- 9.23 LFC is responsible for fire and rescue services in London and it supports the London boroughs and the Corporation of London in their emergency planning roles.
- 9.24 LFC's detailed five-year CSP of £189.1 million over 2023-28 allows for improvement and replacement of the Commissioner's buildings, fleet and IT assets and some limited sustainability works and new developments such as the new HQ project and infrastructure to support carbon net zero.
- 9.25 LFC's shortfall between spending need and likely level of resource is on average some £15 million per annum from 2028-29 onwards, after allowing for an assumed level of borrowing. This shortfall principally results from the capital financing requirement increasing each year as previously the plan was not funded through an external borrowing requirement whilst in future years it will be. This therefore results in additional pressures to the revenue budget.
- 9.26 LFC's Final Draft CSP, and authorised and operating borrowing limits, are set out at Appendix D.

**LLDC**

- 9.27 LLDC's detailed five-year capital spending plan (CSP) of £490.4 million over 2023-28 can be summarised as follows:
- construction and completion of the East Bank educational and cultural district at Stratford Waterfront of £197 million
  - repayable loans to BBC-UAL towards the cost of their East Bank buildings of £32 million (net of repayments to LLDC)
  - section 106 infrastructure works and planning, design and other costs to deliver housing developments, including required equity to invest in the Stratford Waterfront and Bridgewater and Pudding Mill Lane residential development joint ventures of £178 million
  - London Stadium, Park and venue lifecycle and other capital projects, including hostile vehicle mitigation on the Park, of £50 million.
- 9.28 LLDC has no shortfall between its spending need and likely level of resource over the fifteen-year period from 2026-27. This is because, after allowing for the GLA direct capital grants to LLDC, it is anticipated that capital receipts will be received to repay the GLA's investment in the Park.
- 9.29 LLDC's Final Draft CSP, and authorised and operating borrowing limits, are set out at Appendix E.

**OPDC**

- 9.30 Since 2022-23, OPDC has been successful in securing additional funding for capital projects including £37.3 million for the development of a Heat Network Energy Centre and £104.0 million for early Land Assembly activity.

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- 9.31 Whilst OPDC explores opportunities to secure additional capital funding from government, its agencies and private developers, the Mayor proposes that capital support to OPDC to finance land acquisition, infrastructure and enabling works and associated due diligence costs for the purpose of accelerating OPDC's target of 1,100 homes within its development area, by 31 March 2029, should be provided as loan funding, including funding required in 2023-24. The planned capital financing costs along with the Authorised Limit and Operational Boundary for external debt for OPDC arising from its plans are set out in the tables in Appendix F.
- 9.32 OPDC's capital budget is therefore £240.3 million of which its forecast expenditure in 2024-25 is £106.1 million.
- 9.33 Heat network  
Total project funding is £37.3 million and is made up of £2.3 million capital funding (GLA £1.3 million, DESNZ £1 million) for the commercialisation phase and £35.0 million from DESNZ Capital. A project team has been setup and programme board running with £1.3 million is expected to be spent against commercialisation funding by the end of the 2023-24 financial year. The remaining balance of £36.0 million is profiled to be fully spent by the end of March 2025 in line with the grant funding's current terms and conditions. However, this profile may change as government officials are cognisant that it is likely that the associated expenditure will be incurred over a longer time-frame. Discussions around changing the terms and conditions remain ongoing.
- 9.34 Land assembly  
In addition to the borrowing limits, outlined above, total grant funding of £104.0 million has been approved to support early land acquisitions via the GLA Land Fund (£50.0 million) and DLUHC Brownfield, Infrastructure and Land (BIL) funding (£54.0 million). £1.0 million has already been spent in 2022-23 on the purchase of a café, £82.9 million spend is expected by the end of the 2023-24 financial year while £70.1 million spend is expected by the end of the 2024-25 financial year.
- 9.35 OPDC's Final Draft CSP is set out at Appendix F.

## Greater London Authority: Mayor and London Assembly

**Table 1: GLA: Mayor - Subjective analysis**

Subjective analysis	Revised Budget 2023-24 £m	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
Staff costs	102.7	102.7	106.2	106.2	106.8
Premises costs	10.4	9.9	13.8	13.8	13.8
Supplies and services	830.0	808.8	823.9	570.1	489.3
<b>Total operating costs</b>	<b>943.1</b>	<b>921.4</b>	<b>943.9</b>	<b>690.1</b>	<b>609.9</b>
Financing costs - other	1.8	1.8	1.6	1.6	1.6
Provision for repayment of debt/ other grant payments - LLDC	11.8	11.8	11.8	11.8	11.8
<b>Total gross expenditure</b>	<b>956.7</b>	<b>935.0</b>	<b>957.3</b>	<b>703.5</b>	<b>623.3</b>
Sales, fees, charges and recharges	-29.7	-28.4	-26.3	-25.7	-25.5
Rental income	-1.6	-1.6	-1.2	-1.2	-1.2
Interest receipts	-61.8	-166.3	-77.9	-68.0	-62.0
Interest receipts GLAP loan	-15.0	-15.0	-15.0	-13.0	-7.2
<b>Total gross income</b>	<b>-108.1</b>	<b>-211.3</b>	<b>-120.4</b>	<b>-107.9</b>	<b>-95.9</b>
Transfer to/from (-) reserves held for GLA services	-81.8	96.3	-107.7	-26.4	9.1
Transfer to/ from (-) reserves held for Group items	-11.8	-14.4	-11.8	-11.8	-11.8
<b>Financing requirement</b>	<b>755.0</b>	<b>805.6</b>	<b>717.4</b>	<b>557.4</b>	<b>524.7</b>
Specific grants	497.3	539.4	522.3	426.9	392.0
Retained business rates	170.0	170.0	100.3	61.1	62.3
Local government settlement grant	3.3	11.8	26.5	0.0	0.0
Council tax collection fund surplus	17.0	17.0	0.0	0.0	0.0
<b>Council tax requirement</b>	<b>67.4</b>	<b>67.4</b>	<b>68.3</b>	<b>69.3</b>	<b>70.4</b>

**Table 2: GLA: Assembly – Subjective Analysis**

Subjective analysis	Revised Budget 2023-24 £m	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
Staff costs	7.2	7.2	7.4	7.5	7.5
Supplies and services	1.7	1.6	1.6	1.6	1.6
<b>Total gross expenditure</b>	<b>8.8</b>	<b>8.7</b>	<b>9.0</b>	<b>9.1</b>	<b>9.1</b>
Transfer to/(from) reserves	-0.4	-0.3	-0.3	-0.2	-0.1
<b>Financing requirement</b>	<b>8.4</b>	<b>8.4</b>	<b>8.7</b>	<b>8.8</b>	<b>9.0</b>
Retained Business Rates	5.8	5.8	5.9	6.1	6.2
Council tax collection fund deficit	0.0	0.0	0.0	0.0	0.0
<b>Council tax requirement</b>	<b>2.7</b>	<b>2.7</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>

**Table 3: GLA: Mayor - Draft capital spending plan**

Draft capital plan	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2023-24				
	£m	£m	£m	£m	£m
Affordable Homes Programme (2021-26)	238.0	703.2	1,037.3	1,112.0	833.0
Affordable Homes Programme (2016-23)	272.8	118.3	60.2	49.4	30.3
Building Safety Fund	362.0	421.0	400.0	400.0	0.0
Community Housing Fund	10.7	7.3	9.1	2.6	0.0
Good Growth Fund	10.2	0.0	0.0	0.0	0.0
Marginal Viability Fund	15.0	20.6	0.0	0.0	0.0
DLUHC Land Fund	15.0	36.7	43.9	17.3	0.0
Single Homelessness Accommodation Programme	14.0	60.5	0.0	0.0	0.0
Skills for Londoners	8.8	20.9	4.9	0.0	0.0
UK Shared Prosperity Fund	4.6	19.3	0.0	0.0	0.0
SWHUG Programme 1	12.6	0.0	0.0	0.0	0.0
Crossrail (Elizabeth line)	48.5	0.0	0.0	0.0	0.0
Northern Line Extension	7.5	0.0	0.0	0.0	0.0
OPDC Heat Network	1.3	0.0	0.0	0.0	0.0
Elephant & Castle Roundabout	4.8	4.8	2.1	2.1	0.4
Enterprise Zone – Royal Docks	15.0	15.8	8.2	8.2	15.3
LLDC Grant funding	89.0	50.1	5.0	32.9	3.6
LLDC Joint ventures	3.9	10.7	39.2	18.7	24.1
LLDC Loan funding	95.9	0.0	0.0	0.0	0.0
LLDC Solar Membrane	0.5	4.2	0.0	0.0	0.0
Other Projects	69.4	53.2	27.9	51.1	6.0
<b>Total expenditure</b>	<b>1,299.5</b>	<b>1,546.4</b>	<b>1,637.7</b>	<b>1,694.2</b>	<b>912.6</b>
Borrowing	111.0	15.8	8.2	8.2	15.3
Capital grants and third-party contributions	997.2	1,427.4	1,558.4	1,583.4	863.7
Capital receipts	13.9	22.8	48.2	53.6	24.1
Revenue Contributions	177.5	80.4	22.9	49.1	6.5
<b>Total funding</b>	<b>1,299.5</b>	<b>1,546.4</b>	<b>1,637.7</b>	<b>1,694.2</b>	<b>912.6</b>

Note: SWHUG is the Sustainable Warmth/Home Upgrade grant programme.

**Table 4: GLA: Mayor - Capital financing costs**

Capital financing costs	2024-25 £m	2025-26 £m	2026-27 £m
Provision for repayment of debt	254.0	324.0	338.3
External interest	154.4	145.1	135.5
<b>Total</b>	<b>408.4</b>	<b>469.1</b>	<b>473.8</b>

**Tables 5 and 6: GLA: Mayor - Borrowing limits**

Authorised limit for external debt	Current Approval 2023-24 £m	Revised Approval 2023-24 £m	Proposed 2024-25 £m	Proposed 2025-26 £m	Proposed 2026-27 £m
<b>GLA: Mayor</b>					
Borrowing	7,200.0	7,200.0	6,500.0	6,500.0	6,500.0
<b>GLA: Mayor Total</b>	<b>7,200.0</b>	<b>7,200.0</b>	<b>6,500.0</b>	<b>6,500.0</b>	<b>6,500.0</b>

Operational boundary for external debt	Current Approval 2023-24 £m	Revised Approval 2023-24 £m	Proposed 2024-25 £m	Proposed 2025-26 £m	Proposed 2026-27 £m
<b>GLA: Mayor</b>					
Borrowing	6,800.0	6,800.0	6,000.0	6,000.0	6,000.0
<b>GLA: Mayor Total</b>	<b>6,800.0</b>	<b>6,800.0</b>	<b>6,000.0</b>	<b>6,000.0</b>	<b>6,000.0</b>

## Mayor's Office for Policing and Crime

**Table 1: MOPAC (including MPS) - Subjective analysis**

Subjective analysis	Revised Budget 2023-24 £m	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
Police officer pay	2,395.5	2,402.3	2,530.7	2,623.1	2,659.4
Police staff pay	711.7	708.7	805.2	804.8	800.0
PCSO pay	80.8	64.9	74.2	89.9	92.2
<b>Total pay</b>	<b>3,188.0</b>	<b>3,176.0</b>	<b>3,410.1</b>	<b>3,517.9</b>	<b>3,551.5</b>
Police officer overtime	149.7	176.5	152.9	153.8	154.3
Police staff overtime	25.9	41.2	20.2	20.2	20.2
PCSO overtime	0.3	0.4	0.3	0.3	0.3
<b>Total overtime</b>	<b>175.8</b>	<b>218.1</b>	<b>173.3</b>	<b>174.2</b>	<b>174.8</b>
Employee-related expenditure	48.7	55.3	31.3	28.7	28.7
Premises costs	194.0	199.8	197.7	199.9	199.9
Transport costs	85.8	100.3	84.2	84.0	83.7
Supplies and services	776.7	801.3	698.3	749.5	725.0
<b>Total running expenses</b>	<b>1,105.1</b>	<b>1,156.8</b>	<b>1,011.5</b>	<b>1,062.0</b>	<b>1,037.3</b>
Capital financing costs	121.9	112.1	150.4	206.7	218.1
Discretionary pension costs	49.0	55.9	51.8	50.9	51.7
<b>Total gross expenditure</b>	<b>4,639.9</b>	<b>4,718.8</b>	<b>4,797.2</b>	<b>5,011.7</b>	<b>5,033.5</b>
Other income	-353.1	-372.1	-353.4	-353.3	-363.8
<b>Total gross income</b>	<b>-353.1</b>	<b>-372.1</b>	<b>-353.4</b>	<b>-353.3</b>	<b>-363.8</b>
Savings yet to be identified	0.0	-40.1	0.0	-299.8	-294.0
Transfer to/(from) reserves	-211.1	-210.7	-155.6	-32.4	-12.3
<b>Net financing requirement</b>	<b>4,075.7</b>	<b>4,095.9</b>	<b>4,288.2</b>	<b>4,326.2</b>	<b>4,363.3</b>
Specific grants	794.1	814.4	738.4	732.4	732.4
Retained business rates	94.8	94.8	129.2	132.0	133.9
Local government settlement grant	0.0	0.0	5.2	0.0	0.0
Collection fund surplus/(deficit)	-7.2	-7.2	50.2	0.0	0.0
Home Office Police Grant	2,284.3	2,284.3	2,401.6	2,464.0	2,464.0
<b>Council tax requirement</b>	<b>909.6</b>	<b>909.6</b>	<b>963.7</b>	<b>997.7</b>	<b>1,032.9</b>

**Table 2: MOPAC - Draft capital plan**

Draft capital plan	Forecast Outturn	Budget	Plan	Plan	Plan
	2023-24	2024-25	2025-26	2026-27	2027-28
	£m	£m	£m	£m	£m
PSD- Forward Works and BAU	40.2	46.1	66.3	42.5	66.0
Fleet	35.4	35.0	36.2	27.3	31.9
Digital Policing	68.1	67.3	59.6	66.6	59.3
CTPHQ	53.5	36.4	20.6	24.0	26.0
Met Operations- Covert and Forensics	8.8	11.5	5.5	9.2	6.4
Optimising Contact and Response	62.2	51.8	0.3	3.0	0.0
Transforming Investigation and Prosecution	37.2	13.1	6.0	6.0	6.0
Operational Support Services	0.5	28.3	0.0	0.0	0.0
Learning and Professionalism	0.5	1.0	0.5	0.5	0.0
Transformation					
TD Flexible Service Portfolio	5.4	7.3	5.6	1.2	0.4
PSD- Central Estates Programme	16.4	26.4	29.4	5.5	0.0
PSD- Transforming the Workplace	7.4	13.1	22.6	54.4	45.5
Other transformation	0.0	3.0	2.0	9.0	12.0
<b>Total Expenditure</b>	<b>335.6</b>	<b>340.5</b>	<b>254.5</b>	<b>249.2</b>	<b>253.6</b>
<i>Funding</i>					
Capital Grants & Third Party Contributions	63.1	46.0	29.8	32.1	30.6
Revenue Contributions	3.7	0.0	12.3	3.3	3.3
Capital Receipts	15.3	11.9	0.8	10.9	1.0
Borrowing	253.5	282.6	211.6	202.9	218.7
<b>Total funding</b>	<b>335.6</b>	<b>340.5</b>	<b>254.5</b>	<b>249.2</b>	<b>253.6</b>

PSD – Property Services Directorate

CTPHQ – National Counter Terrorism Policing Headquarters

**Table 3: MOPAC - Capital financing costs**

Capital financing costs	2024-25	2025-26	2026-27
	£m	£m	£m
Minimum revenue provision for debt repayment	94.5	121.6	142.1
External interest	55.0	52.0	50.8
<b>Total</b>	<b>149.5</b>	<b>173.6</b>	<b>192.9</b>



**Tables 4 and 5: MOPAC - Borrowing limits**

<b>Authorised limit for external debt</b>	<b>Current Approval 2023-24 £m</b>	<b>Revised Approval 2023-24 £m</b>	<b>Proposed 2024-25 £m</b>	<b>Proposed 2025-26 £m</b>	<b>Proposed 2026-27 £m</b>
<b>MOPAC</b>					
Borrowing	887.7	997.0	1,261.0	1,391.7	1,485.3
Long term liabilities	49.7	49.7	42.2	32.7	23.1
<b>MOPAC Total</b>	<b>937.4</b>	<b>1,046.7</b>	<b>1,303.2</b>	<b>1,424.4</b>	<b>1,508.4</b>

<b>Operational boundary for external debt</b>	<b>Current Approval 2023-24 £m</b>	<b>Revised Approval 2023-24 £m</b>	<b>Proposed 2024-25 £m</b>	<b>Proposed 2025-26 £m</b>	<b>Proposed 2026-27 £m</b>
<b>MOPAC</b>					
Borrowing	762.7	872.0	1,136.0	1,266.7	1,360.3
Long term liabilities	49.7	49.7	42.2	32.7	23.1
<b>MOPAC Total</b>	<b>812.4</b>	<b>921.7</b>	<b>1,178.2</b>	<b>1,299.4</b>	<b>1,383.4</b>

## Transport for London

**Table 1: TfL - Subjective analysis**

Subjective analysis	Revised Budget 2023-24 £m	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
Passenger income	-5,239.0	-5,249.9	-5,519.1	-5,848.1	-6,103.9
CC, LEZ & ULEZ income	-1,016.6	-998.5	-988.0	-751.7	-565.0
Advertising income	-139.5	-144.5	-135.6	-136.5	-137.6
Property income	-82.1	-81.2	-90.3	-97.1	-102.2
Other income	-461.1	-405.7	-411.8	-436.1	-440.1
<b>Total gross income</b>	<b>-6,938.2</b>	<b>-6,879.8</b>	<b>-7,144.8</b>	<b>-7,269.5</b>	<b>-7,348.8</b>
Employee expenses	2,404.8	2,388.2	2,559.0	2,538.1	2,545.1
Property, Utilities, Cleaning & Security	594.7	568.3	613.5	613.2	617.2
Bus Contract Payments	2,153.1	2,155.8	2,324.9	2,376.6	2,392.6
Other Contracted Services Costs	843.1	835.9	855.9	974.5	969.5
Traction Current	260.9	257.5	320.2	297.7	288.8
Maintenance	497.4	522.1	574.9	570.4	570.3
Legal and Professional Fees	130.8	130.3	125.2	124.5	120.9
Technology Costs	169.8	189.9	187.5	185.6	185.2
Bad Debt Provisioning	466.2	448.5	469.5	307.3	206.1
Investment Programme	237.6	333.4	148.2	136.2	106.6
Staff Recharges	-406.8	-422.8	-462.3	-457.0	-458.3
Other Operating Costs	535.8	413.5	447.3	358.6	358.4
<b>Total operating costs</b>	<b>7,887.5</b>	<b>7,820.6</b>	<b>8,163.7</b>	<b>8,025.9</b>	<b>7,902.3</b>
Debt Servicing	417.0	414.0	432.7	475.1	511.6
Revenue resources used to support capital investment	815.4	842.3	1,046.0	1,231.1	1,407.5
<b>Total gross expenditure</b>	<b>9,119.9</b>	<b>9,076.9</b>	<b>9,642.4</b>	<b>9,732.1</b>	<b>9,821.4</b>
Transfer to/(from) reserves	10.4	112.0	-57.2	-12.9	-4.1
<b>Financing requirement</b>	<b>2,192.1</b>	<b>2,309.1</b>	<b>2,440.4</b>	<b>2,449.6</b>	<b>2,468.5</b>
Specific grants	7.5	9.4	8.4	8.1	0.0
GLA funding from Group reserves	92.7	203.3	18.0	0.0	0.0
Retained business rates	1,991.1	1,991.1	2,169.9	2,193.7	2,217.0
Local government settlement grant	0.0	4.6	0.0	0.0	0.0
NNDR Collection fund deficit	-77.6	-77.6	0.0	0.0	0.0
<b>Council tax requirement</b>	<b>178.3</b>	<b>178.3</b>	<b>244.1</b>	<b>247.8</b>	<b>251.5</b>

CC - Congestion charging scheme.

**Table 2 TfL - Draft capital plan**

<b>Draft capital plan</b>	<b>Forecast Outturn 2023-24 £m</b>	<b>Budget 2024-25 £m</b>	<b>Plan 2025-26 £m</b>	<b>Plan 2026-27 £m</b>	<b>Plan 2026-27 £m</b>
Crossrail construction programme	62.7	42.9	0.0	0.0	0.0
Rolling stock and signalling replacement	756.2	937.0	688.4	549.6	714.8
Enhancements	371.3	377.4	322.2	341.2	364.4
Places for London	104.7	169.9	216.6	307.0	311.4
Renewals	750.5	761.0	850.0	925.0	1,000.0
<b>Total capital expenditure</b>	<b>2,045.4</b>	<b>2,285.2</b>	<b>2,074.2</b>	<b>2,119.8</b>	<b>2,387.6</b>
Capital receipts	141.4	148.2	157.1	125.5	161.0
Capital Grants & Third Party Contributions	866.4	87.7	404.1	343.9	446.1
Borrowing	126.0	514.2	54.3	702.7	103.0
Grants & Contributions (Crossrail)	68.0	46.0	0.0	0.0	0.0
Revenue contributions	843.6	1,489.1	1,458.7	947.7	1,677.5
<b>Total funding</b>	<b>2,045.4</b>	<b>2,285.2</b>	<b>2,074.2</b>	<b>2,119.8</b>	<b>2,387.6</b>

**Table 3: TfL - Capital financing costs**

<b>Capital financing costs</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
<b>TfL</b>			
Provision for repayment of debt	54.1	63.9	63.9
External interest	558.0	647.3	685.8
<b>TfL Total</b>	<b>612.1</b>	<b>711.2</b>	<b>749.7</b>

Tables 4 and 5: TfL - Borrowing limits

Authorised limit for external debt	Current Approval 2023-24 £m	Revised Approval 2023-24 £m	Proposed 2024-25 £m	Proposed 2025-26 £m	Proposed 2026-27 £m
<b>TfL</b>					
Borrowing	14,113.5	14,113.5	14,671.1	14,993.4	15,450.1
Long term liabilities	2,891.4	2,891.4	4,071.6	3,963.2	3,857.2
<b>TfL Total</b>	<b>17,004.9</b>	<b>17,004.9</b>	<b>18,742.7</b>	<b>18,956.6</b>	<b>19,307.3</b>

Operational boundary for external debt	Current Approval 2023-24 £m	Revised Approval 2023-24 £m	Proposed 2024-25 £m	Proposed 2025-26 £m	Proposed 2026-27 £m
<b>TfL</b>					
Borrowing	13,113.5	13,113.5	13,471.1	13,793.4	14,250.1
Long term liabilities	2,391.4	2,391.4	3,571.6	3,463.2	3,357.2
<b>TfL Total</b>	<b>15,504.9</b>	<b>15,504.9</b>	<b>17,042.7</b>	<b>17,256.6</b>	<b>17,607.3</b>

## London Fire Commissioner

**Table 1: LFC - Subjective analysis**

Subjective analysis	Revised Budget 2023-24 £m	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
Operational staff	307.0	311.0	314.8	324.5	334.5
Other staff	71.0	72.0	74.6	76.7	78.9
Employee related	32.0	31.7	42.0	42.7	46.7
Pensions	20.8	20.8	20.8	20.8	20.8
Premises	47.8	48.1	46.2	47.5	53.3
Transport	18.6	21.7	18.6	18.6	18.6
Third party payments	1.3	1.4	1.3	1.3	1.3
Supplies and services	35.4	39.9	45.1	43.1	34.9
<b>Total operating expenditure</b>	<b>533.9</b>	<b>546.6</b>	<b>563.4</b>	<b>575.2</b>	<b>589.0</b>
Capital financing costs	11.5	9.7	15.8	21.0	25.6
<b>Total gross expenditure</b>	<b>545.4</b>	<b>556.3</b>	<b>579.2</b>	<b>596.2</b>	<b>614.6</b>
Sales fees and charges	-47.4	-50.3	-50.0	-51.8	-52.7
External interest receipts	-4.5	-4.5	-4.5	-4.5	-4.5
<b>Total gross income</b>	<b>-51.9</b>	<b>-54.8</b>	<b>-54.5</b>	<b>-56.3</b>	<b>-57.2</b>
Transfer to/(from) reserves	-15.1	-23.6	-19.5	-15.7	-0.1
Savings to be identified	0.0	0.0	0.0	0.0	-13.3
<b>Financing requirement</b>	<b>478.4</b>	<b>477.9</b>	<b>505.2</b>	<b>524.2</b>	<b>544.0</b>
Specific grants	32.6	32.1	10.1	10.1	10.1
Retained Business Rates	252.3	252.3	283.7	288.9	294.2
Council tax collection fund deficit	-1.6	-1.6	0.0	0.0	0.0
<b>Council tax requirement</b>	<b>195.1</b>	<b>195.1</b>	<b>211.4</b>	<b>225.2</b>	<b>239.7</b>

**Table 2: LFC - Draft capital plan**

<b>Draft capital plan</b>	<b>Forecast Outturn 2023-24 £m</b>	<b>Budget 2024-25 £m</b>	<b>Plan 2025-26 £m</b>	<b>Plan 2026-27 £m</b>	<b>Plan 2027-28 £m</b>
<i>Expenditure</i>					
IT projects	5.4	13.4	8.0	5.1	4.7
Major refurbishments	-0.1	3.8	22.3	24.5	14.9
New developments	1.2	1.5	0.0	0.0	0.0
Minor works	4.4	8.2	6.6	0.8	0.1
Sustainability works	9.4	8.3	5.9	6.3	6.3
Appliance Bay doors	0.7	1.0	2.0	0.1	0.0
Fire Brigade fleet re-procurement	2.4	1.6	7.3	4.0	2.5
Operational Equipment	5.8	0.0	0.0	0.0	0.0
Communications	0.0	0.1	0.3	0.3	0.0
<b>Total expenditure</b>	<b>29.2</b>	<b>37.9</b>	<b>52.4</b>	<b>41.1</b>	<b>28.5</b>
<i>Funding</i>					
Capital receipts	0.2	0.0	11.3	0.0	0.0
Revenue Contributions	7.8	0.0	0.0	0.0	0.0
Borrowing	21.2	37.9	41.1	41.1	28.5
<b>Total funding</b>	<b>29.2</b>	<b>37.9</b>	<b>52.4</b>	<b>41.1</b>	<b>28.5</b>

**Table 3: LFC - Capital financing costs**

<b>Capital financing costs</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
<b>LFC</b>			
Provision for repayment of debt	12.7	16.5	19.4
External interest	3.1	4.5	6.2
<b>LFC Total</b>	<b>15.8</b>	<b>21.0</b>	<b>25.6</b>

**Tables 4 and 5: LFC - Borrowing limits**

<b>Authorised limit for external debt</b>	<b>Current Approval 2023-24 £m</b>	<b>Revised Approval 2023-24 £m</b>	<b>Proposed 2024-25 £m</b>	<b>Proposed 2025-26 £m</b>	<b>Proposed 2026-27 £m</b>
<b>LFC</b>					
Borrowing	175.0	175.0	175.0	175.0	175.0
Long term liabilities	70.0	70.0	70.0	70.0	70.0
<b>LFC Total</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>

<b>Operational boundary for external debt</b>	<b>Current Approval 2023-24 £m</b>	<b>Revised Approval 2023-24 £m</b>	<b>Proposed 2024-25 £m</b>	<b>Proposed 2025-26 £m</b>	<b>Proposed 2026-27 £m</b>
<b>LFC</b>					
Borrowing	170.0	170.0	170.0	170.0	170.0
Long term liabilities	70.0	70.0	70.0	70.0	70.0
<b>LFC Total</b>	<b>240.0</b>	<b>240.0</b>	<b>240.0</b>	<b>240.0</b>	<b>240.0</b>

## London Legacy Development Corporation

**Table 1: LLDC - Subjective analysis**

Subjective analysis	Revised Budget 2023-24 £m	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
<b>LLDC (excl. Stadium)</b>					
Employee expenses	11.7	11.5	11.5	6.0	6.0
Premises costs	1.0	1.1	1.1	0.5	0.5
Supplies and services	36.3	37.7	25.8	19.7	19.6
<b>Total operating expenditure (excl. Stadium)</b>	<b>49.0</b>	<b>50.3</b>	<b>38.4</b>	<b>26.2</b>	<b>26.1</b>
Financing costs	13.3	13.3	16.3	16.4	16.3
<b>Total gross expenditure (excl. Stadium)</b>	<b>62.3</b>	<b>63.6</b>	<b>54.7</b>	<b>42.6</b>	<b>42.4</b>
Park, Operations and Venues (excl Fixed estate charge)	-1.3	-1.4	-1.6	-1.5	-1.4
Fixed estate charge	-4.1	-3.9	-5.4	-6.1	-6.4
Trading	-7.8	-10.6	-3.2	-3.1	-3.0
Development	-0.8	-1.1	-0.9	-0.8	-0.8
Regeneration	-0.3	-0.9	-2.0	0.0	0.0
Corporate	-2.7	-0.7	-3.7	-3.2	-3.3
Planning Authority	-1.7	-2.3	-1.7	0.0	0.0
<b>Total gross income (excl. Stadium)</b>	<b>-18.7</b>	<b>-20.9</b>	<b>-18.5</b>	<b>-14.7</b>	<b>-14.9</b>
Transfer to / from (-) MDC Reserve	-17.3	-16.4	-0.9	-0.3	0.0
<b>Financing requirement (excl. Stadium)</b>	<b>26.3</b>	<b>26.3</b>	<b>35.2</b>	<b>27.6</b>	<b>27.5</b>
Retained business rates	13.0	13.0	19.0	11.2	11.2
GLA funding for financing costs	13.3	13.3	16.3	16.4	16.3
<b>Council tax requirement (excl. Stadium)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Stadium</b>					
Supplies and services	16.7	16.7	15.9	16.6	16.0
Transfer to/ (from) MDC reserve	0.0	0.0	-4.4	-5.5	-4.4
<b>Financing requirement (Stadium)</b>	<b>16.7</b>	<b>16.7</b>	<b>11.5</b>	<b>11.1</b>	<b>11.6</b>
Retained business rates	16.7	16.7	11.5	11.1	11.6
<b>Council tax requirement (Stadium)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>



**Table 2: LLDC - Draft capital spending plan**

Draft capital plan	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m	Plan 2027-28 £m
<i>Expenditure</i>					
East Bank	171.3	22.9	0.8	0.8	0.8
Development	17.5	44.1	55.3	29.2	32.3
Stadium	4.4	8.8	3.8	6.2	5.9
Park and Venues	9.6	3.1	2.1	1.8	4.4
Regeneration	0.1	0.0	0.0	0.0	0.0
Finance, Commercial and Corporate Services	3.6	6.9	0.3	-0.7	-0.8
Corporation Tax and Contingency	6.4	5.4	1.3	1.8	8.7
Adjustment for BBC/UAL loan*	9.6	37.4	-4.9	-4.9	-4.9
<b>Total expenditure</b>	<b>222.5</b>	<b>128.6</b>	<b>58.7</b>	<b>34.2</b>	<b>46.4</b>
<i>Funding</i>					
Capital Receipts	2.6	18.9	48.9	13.9	102.5
Capital Grants & Third Party Contributions	30.7	50.5	7.7	0.0	0.0
Borrowing	99.7	5.0	-2.9	-12.6	-59.7
GLA Grant	89.5	54.2	5.0	32.9	3.6
<b>Total funding</b>	<b>222.5</b>	<b>128.6</b>	<b>58.7</b>	<b>34.2</b>	<b>46.4</b>

\*Cash timing adjustments for BBC and UAL (University of the Arts London) loan.

**Table 3: LLDC - Capital financing costs**

Capital financing costs	2024-25 £m	2025-26 £m	2026-27 £m
<b>LLDC</b>			
External interest	16.3	16.4	16.3
<b>LLDC Total</b>	<b>16.3</b>	<b>16.4</b>	<b>16.3</b>

**Tables 4 and 5: LLDC - Borrowing limits**

<b>Authorised limit for external debt</b>	<b>Current Approval</b>	<b>Revised Approval</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>
	<b>2023-24</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>LLDC</b>					
Borrowing	550.0	550.0	550.0	550.0	550.0
<b>LLDC Total</b>	<b>550.0</b>	<b>550.0</b>	<b>550.0</b>	<b>550.0</b>	<b>550.0</b>

<b>Operational boundary for external debt</b>	<b>Current Approval</b>	<b>Revised Approval</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>
	<b>2023-24</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>LLDC</b>					
Borrowing	500.0	500.0	540.0	540.0	540.0
<b>LLDC Total</b>	<b>500.0</b>	<b>500.0</b>	<b>540.0</b>	<b>540.0</b>	<b>540.0</b>

## Old Oak and Park Royal Development Corporation

**Table 1: OPDC - Subjective analysis**

Subjective analysis	Revised Budget 2023-24 £m	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
Employee expenses	5.5	5.7	7.6	7.6	8.0
Supplies and services	5.8	5.6	6.6	6.5	6.4
<b>Total gross expenditure</b>	<b>11.3</b>	<b>11.3</b>	<b>14.2</b>	<b>14.1</b>	<b>14.4</b>
Planning Application Income	-0.5	-0.5	-1.1	-1.1	-1.2
Other Income	0.0	0.0	-1.3	-1.3	-1.3
<b>Total Income</b>	<b>-0.5</b>	<b>-0.5</b>	<b>-2.4</b>	<b>-2.4</b>	<b>-2.5</b>
Transfer to/ (from) MDC reserve	-3.8	-3.8	-4.6	-4.4	-4.4
<b>Financing requirement</b>	<b>7.0</b>	<b>7.0</b>	<b>7.2</b>	<b>7.3</b>	<b>7.5</b>
Business rates	7.0	7.0	7.2	7.3	7.5
<b>Council tax requirement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Table 2: OPDC - Draft capital spending plan**

Draft capital plan	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m	Plan 2027-28 £m
<i>Expenditure</i>					
Heat Network	1.3	36.0	0.0	0.0	0.0
Land Assembly	82.9	70.1	50.0	0.0	0.0
<b>Total expenditure</b>	<b>84.2</b>	<b>106.1</b>	<b>50.0</b>	<b>0.0</b>	<b>0.0</b>
<i>Funding</i>					
Capital Grants & Third Party Contributions	36.2	52.8	0.0	0.0	0.0
GLA Grant	1.3	0.0	0.0	0.0	0.0
Borrowing	46.7	53.3	50.0	0.0	0.0
<b>Total funding</b>	<b>84.2</b>	<b>106.1</b>	<b>50.0</b>	<b>0.0</b>	<b>0.0</b>

**Tables 4 and 5: OPDC - Borrowing limits**

<b>Authorised limit for external debt</b>	<b>Current Approval 2023-24 £m</b>	<b>Revised Approval 2023-24 £m</b>	<b>Proposed 2024-25 £m</b>	<b>Proposed 2025-26 £m</b>	<b>Proposed 2026-27 £m</b>
<b>OPDC</b>					
Borrowing	0.0	50.0	100.0	150.0	150.0
<b>OPDC Total</b>	<b>0.0</b>	<b>50.0</b>	<b>100.0</b>	<b>150.0</b>	<b>150.0</b>

<b>Operational boundary for external debt</b>	<b>Current Approval 2023-24 £m</b>	<b>Revised Approval 2023-24 £m</b>	<b>Proposed 2024-25 £m</b>	<b>Proposed 2025-26 £m</b>	<b>Proposed 2026-27 £m</b>
<b>OPDC</b>					
Borrowing	0.0	50.0	100.0	150.0	150.0
<b>OPDC Total</b>	<b>0.0</b>	<b>50.0</b>	<b>100.0</b>	<b>150.0</b>	<b>150.0</b>

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## GLA Group Savings and Collaboration

### **Shared services and closer working across the GLA Group and with external partners**

The Mayor has set a clear strategic direction to deliver efficiency and value through collaboration for all organisations in the GLA Group. Currently, there are many shared service and collaborative arrangements between members of the GLA Group. These include formal contractual relationships that have been established such as in the transport policing arrangement between MOPAC and TfL. Each arrangement is led by a member of the Group and they include a collaborative procurement programme; shared services such as treasury management, audit and financial services; and shared location arrangements. All are expected to deliver efficiency gains and/or cashable savings. A collaboration programme is in place, overseen by the GLA Group Collaboration Board, to identify and deliver further efficiencies across the GLA Group in back office and policy delivery areas. Opportunities are identified by deep dives into a number of back-office functions and policy areas to understand where the synergies and commonalities are between Group organisations.

Key current collaboration and shared services projects include:

- **The GLA Group Accommodation Strategy** outlines a strategic approach and direction of travel for greater estates collaboration among the GLA Group and Family Members. Its latest iteration, endorsed by the GLA Group Collaboration Board, is seeking to deliver cumulative financial savings of £255 million by 2029. The key principles include a long-term preference for holding freehold over leasehold assets and optimising underutilised space within the GLA Group and Family Members by subletting, exiting properties and disposals.
  - **The GLA Group Collaborative Procurement** function is based on a low-cost delivery model, utilising existing TfL procurement infrastructure, resources, and skills to deliver benefits through economies of scale and expertise. It is looking at bringing in significant cost savings by 2036 through various high value procurements – particularly those in facilities management and IT.
  - **The Human Resources Shared Service (HRSS)** was launched in October 2022 delivering shared payroll services to the GLA and OPDC via TfL's MyHR system – thereby delivering a more consistent and standardised service with benefits covering shared learning, new technologies, modernisation, and reduction to operational risk amongst many. Although this has required significant investment, the GLA's pre-existing systems were at end-of-life; the approach adopted also enables potential future growth and collaboration throughout the GLA Group creating greater scale efficiencies and cashable savings in the future.
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- **Two IT Shared Services** projects are currently underway. These have been identified as strategic enablers supporting the cultural change required for the success of other projects such as HRSS highlighted above. The first project is to improve the IT service delivery functions of GLA, OPDC and MOPAC by bringing them under TfL's Technology and Data function to support closer collaboration between GLA Group organisations, improve technical and cybersecurity resilience and provide an enhanced end-user experience. The second is to resolve LLDC's burning platform due to their current third-party IT provider withdrawing from the market in 2024-25. This project will see LLDC's IT function provided from within the Group by TfL rather than by an external organisation.
  - **A Strategic Talent Management project** which is exploring how talent can best be attracted, managed and retained across the GLA Group. The aim is to develop efficiencies via a consistent approach to managing talent, with an initial focus on job opportunities, secondments and mentoring between GLA Group members.
  - **The Energy Procurement programme** which has been developed to help the GLA Group save money, decarbonise and manage risks through the collaborative procurement of corporate Power Purchase Agreements (PPAs). The programme supports the Mayor's aim for London to be a zero-carbon city by 2030 by helping decarbonise the energy supply of the entire GLA Group with total lifetime projected CO<sub>2</sub>e reductions of more than 900,000 tonnes.
  - **The Electric Vehicle Infrastructure Delivery (EVID)** project is looking to utilise land on the GLA Group estate to accommodate rapid EV charging infrastructure. In consultation with London boroughs, TfL are assessing the suitability of approximately 2,600 sites and will be releasing those that conform to initial feasibility checks to the market in batches. A total of 122 bays have now been released to the market as part of an initial tranche of work. Allowing charge point operators access to GLA Group land will also address a key barrier relating to the installation of an EV infrastructure in London.
  - **A Treasury Collaboration project** has pursued a strategy of pooling the treasury management resources of GLA Group organisations under a shared service managed by the GLA and established a collective investment arrangement. TfL joined the Alternative Investment Fund known as London Treasury Liquidity Fund as a limited partner in June 2023, and this project will deliver even closer working between London Treasury Limited and TfL, enabling TfL to invest its excess cash in the Fund to increase Group-wide cash returns. Estimates based on historical asset allocation indicate that TfL would, through this collaboration, receive an interest rate benefit of between 4 and 6.5 basis points - equating to additional interest income for TfL of around £400k to £650k per year based on an investment of £900 million. There is scope for the financial benefit to increase as the Fund moves closer to the current target asset allocation.
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**Business rates and council tax maximisation programmes**

The GLA seeks to maximise income from council tax and business rates revenues – including the Crossrail business rate supplement – in partnership with the 33 local billing authorities. These revenue streams collectively are expected to generate around £5.4 billion of revenues for GLA services, capital spending or to finance borrowing across the GLA Group in 2024-25. This targeted funding across all 33 authorities commenced in 2020-21, after a three-year funding approval of £16 million was agreed in Mayoral Decision 2618 in March 2020. Since then, it has provided additional support to billing authorities through the pandemic and the subsequent cost-of-living crisis.

The Mayor's 2023-24 budget allocated up to £5.3 million per annum of funding for 2023-24 to 2025-26 for this work across all 33 London billing authorities – which equates to 0.1 per cent of the GLA's council tax and business rates income. The agreed three-year allocations across the 33 authorities are funding:

- commercial property inspectors who identify assessments which have been omitted from or incorrectly valued in the rating list including monitoring newly constructed and redeveloped properties
- business rates and council tax arrears teams. They work on both reducing historic, and minimising the build-up of, in-year arrears using ethical debt collection practices. It is worth noting that at 31 March 2023 the GLA's share of outstanding council tax arrears across London held on its balance sheet was just under £280 million and for business rates the equivalent sum was just under £375 million
- debt/welfare advice teams who engage with low-income households to ensure they maximise their benefit entitlements, claim council tax support where applicable and agree manageable payment arrangements.

To reflect the fact that the majority of this funding is used for staffing costs, this core budget for 2024-25 onwards has been increased by 2 per cent per annum.

The GLA is also intending to approve additional funding bids, initially for one year, from at least 12 London boroughs who are facing specific issues in relation to managing growing council tax and business rates arrears as a result of the cost-of-living crisis alongside their wider financial challenges. All boroughs have been invited to submit bids which are conditional on the GLA agreeing to them and it is possible that the final amount approved will increase if further applications are received. These bids for GLA support at present total upwards of £3.3 million on an annualised basis which would be matched by over £6.7 million of investment by those boroughs. Over a three-year period – and potentially sooner – these additional projects have a target to deliver almost £100 million of additional revenues for London government of which around one third would accrue to the GLA with the balance being available to support local services in boroughs. The phasing of this additional support to boroughs will be managed through the business rates reserve.

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The impact of these additional bids is not reflected, however, in the balances assumed for the business rates reserve in section 2 at this stage, however, as the precise allocations are still to be confirmed and may change if further applications are received. In practice, however, all this expenditure is expected to be self-financing in totality as the additional revenues raised for the GLA, and boroughs who deliver them, should as highlighted more than exceed the combined contributions towards the associated projects.

It is worth noting that an additional c.£100 million of estimated business rates and council tax collection fund surpluses for 2022-23, for example, became available to be applied in the Mayor's Final Draft Budget for 2023-24 to help fund the Universal Free School Meals programme for state primary school children. Over £50 million of business rates surpluses estimated for 2023-24 are also being made available in this Final Draft Budget to support the MOPAC budget. It is likely that the income maximisation work to tackle arrears and ensure the accuracy of the non-domestic rating list will have contributed to these additional revenues and the other sums allocated in the draft and final draft budget.

These initiatives demonstrate the GLA's commitment to working with boroughs and the City of London Corporation for Londoners' benefit. This budget – including this uprating for inflation – allows the existing approved projects to continue from 2024-25 to 2026-27 and enables boroughs to extend the contracts of any fixed term staff engaged for a further three years.

The total savings and efficiencies which have been identified in the 2024-25 budget process across the Group are summarised, on an annual incremental basis, below for the period 2023-24 to 2026-27.

Savings and efficiencies identified	Forecast	Forecast	Forecast	Forecast
	2023-24	2024-25	2025-26	2026-27
	£m	£m	£m	£m
GLA: Mayor	2.4	0.0	0.0	0.0
GLA: London Assembly	0.1	0.0	0.0	0.0
MOPAC	61.4	172.8	0.0	0.0
TfL	122.0	301.0	135.0	141.0
LFC	23.4	16.3	14.9	15.0
LLDC	1.0	2.0	0.0	0.0
OPDC	0.0	0.0	0.0	0.0
<b>Total</b>	<b>210.3</b>	<b>492.1</b>	<b>149.9</b>	<b>156.0</b>

Note: the table above is not netted down by future year pressures where savings are one-off



Inflationary pressures for 2024-25 from the revised budget for 2023-24 is forecast as follows, split by pay and non-pay:

<b>Inflation for 2024-25</b>	<b>Pay 2024-25 £m</b>	<b>Non Pay 2024-25 £m</b>	<b>Total 2024-25 £m</b>
GLA: Mayor	4.5	6.4	10.9
GLA: Assembly	0.1	0.0	0.1
MOPAC	214.9	16.2	231.1
TfL	37.0	218.0	255.0
LFC	8.7	1.4	10.1
LLDC	0.4	4.7	5.1
OPDC	0.2	0.0	0.2
<b>Total revenue</b>	<b>265.8</b>	<b>246.7</b>	<b>512.5</b>

A more detailed breakdown of the above savings and inflation can be found in each organisation's 2024-25 published budget submissions, links to which are provided in the relevant sections of this document.

## Summary of Revenue Expenditure and Financing

The tables below summarise how the net expenditure (financing requirement) and council tax requirement is calculated for the GLA and each functional body in 2024-25.

	Gross Expenditure	Fares income	Other General income	Net Expenditure before use of reserves	Use of reserves	Net Expenditure after use of reserves
	£m	£m	£m	£m	£m	£m
<b>MOPAC</b>	<b>4,797.2</b>	<b>0.0</b>	<b>-353.4</b>	<b>4,443.8</b>	<b>-155.6</b>	<b>4,288.2</b>
GLA: Mayor	2,367.9	0.0	-556.7	1,811.2	-184.2	1,627.1
GLA: Assembly	9.0	0.0	0.0	9.0	-0.3	8.7
TfL	9,642.4	-5,519.1	-1,625.7	2,497.6	-57.2	2,440.4
LFC	579.2	0.0	-54.5	524.7	-19.5	505.2
LLDC	70.6	0.0	-18.5	52.1	-5.3	46.7
OPDC	14.2	0.0	-2.4	11.8	-4.6	7.2
<b>Total other services</b>	<b>12,683.3</b>	<b>-5,519.1</b>	<b>-2,257.8</b>	<b>4,906.3</b>	<b>-271.1</b>	<b>4,635.3</b>
<b>Total GLA Group</b>	<b>17,480.4</b>	<b>-5,519.1</b>	<b>-2,611.2</b>	<b>9,350.1</b>	<b>-426.6</b>	<b>8,923.5</b>

Note: Above figures for GLA: Mayor include Group items expenditure which is summarised in section 2.

	Net expenditure after use of reserves	Specific government grants	General government grants	Net Collection fund surplus	GLA Contrib utions	Business rates	Council tax require ment	Band D amount
	£m	£m	£m		£m	£m	£m	£
<b>MOPAC</b>	<b>4,288.2</b>	<b>738.4</b>	<b>2,406.8</b>	<b>50.2</b>	<b>0.0</b>	<b>129.2</b>	<b>963.7</b>	<b>305.13</b>
GLA: Mayor	1,627.1	522.3	26.6	0.0	0.0	1,009.9	68.3	21.57
GLA: Assembly	8.7	0.0	0.0	0.0	0.0	5.9	2.8	0.87
TfL	2,440.4	8.4	0.0	0.0	18.0	2,169.9	244.1	77.09
LFC	505.2	10.1	0.0	0.0	0.0	283.7	211.4	66.74
LLDC	46.7	0.0	0.0	0.0	16.3	30.5	0.0	0.00
OPDC	7.2	0.0	0.0	0.0	0.0	7.2	0.0	0.00
<b>Total other services</b>	<b>4,635.3</b>	<b>540.8</b>	<b>26.6</b>	<b>0.0</b>	<b>34.3</b>	<b>3,507.0</b>	<b>526.6</b>	<b>166.27</b>
<b>Total GLA Group</b>	<b>8,923.5</b>	<b>1,279.2</b>	<b>2,433.4</b>	<b>50.2</b>	<b>34.3</b>	<b>3,636.2</b>	<b>1,490.3</b>	<b>471.40</b>

## Council tax requirement and Band D council tax

### Net revenue expenditure

The net revenue expenditure (or financing requirement) shown in the previous tables – after allowing for the impact of variances in the collection of council taxes by London billing authorities – represents the sum of:

- revenue grants from the government. These include forecast general government grants (principally Home Office Police Grant) and specific grants (including, for example, Home Office police funding for counter-terrorism, the GLA: Mayor's Adult Education Budget and new minimum funding guarantee grant and various fire service revenue grants)
- retained business rates
- each body's share of the council tax precept.

The forecast financing requirement (net expenditure after use of reserves) for the GLA and each functional body is set out in the table below.

Net revenue expenditure (financing requirement)	Revised Budget	Budget	Plan	Plan
	2023-24	2024-25	2025-26	2026-27
	£m	£m	£m	£m
GLA: Mayor	1,649.4	1,627.1	1,388.7	1,372.6
GLA: Assembly	8.4	8.7	8.8	9.0
MOPAC	4,096.0	4,288.2	4,326.2	4,363.3
TfL	2,309.1	2,440.4	2,449.6	2,468.5
LFC	477.9	505.2	524.2	544.0
LLDC	43.0	46.7	39.1	39.5
OPDC	7.0	7.2	7.3	7.5
<b>Net revenue expenditure</b>	<b>8,590.7</b>	<b>8,923.5</b>	<b>8,744.0</b>	<b>8,804.3</b>

### Retained business rates funding

This section summarises the calculation of the GLA's estimated aggregate retained business rates income for 2024-25. This is summarised in the table below. These figures reflect the latest returns from billing authorities. It includes related Section 31 grant income (e.g. for multiplier cap compensation and government funded reliefs, such as the scheme for the retail leisure and hospitality sectors) which is expected to be just over £600 million, and the £807.9 million tariff and payment the GLA will have to make to the government, as set out in the final local government settlement 2024-25. It also includes the forecast £28.4 million levy payable on business rates growth. In practice the actual levy payable – most likely in early 2026 – will be determined based on the 2024-25 outturn position and will therefore change.

There has been a reconciliation adjustment which reduces the 2023-24 tariff payment by £2.8 million to reflect the impact of the final 2023 rating valuation list compared to the November 2022 draft rating list used for the 2023-24 settlement calculations. After deducting the levy on growth which will be due on the additional revenues of £0.2 million the balance of £2.6 million has been applied to fund the allocations set out in Appendix L.

Calculation of Estimated Retained business rates income in 2024-25 based on Billing Authority Returns (January 2024)

<b>2024-25 Estimated Business Rates Income</b>	<b>£m</b>
GLA Share of ratepayer income collected by billing authorities	3,029.8
Section 31 for rates reliefs including cap compensation (gross)	977.5
Less Adjustment to S31 grants for Tariff element	-371.1
<b>Total 24-25 Business Rates Income including s31 grants</b>	<b>3,636.2</b>
Less total assumed prior year surplus/(deficit)	-4.3
Less total assumed in-year surplus/(deficit)	57.2
<b>Total NNDR income including surplus/(deficits)</b>	<b>3,689.2</b>
Less Tariff payable to DLUHC	-807.9
Less Assumed Levy on growth payable to DLUHC	-28.4
<b>Net NNDR income allocated to functional bodies</b>	<b>2,852.9</b>
GLA: Mayor	100.3
GLA: Assembly	5.9
TfL	2,169.9
LFC	283.7
MOPAC	179.4
LLDC	30.5
OPDC	7.2
Group items	76.1
<b>Net NNDR income allocated to functional bodies</b>	<b>2,852.9</b>

Several London billing authorities have also still to publish their draft accounts for 2022-23 or have their accounts signed off for 2021-22 and 2020-21 so the figures for those years remain subject to potential change. This means there is uncertainty in respect of business rates income not just for 2024-25 but also for 2023-24, 2022-23, 2021-22 and in some cases even 2020-21.

The GLA's share of the estimated net 2023-24 collection fund surplus on business rates – after adjusting for government funded reliefs – reported by billing authorities in January proposed for allocation in this budget is £53 million. This surplus is primarily accounted for by one billing authority (i.e. the City of Westminster). This is a provisional estimate as certain authorities had still to provide their final returns at the date the estimates in this budget were prepared. The GLA cannot be certain of the actual 2023-24 outturn position, however, until the audited NNDR3 statutory returns are provided later this year. This will not affect the 2024-25 budgetary position – as any upside or downside will be dealt with in monetary terms through the collection fund surplus deficit reconciliation process for the 2025-26 budget.

The in-year income for 2024-25 is marginally lower than forecast in the Draft Budget but this is being managed by being offset against this one-off surplus. The inflationary uprated income estimate for 2025-26 and 2026-27 still exceeds the proposed allocations for those financial years as a proportion of the 2024-25 allocations have been made on a one off basis. The 2023-24 financial year was also the third and final year over which the spreading of the repayment of estimated unfunded 2020-21 deficit made by billing authorities in January 2021, of approximately £260 million, was applied. No such separate adjustment therefore applies in 2024-25 or future years.

The above risks are being managed through the Business Rates Reserve – which even at its current revised £102.1 million target balance by March 2027 – only holds resources equivalent to less than 2.5 per cent of the GLA's total local taxation revenues in one year. The forecast balance at 31 March 2027 as estimated in this Final Draft Budget in section 2 is c£10 million above this target, recognising that the target will change according to future government funding decisions. This will also be adjusted to reflect the additional support to a number of London billing authorities for business rates and council tax income maximisation work once this is confirmed as set out in Appendix G.

Appendix I outlines the assumptions made in more detail for 2024-25 and subsequent years, having regard to the continued uncertainty associated with the structure of the business rates retention system.

### **Council tax calculations**

The difference between net revenue expenditure and the sum of grant funding from the government and retained business rates from the Mayor represents the amount to be raised from council tax. As outlined in section 1, this sum is recovered by issuing precepts (i.e. the council tax requirement) on the City of London and the 32 London boroughs which are the statutory billing authorities for council tax, national non-domestic rates and the Crossrail business rate supplement in the capital.

Although the statutory arrangements only require a distinction to be made between police and other services, a summary of spending, funding and the resultant council tax attributable to each body is provided in the tables at the beginning of this Appendix. Details of the council tax requirement for police services and other services are set out in the following table.

### Council tax requirement for police services

The estimated amount to be raised for police services is as follows:

Council tax requirement for police services	Revised Budget 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
Net financing requirement	4,096.0	4,288.2	4,326.2	4,363.3
Government grants, council tax surplus and retained business rates	-3,186.3	-3,324.5	-3,328.5	-3,330.3
<b>Amount for police services</b>	<b>909.6</b>	<b>963.7</b>	<b>997.7</b>	<b>1,032.9</b>

In this Budget, the Mayor again proposes to fully use the council tax flexibility provided to him by government, in accordance with their expectations. This continues to be necessary due to inadequate Home Office police funding.

### Council tax requirement for other services

The estimated amount to be raised for other services is as follows:

Council tax requirement for other services	Revised Budget 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
GLA, TfL, LFC, LLDC and OPDC net expenditure	4,494.7	4,635.3	4,417.8	4,441.0
Government grants, council tax surplus, retained business rates and use of MDC reserve	-4,051.3	-4,108.7	-3,872.6	-3,876.6
<b>Amount for other services</b>	<b>443.4</b>	<b>526.6</b>	<b>545.2</b>	<b>564.4</b>

The additional income generated as a result of increasing the core non-police Band D charge by 2.99 per cent is proposed to be allocated to the LFC. In addition, the Mayor intends to increase the Band D element for other services by an additional £20 in 2024-25 to support transport services in London, given the requirements of government funding agreements for TfL.

### Summary of proposed adjusted and unadjusted council tax by Band

#### Adjusted amount of council tax paid by taxpayers in the 32 London boroughs (£)

Band	2024-25	2023-24	Change
Band A	£314.27	£289.43	£24.84
Band B	£366.64	£337.66	£28.98
Band C	£419.02	£385.90	£33.12
<b>Band D</b>	<b>£471.40</b>	<b>£434.14</b>	<b>£37.26</b>
Band E	£576.16	£530.62	£45.54
Band F	£680.91	£627.09	£53.82
Band G	£785.67	£723.57	£62.10
Band H	£942.80	£868.28	£74.52

#### Unadjusted amount of council tax paid by taxpayers in the area of the Common Council of the City of London for non-police services only (£)

Band	2024-25	2023-24	Change
Band A	£110.85	£94.67	£16.18
Band B	£129.32	£110.45	£18.87
Band C	£147.80	£126.23	£21.57
<b>Band D</b>	<b>£166.27</b>	<b>£142.01</b>	<b>£24.26</b>
Band E	£203.22	£173.57	£29.65
Band F	£240.17	£205.13	£35.04
Band G	£277.12	£236.68	£40.44
Band H	£332.54	£284.02	£48.52

#### Council tax referendum thresholds

On 5 February 2024, DLHUC published the approved 2024-25 council tax referendum principles including those for the GLA as part of the final local government finance settlement. The principles were approved by the House of Commons on 7 February 2024. The final referendum limit for the GLA's unadjusted basic amount of council tax for non-police services was increase of more than £24.26 (including £20 for future TfL expenditure) and for its adjusted amount including policing this figure was more than £37.26, reflecting the additional £13 uplift permitted for local policing bodies.

Under the approved principles, the adjusted and unadjusted amounts of council tax proposed in this Final Draft Budget would not be deemed excessive. Part 1 contains the Mayor's formal determination regarding his compliance with the council tax referendum thresholds, as required by the relevant legislation, reflecting the implications of the wording of the final approved referendum principles report.

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## Funding Assumptions

### Introduction

This Appendix sets out the assumptions underpinning the main funding sources for the 2024-25 budget – business rates, council tax, Home Office Police Grant and estimated TfL revenues. It reflects the GLA's assessment of the impact of the announcements made in the Autumn Statement on 22 November 2023, supplemented by the DLHUC policy statement issued on 5 December and the final local government settlement on 5 February 2024. It also summarises the one-year final police grant settlement for 2024-25 published on 5 February 2024.

This Appendix highlights the lack of certainty for the GLA Group's funding position for 2025-26 onwards. This is the sixth year in which the government has failed to publish a multi-year settlement for local government, fire and rescue authorities and local policing bodies and the seventh year in a row in which the council tax referendum limit for policing has changed compared to the previous figure.

In addition, there is significant uncertainty about the impact of the cost-of-living crisis and wider economic situation on council tax and business rates income, including collection rates and the impact of changes being considered in a limited number of cases to make local council tax support schemes less generous because of the financial challenges being faced by London boroughs.

### 2024-25 Final Local Government and Fire Finance Settlement

The final local government finance settlement was published on 5 February and approved by the House of Commons on 7 February. The allocations in this Final Draft Budget reflect the additional grants allocated for the GLA in that settlement and the impact of the updated business rates forecasts provided by billing authorities at the end of January. The government confirmed in the final settlement that the GLA's enhanced 67 per cent business rates pilot (i.e. a GLA share of 37 per cent with 30 per cent for the 33 local authorities) will continue for at least one more year – which is a welcome and positive development.

Since 2017-18, all former fire and rescue and GLA general funding, TfL's former DfT general and investment (capital) grants, and MOPAC's share of prior year council tax freeze grants have been provided to the Mayor through locally retained business rates under the business rates pilot. This pilot arrangement has meant the GLA no longer receives core general revenue support grant for these services – excluding the DfT extraordinary grant which has been paid to TfL to compensate it for its reduced fare revenues as a result of the impact of the COVID-19 pandemic, which comes to an end in March 2024. Core Home Office policing grant continues to be provided outside business rates retention, with the exception of council tax freeze legacy grants relating to the period of the 2010-2015 Coalition government, which are funded through the DLUHC settlement.

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There are therefore specific issues affecting the position of the GLA due to its status as a business rates retention pilot authority and the fact that it is the only major preceptor in England which is a tariff authority (i.e. its share of retained business rates income exceeds its funding baseline) and therefore subject to a levy on business rates growth. This has created added ongoing complexity for the government in determining the metrics applying to the GLA, including its safety net percentage and the methodology for determining both the levy percentage rate and the basis for calculating this. The tariff figure represents the difference between the GLA's baseline funding and its business rates baseline – albeit, as explained later in this section, this is adjusted annually for the impact of changes to the uprating of the NNDR multiplier and the ongoing consequences of business rates revaluations.

The table below summarises how the GLA's levy rate and safety net percentage, as well as its share of retained business rates, has changed since 2017-18, based on the position set out in the 2024-25 final settlement.

**GLA Business rates share, percentage levy on business rates growth and safety net threshold since 2017-18**

Year	Share of retained business rates	Actual or expected Levy rate on growth which is payable to DLUHC	Safety Net Threshold (latest understood government position)
2017-18	37%	34%	92.5%
2018-19 (London 100% pilot)	36%	0%	97.0%
2019-20 (London 75% pilot)	28%	0%	95.0%
2020-21 (London pool)	37%	Part of London pool	92.5%
2021-22	37%	34%	92.5%
2022-23	37%	34%	92.5%
2023-24 (revaluation year)	37%	32.6%	92.5%
2024-25	37%	32.5%	92.5%

Note: Actual or expected levy rate on growth which is payable to DLUHC is rounded to the nearest per cent  
Source 2024-25 final local government finance settlement data.

As part of the 2024-25 settlement the government also published settlement funding baselines which notionally set out ministers' allocations of resources before taking into account business rates growth (or deficits) and the compensation provided to local authorities via section 31 grant for the freezing/capping of the small business rates multiplier and (excluding 2024-25) the standard multiplier since 2015-16.

The GLA's settlement funding baseline, which essentially represents the government's assessed funding needs for those services funded through the DLUHC settlement, is £2,431.8 million in 2024-25 which is £71.2 million or 3.1 per cent higher than in 2023-24 on a like-for-like basis. Excluding the former TfL capital element of £1,070 billion, which is frozen in cash terms for the second year running, the uplift on the remainder is around 5.6 per cent. The GLA's estimated multiplier cap compensation, based on these baselines, is £213 million, which represents a £22.1 million or 11.6 per cent increase on the comparable figure in the 2023-24 settlement.

Each local authority receives a different uplift in settlement funding baselines depending on their responsibilities and the proportion of their taxbase accounted for by the small business multiplier relative to the standard multiplier. Ultimately local authorities are expected, on average, to receive a final funding uplift through retained business rates and revenue support grant of around 6.5 per cent before taking into account movements in the local taxbase.

This illustrates that, unlike in previous years, the headline settlement data for each authority must be considered in context and is not necessarily easily comparable with those for other authorities.

The government's safety net guarantee is set as a percentage of settlement baseline funding, as approved in the local government settlement, (i.e. 92.5 per cent of the funding baseline which was the percentage used for the GLA). The remaining 7.5 per cent is the sum a local authority would need to meet in any one year – without government assistance – were it to be in a safety net position. The GLA is not currently expected to be in a safety net position in 2023-24 or 2024-25 but it is worth noting that in 2022-23 three London billing authorities (Camden, Kensington and Chelsea and Westminster) were.

The balance on the BRR is currently budgeted to be reduced by £5.4 million in 2024-25 and £5.5 million in 2025-26 – and provisionally £5.6 million in 2026-27 – to fund the support provided to billing authorities for council tax and business rates arrears and property inspection work, i.e. expenditure directly related to maximising council tax and business rate income. The year-on-year increases in support reflect an inflation uplift annually, as this work is primarily funding staffing costs in boroughs. Additional funding – initially for one year – is being approved to fund income maximisation work in at least 12 boroughs experiencing particular challenges in tackling council tax and business rates arrears due to the cost-of-living crisis, which are estimated at present to cost upwards of £3.3 million, but again would be more than self-financing over time from the additional revenues expected to be generated. The cash flow impact of this additional funding once confirmed will be managed through the business rates reserve. More detail on these projects are provided in Appendix G.

The GLA's tariff payment for 2024-25 was confirmed as £807.9 million in the final settlement – a £72.5 million or 5.5 per cent increase compared to the equivalent figure in the original 2023-24 settlement. This uplift has been met from the assumed business rates income and does not therefore form part of the £30.8 million additional sum available for distribution on services.

The GLA was also awarded a £3.7 million allocation from an explicitly one-off un-ringfenced local government 'Services Grant' in 2024-25 - £18.0 million lower than in 2023-24 which is in line with the lower national control total but £0.3 million higher than in the provisional settlement.

The final local government settlement also confirmed the GLA would receive a £24.2 million grant as result of the government's revised minimum funding guarantee which ensures all local authorities see their core spending power increase by least 4 per cent (compared to the 3 per cent threshold used in the provisional settlement). A further £8.0 million compensation for the lost revenues arising from the government's green plant and machinery business rates exemption introduced on 1 April 2022 was also confirmed retrospectively for 2022-23 (£4.1 million) and 2023-24 (£3.9 million), with £3.9 million expected to be ongoing until at least 2026-27 or the business rates reset, whichever is later.

In addition, the government announced it was releasing £100 million from the current surplus in the national retained Business Rates Levy Account for 2023-24. In 2022-23 this was distributed in line with 2013-14 funding shares and essentially returned a proportion of the levies payable by tariff authorities, such as the GLA, in previous years across all local authorities and this is expected to remain the methodology for this new distribution. It is therefore assumed the GLA will receive a one off £4.4 million from this source in March 2024 which will be temporarily held in the Business Rates Reserve and applied to fund spending in 2024-25.

All of the additional grants above have been allocated in this Final Draft Budget as set out in Appendix L. They are not assumed at this stage to continue in 2025-26 or 2026-27.

From 2024-25 it was also confirmed in the final settlement that the fire pensions grant – through which the LFC received £21.7 million in 2023-24 – will be paid through revenue support grant (in practice through retained business rates for the GLA) rather than as a Home Office specific grant directly to local fire and rescue bodies. The Mayor has adjusted his business rates allocation to the LFC upwards by this sum to offset the ending of the specific grant which is reflected in the LFC tables in section 6 and Appendix D. This is a net-neutral £21.7 million adjustment (i.e. increased retained business rates offset by the ending of a specific grant) and was already reflected in the Draft Budget.

The final Local Government Finance Report for 2024-25 was approved by the House of Commons on 7 February following the publication of the final settlement on 5 February.

### **Inflation impact and associated government support to support local authorities for the associated cost pressures including the NNDR multiplier cap compensation**

The core mechanism by which the government provides support to local government to meet inflationary measures is through the uprating of retained business rates income. This support is provided through a mixture of uplifts to baseline funding or revenue support grant or via section 31 grant multiplier cap compensation, depending on the authority and its funding make up.

The Non-Domestic Rating Act 2023 received Royal Assent on 26 October 2023 and gave ministers additional flexibilities in relation to the administration of business rates as a tax and introduced other reforms. Local government funding – in aggregate – through business rates must now be increased in line with the CPI inflation rate for the September prior to that financial year. Ministers were also given the power to de-couple the small and standard business rates multipliers allowing Ministers to freeze, reduce or increase (subject to the CPI cap) each independently, rather than the current situation whereby the latter is always 1.3p higher than the former.

The Chancellor confirmed in the Autumn Statement that the small business rates multiplier would be frozen again in 2024-25 at 49.9p but that the standard multiplier (applying to properties with a rateable value of £51,000 and above) would increase by 6.6 per cent in line with September 2023 CPI to 54.6p (from 51.2p). Local authorities will be compensated for the lost revenue from the small business multiplier freeze – and prior year caps and freezes.

The implications for local government funding are complicated because the uplift in the multiplier is also used to index Business Rates Baselines (BRB) and Baseline Funding Levels (BFL), and thus tariffs and top ups, as well as the sums paid by ratepayers whose premises are subject to the standard multiplier. Any difference between the indexed multiplier and the change in the actual multiplier is paid to local authorities in cap compensation. From April 2024, the two NNDR multipliers will be increasing at a different rate, which affects both the way that the baselines are indexed, and the way cap compensation is calculated.

A consultation paper was issued by DLUHC in September 2023 which set out the broad approach that the government was intending to take to address the funding implications of any differential uplifts in the two multipliers – as was subsequently confirmed in the Autumn Statement. In line with the response made by the Local Government Association, the GLA asked for these methodology changes to be delayed until 2025-26 to allow billing authorities the time to prepare and software providers to make the necessary changes to systems. This is because as well as impacting on ratepayer bills, the changes will require significant increases in the amount of data reported by billing authorities through the NNDR1 forecast and NNDR3 business rates outturn returns, in order to allow the government to calculate multiplier cap compensation grant from 2024-25 onwards.

On 13 December, the government published its response to this consultation. With the exception of some minor technical adjustments the government confirmed it intended to implement the changes outlined in the consultation paper.

As a result of the new methodology from 2024-25 onwards each local authority now has its own weighted adjustment factor for the uprating of business rates and funding baselines and the calculation of tariff and top up payment reflecting the local share of business rates income subject to each multiplier. This means the GLA's individual factor reflect the combined weighted individual ones for the 33 local authorities.

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The impact of this methodology at individual authority level was set out in the final local government finance settlement and is incorporated in the assumptions underpinning the proposed additional allocations made in this Final Draft Budget. It is also reflected in the calculation of the GLA's estimated retained business rates income for 2024-25 in Appendix H.

### **Ongoing impact of the 2023 business rates revaluation on GLA tariff payment**

In addition to the impact on the GLA's tariff from the multiplier cap compensation methodology changes there has also been a further adjustment to the calculation to reflect the impact of the revaluation of all non-domestic premises in England introduced from 1 April 2023. The revaluation also affects the business rates baselines and levy rates payable on growth by individual authorities.

The government equalises the impact of each revaluation on the local tax take within the rates retention system for local authorities by adjusting tariff payments for authorities whose business rates baselines exceed their funding baseline and top-ups for authorities whose funding allocations are higher than their business rates income share. This means, in theory, no local authority should be better or worse off as a result of the tax take increasing or declining in their area as a result of the redistributive impacts of the revaluation.

Due to the fact that London's increase in rateable values was below the national average, the GLA's share of the business rates aggregate baseline nationally fell and therefore its tariff payment to the government to support services elsewhere in England also reduced on a like-for-like basis.

These 2023-24 settlement adjustment calculations were based on the draft 2023 rating list published in November 2022 and the tariff calculations for 2024-25 (including a £2.8 million provisional correcting adjustment for 2023-24 which was confirmed in the final local government finance settlement) have been updated to reflect the final rating list introduced on 1 April 2023. Subject to an estimated resulting additional £0.2 million levy on growth which would arise from this adjustment a net £2.6 million has been allocated in this final draft budget as a result.

### **2024-25 Home Office Police Grant Settlement**

The government published the final grant allocations for 2024-25 for Police and Crime Commissioners in England, the Mayor's Office for Policing and Crime, and the City of London Police on 5 February. The allocations were unchanged from the provisional police settlement published on 14 December. This announcement included the Home Office Police Grant and police formula grant (formerly paid by DLUHC), along with legacy council tax support and freeze grant funding for local policing bodies and, for both MOPAC and the City of London Police, their National International and Capital City (NICC) allocations. This was, again, a one-year settlement covering 2024-25 only with no indicative grant allocations or council tax flexibilities confirmed for 2025-26 onwards.

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Section 2 and Appendix H reflect the general and specific police grants expected to be received in 2024-25 based on the final police grant settlement. MOPAC has been allocated general police grant of £2,581.3 million in 2024-25 – albeit this includes the £44.1 million also provided through the DLUHC settlement for London policing funded via retained rates – so the figure excluding this double counting is £2,537.2 million. This is £69.1 million higher than the like-for-like figure for 2023-24 taking into account the uplift in-year for the 2023 police pay award. Of this increase £60 million relates to the police pensions grant element which will be offset by additional expenditure in this area consequent to previous government decisions and so cannot be used for other purposes.

The National and International Capital City (NICC) element allocated to reflect the additional cost and responsibilities the Metropolitan Police Service has as the police force serving the UK's capital city remained unchanged at £185.3 million. The £119.7 million element intended to fund the policing share of the reduced revenues arising from the costs of funding council tax support to London householders has remained frozen in cash terms since 2013-14 (i.e. for more than a decade). This contrasts with the position in the local government finance settlement where council tax support legacy funding is now being uprated annually in line CPI. Clearly as London (and England's) population grows the cost of council tax support schemes is increasing but local policing bodies across England including MOPAC are not being provided with additional resources to meet their share of the reduction in revenues through the resulting relative reduction in the council taxbase.

The settlement also includes £29.8 million of police uplift programme funding for additional police officers – compared to a £62.9 million equivalent figure in the original 2023-24 police grant settlement. Conditions against the government funding for additional police officers need to be met before the funding can be recognised. At this stage, MOPAC is not confident that it will meet the conditions for this £29.8 million of police uplift programme funding in 2024-25 and have therefore not recognised the grant or associated expenditure in this Final Draft Budget.

As the pensions grant and police uplift programme funding is ringfenced for specific purposes these are reported in the MOPAC tables as specific grants. This differs from the presentation by the Home Office which reports these items as general police grant. The adjusted police grant figure reported in the MOPAC tables for 2024-25 excluding those two items and the duplicated council tax freeze legacy funding is £2,401.6 million (i.e. £179.9 million lower than the headline Home Office grant figure reported in the provisional settlement of which £105.7 million relates to police pensions, £29.8 million to the police uplift programme and £44.1 million relating to historic council tax freeze grant legacy funding provided through retained business rates).

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As highlighted above, an element of legacy council tax freeze grant funding for London policing is provided through the local government settlement. This relates to the police share of historic GLA council tax freeze grants originally paid during the period of the 2010-2015 Coalition government. This sum formed part of the GLA's revenue support grant rolled in under the retained business rates pilot from April 2017. In line with previous years the Mayor has passported the entire increase in funding provided through the DLUHC settlement for London policing to MOPAC's business rates retention allocation – this equates to an additional £1.6 million increase compared to the Consultation Budget allocations which had already been reflected in the draft budget allocations.

MOPAC and other Police and Crime Commissioners will be advised separately of their counter-terrorism grant allocations which are not made public for security reasons. Funding arrangements for specific crime programmes are not typically announced in the provisional settlement and are usually announced later.

The Mayor has decided to apply the full £13 Band D precept increase permitted for local policing bodies under the excessiveness principles confirmed by the government for 2024-25 on 31 January rather than the 2.99 per cent uplift assumed in his Budget Guidance. He has deemed this necessary because the government's funding settlement, which explicitly assumes he will take this action, is again inadequate and insufficient to meet the spending pressures facing the MPS and the sector more generally.

### **Transport for London funding agreement with the Department for Transport**

On 30 August 2022 TfL and the Mayor agreed a funding deal with the Department of Transport covering the period to 31 March 2024 – <https://content.tfl.gov.uk/tfl-settlement-letter-30-august-2022.pdf>. Further details on the implications of this are set out in the TfL sections. TfL agreed a new capital funding deal on 18 December with the government for 2024-25.

In order to meet the government's requirement in successive TfL funding agreements, the Mayor agreed to provide at least £500 million of additional recurring income from within his existing powers. In order to meet this requirement, the Mayor has agreed to increase his precept by £20 year-on-year to fund transport services between 2022-23 and 2024-25. This is supplemented in TfL's council tax requirement by the revenues from the £15 precept rise in 2021-22 used to maintain free under 18-bus and tram travel and the 60+ Oyster card which is expected to raise approximately £48 million in 2024-25. The amounts raised by this aggregate £75 Band D uplift for transport services since 2021-22 will mean that TfL will receive an estimated £244.1 million in 2024-25 through council tax. This is £238.1 million higher than the historic core £6 million council tax requirement in place for TfL prior to the pandemic.

The Mayor also allocated £48.5 million of additional resources in his 2022-23 budget to help complete the Elizabeth line over and above the sums agreed in the December 2018 and November 2020 funding deals for that project, funded from prior year revenues held in the GLA: Mayor's Business Rates Reserve and around £5 million from the 2022-23 services grant. This funding is now assumed in this Draft Budget to be transferred to TfL before the end of 2023-24. £210 million is also expected to have been drawn down from the GLA: Mayor's Transport Services Funding and Environmental Improvement reserves to fund the Mayor's vehicle scrappage scheme associated with the ULEZ expansion to the whole of the Greater London area.

Further details on these allocations are set out in section 2 (in respect of the GLA support for scrappage costs and the Elizabeth line) and their application by TfL (in respect of these and the additional allocations being made in this Draft Budget) in section 5 and Appendix C.

**Assumptions underpinning retained business rates assumptions in 2024-25 including the costs of government funded rates reliefs highlighting current risks and uncertainties in respect of prior and future years income**

The final local government finance settlement confirmed that London's 67 per cent retention partial pilot – reinstated in 2020-21 following the end of the 75 per cent London wide pilot in 2019-20 – will continue in 2024-25. The GLA's retention share would, on this basis, remain at 37 per cent with boroughs receiving a 30 per cent share. The remaining 33 per cent of business rates income is being paid directly to central government by the 33 local authorities via the central share.

The table below shows the statutory shares of retained business rates for the GLA, the 33 billing authorities in London and central government in each year since the business rates retention system was introduced in April 2013, along with a statement as to whether a levy was payable on growth to the government and a London-wide pool was in place. The position in 2021-22 reverted back to the situation in 2017-18 and this arrangement is now expected to continue again in 2024-25. This highlights the lack of long-term certainty in respect of the GLA's metrics and retention shares within the system.

<b>Business rates retention: shares of retained rates and pool/levy position from 2013-14 to 2025-26</b>	<b>2013-14 to 2016-17</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2017-18, 2021-22 to 2023-24</b>	<b>2024-25</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>GLA</b>	20%	36%	27%	37%	37%	37%
<b>33 billing authorities</b>	30%	64%	48%	30%	30%	30%
<b>Share retained locally</b>	50%	100%	75%	67%	67%	67%
<b>Central government</b>	50%	0%	25%	33%	33%	33%
<b>Levy on growth in place</b>	Yes	No	No	Yes	Yes	Yes
<b>London pool in place</b>	No	Yes	Yes	Yes	No	No



In 2024-25 the GLA and London boroughs will continue to receive section 31 grants in respect of government initiatives and policy changes which reduce levels of business rates income in 2023-24, including:

- the ongoing cumulative impact of the compensation provided by the government for the lost revenues arising from the freezing of or the capping of the increase at below inflation in the NNDR multiplier in most years since 2015-16. Following the 2023 Non-Domestic Rating Act compensation in respect of 2024-25 and subsequent years will be linked to the previous September's CPI figure, but this does not affect the RPI linked allocations for prior years
- the capping/freezing the small business multiplier in 2024-25 – which is addressed earlier in this appendix
- the increased thresholds for, and the continued doubling of, small business rate relief
- the 75 per cent relief for the retail, leisure, hospitality (RLH) sectors confirmed to continue in 2024-25 in the Autumn Statement which will provide a discount of up to £110,000 per business rather than per property
- any other government funded reliefs in place for 2024-25 including those made available to businesses to manage the transition to the new valuations being introduced from April 2023 due to the revaluation (e.g. the supporting small businesses relief which caps the annual increase in bills for ratepayers losing eligibility for small business rates relief as a result of the change in their property valuation at £600 for the life of the rating list) or as a result of the legislative changes introduced through the Non-Domestic Rating Act 2023 (e.g. improvement relief).

The government confirmed in the Autumn Statement it would compensate local authorities for the lost revenues in full arising from the above relief schemes and NNDR multiplier caps via section 31 grant but this does not mean that local authorities will not face potential timing and phasing challenges in financial terms arising from these policy decisions.

Appendix H sets out the expected c£606 million income from these specific grants and the assumed receipts from ratepayers collected by billing authorities.

### **Delays to the audits of billing authority accounts and provision for prior and future risks**

In addition to the funding uncertainty for 2024-25 – as well as future years – the 2020-21, 2021-22 and 2022-23 outturn position is still to be finalised due to delays in the audits of a number of London billing authorities. This section addresses the issues and uncertainties affecting revenues across both years in turn.

Due to the widespread delays in external auditors signing off these accounts in London boroughs and elsewhere in England, the government has been unable to finalise:

- the final allocations for the 75 per cent compensation scheme for irrecoverable council tax and business rates losses in 2020-21 relating to the pandemic (i.e. the Tax Income Guarantee or TIG grant)

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- the specific grant reconciliation payments – relating primarily to the impact of 100 per cent relief for the retail, leisure, hospitality (RLH) and nurseries sectors – which reduced the tax take by an average of 40 per cent for 2020-21 and by slightly less in 2021-22
  - the specific grant reconciliation payments for Covid Additional Relief (CARF), RLH relief and multiplier cap compensation for 2022-23 as well as the cap compensation payments for 2020-21 to 2022-23
  - the levy payments on growth and safety net support for authorities experiencing a large drop in revenues for 2020-21 to 2022-23.

The government has already made a reconciliation adjustment for 2020-21 and 2019-20 – following the revision of business rates estimates by six London boroughs – which amongst other smaller amendments required the GLA to repay around £10 million of its TIG grant for 2020-21 at the end of February 2023. This reduced TIG income has been offset by future collection fund surpluses declared by the relevant billing authorities.

The 2020-21 outturn position also reflected the impact of the Non-Domestic Rating (Rates Retention, Levy and Safety Net and Levy Account: Basis of Distribution) (Amendment) Regulations 2020 which altered the methodology for calculating retained rates income, levy and safety net payments for major preceptors which have applied since 1 April 2020.

On 8 February 2024 the government launched a consultation and published amended regulations which would require all local authorities to ensure that they have published audited accounts for the financial years 2015-16 to 2022-23 by 30 September 2024. This is likely to mean that the GLA should have greater clarity on any prior year risks before the end of this year.

These prior year financial risks have led the Interim Chief Finance Officer to set aside a provision of £50 million in the business rates reserve to meet potential prior year adjustments which could materialise once all 33 billing authorities have finalised their annual accounts up to and including 2023-24. The above risks highlight the case both for this contingency and the target balance held in the Business Rates Reserve.

### **Council tax assumptions**

Each London billing authority is required to determine its council tax base for 2024-25 by 31 January 2024, reflecting council tax support arrangements and discounts. The taxbases of the 33 billing authorities together make up the taxbase used by the GLA for setting the council tax. As set out in section 1 the council taxbase reported by billing authorities has increased by 1.42 per cent – which is marginally lower than the 1.5 per cent assumption in the draft budget. The resulting monetary drop of £1.1 million in the council tax requirement has been offset by an increase in the retained business rates allocations for 2024-25 for the GLA: Mayor, Assembly, MOPAC, LFC and TfL component budgets.

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Billing authorities were also required to provide an estimated collection fund surplus or deficit outturn calculation for 2023-24 for council tax, taking into account expected collection rates, changes in the valuation list due to new properties being added and other changes since their 2023-24 taxbases were set in January 2023. There was a net collection fund deficit of £0.7 million which when combined with a one off prior year adjustment for one authority results in an overall deficit of £2.8 million. This deficit is being offset against the GLA share of the estimated business rates surplus and is therefore not being recovered from functional body budgets.

Billing authority taxbases have been adjusted in 2024-25 to reflect the extension of the discretionary premium for long-term empty properties to those which have been unoccupied for one year rather than two years as currently following the changes introduced in the Levelling up and Regeneration Act 2023. From 2025-26 local authorities will also have the power to apply a 100 per cent premium to second homes – as this provision in that Act requires a one-year notice period before it can be introduced. It is our understanding that all 33 London billing authorities intend to utilise these new discretionary powers. No estimates of the potential uplift arising from the new second premium have been assumed at this stage for 2025-26 onwards.

As stated in section 1 and Appendix H the proposed (adjusted) Band D council tax charge for the GLA will increase by £37.26 or 8.6 per cent in 2024-25, compared to the 2023-24 level. The proposed increase in the unadjusted Band D council tax – the non-police element payable by taxpayers in the City of London – is £24.26 or 17.1 per cent. These Band D precepts are in compliance with the ‘council tax excessiveness principles’ as they are assumed to apply to the GLA based on the figures set out in the 5 December policy statement and proposed in draft form in the provisional local government finance settlement.

As set out in Appendix H, the government published the referendum thresholds (the ‘council tax excessiveness principles’) as they apply to the GLA as part of the final local government finance settlement. Those principles were approved by the House of Commons on 7 February 2024.

**Uncertainty around future funding due to a further delay in the implementation by the government of their planned reforms to the local government finance system**

The government confirmed in 2022 that the previously planned implementation of reforms to local government finance, including the planned full reset of business rates retention baselines and the fair funding review of needs and distribution for local and fire and rescue would be delayed further and not take place in 2023-24 or 2024-25.

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Overall, it is assumed that this means these reforms to local government and fire funding will not now take place until after the next general election and therefore the earliest possible implementation date would be 2025-26, with a more likely date being 2026-27 given the need to consult and engage with local authorities before any changes are introduced. The Home Office had indicated that it intended to commence consultation on proposed changes to the police funding formula by the end of this Parliament. However, there have not been any meaningful statements on progress since early 2023 and it seems unlikely again that any changes will be consulted on and implemented before 2026-27 given the expected timing of the General Election in the second half of 2024.

Any business rates reset, once implemented, would be expected to remove much of the business rates growth achieved locally since 2013-14 and redistribute this in line with the government's revised estimates of spending need, taking into account the impact of the multiyear spending review and fair funding review. The fair funding review, if implemented, would also alter baseline funding levels, tariff and top up payments and levy rates on growth.

There are two other potential elements to the proposed reforms to the business rates retention and wider funding system which were previously planned but which have also been shelved: increasing the proportion of business rates retained by the sector potentially to 75 per cent and changes intended to increase stability and certainty which may alter the basis on which growth is calculated and the timing of when it is paid.

The government's fundamental review of business rates as a tax was published alongside the 2021 Spending Review. With the exception of the changes outlined in this Appendix, as well as the confirmation through the 2023 NNDR Act that there would be a move to a three-yearly revaluation cycle from April 2026, no further fundamental changes will be made to the operation of the business rates system in this Parliament.

The DLUHC Secretary of State also announced on 21 November 2022 that he and the Chancellor of the Exchequer had also asked the Minister for Local Government to undertake a review of the operation of the council tax system. Following the ministerial reshuffle in November 2023 the incoming local government minister confirmed that this review would be delayed and its conclusions would not be reported in the current Parliament.

The uncertainty around the timing and implementation of the local government finance reforms and the failure again of the government to provide a long-term settlement for local government, police and fire services beyond March 2025 means there remains significant uncertainty on the likely level of funding the GLA will receive through retained business rates and Home Office policing grants beyond 2024-25. This is uncertainty added to by the prospect of a review of the police funding formula. The government have previously committed to consult on this by the end of this Parliament but have not made any public statements on their progress since early 2023. It therefore remains uncertain whether this commitment will be delivered and, if it is, when any changes might be implemented.

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## Conclusion

The delay in the government finally providing clarity around the timing and impact of its planned reforms to local government finance and future funding allocations, whether the GLA's business rates pilot will continue beyond 2024-25 as well as the precise methodology to be used to determine future multiplier cap compensation from April 2024 onwards has meant there has been significant uncertainty underlying the preparation of revenue estimates set out in this budget. Short term uncertainty and budgetary challenges also arise because of the fact that a substantial proportion of billing authority statement of accounts audits for prior financial years remain outstanding – in some cases going back as far as 2020-21.

The final local government finance settlement was published on 5 February and the provisional settlement on 18 December. Following the Hudson review published in October 2018 the then local government minister (now the Prime Minister) stated that it was the government's objective to publish future provisional settlements on or around 6 December subject to the timing of wider government spending announcements. This deadline has not been met in any single year subsequently and for 2023-24 and now 2024-25 has been around two weeks after this target date despite the 2022 and 2023 budget and Autumn Statement being issued in mid-November. The final 2024-25 local government finance settlement for the second year running was again also published only 48 hours before MPs had to consider and approve the local government finance report and council tax referendum principles – which meant there was a very limited opportunity for proper scrutiny.

The delays again this year meant that local authorities and fire and rescue authorities had no time consider the implications of the settlement prior to the Christmas break and the Mayor was therefore unable to reflect the actual settlement data in his Consultation Budget. Had the provisional settlement been published earlier it is possible that some of the additional funding allocated in his Draft Budget could have been announced sooner.

This contrasts with the approach, for example, when the current Mayor was a minister in the then Department for Communities and Local Government when the provisional 2009-10 local government finance settlement was published on 26 November 2008 – three weeks earlier than the announcement of the provisional 2023-24 settlement and expected date of the 2024-25 settlement. The final 2009-10 settlement was issued on 21 January 2009 compared to 6 February 2023 for the 2023-24 equivalent. MPs then had a full two weeks to consider the 2009-10 local government finance report before it was approved by the Commons on 4 February 2009 as opposed to barely two days for the 2023-24 equivalent. It is unclear why the government is unable to publish the settlement any earlier.

Allocations of retained business rates and council tax now made in this Final Draft Budget are prudent but remain estimates and are reliant on assumptions made by billing authorities. This is reflected in the risk provision which has been applied in the 2024-25 allocations and the target balance for the business rates reserve.

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The long-term funding position beyond March 2025 is particularly uncertain due to the further delay in the implementation of planned reforms to local government finance including the fair funding review and business rates reset and anticipated lack of any multi-year settlement beyond 2024-25 for local government, police and fire services in England. This combined with the impact on the council tax and business rates taxbase arising the current cost-of-living crisis and economic uncertainty as well as the deterioration in the public finances make forward planning with any degree of certainty challenging. Any fundamental reforms will therefore most likely not now take place until 2026-27 at the earliest due to this year's expected General Election.

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## Climate Budget Measures

This Appendix represents a consolidation of all climate measures, proposed at the current time, by the GLA Group organisations in their budget submissions to the Mayor. The Appendix lists:

- climate measures to reduce carbon emissions across the GLA Group that are currently funded within GLA Group organisations' revenue and/or capital budgets between 2024-25 and 2026-27 (funded measures)
- climate measures that, if additional funding could be found, would further reduce carbon emissions across the GLA Group. However, these measures are currently unbudgeted for and have not been agreed (unfunded & unadopted measures)
- climate actions in the 2024-25 budget that deliver or enable emission reductions or adaptation measures in parts of the city outside of the GLA Group's own estate and fleet (funded measures).

This Appendix has been published as a separate analysis to this Budget and can be found [here](#).

Note: Following approval of this budget, the GLA will commence exploring options for including emissions that occur outside London but that are driven by activities in London (e.g. food grown elsewhere but eaten in London) within future climate budgets in a meaningful and practical way – this will include consulting with the functional bodies, and external experts as needed. Only after that work is concluded will it be possible to give an estimation of timelines for incorporating that into future budgets.

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## Budget timetable and key dates

Date	Description
14 February 2024	Final Draft Budget published.
22 February 2024	Assembly (Mayor's Question Time) meeting to scrutinise the Final Draft Budget.
27 February 2024	Statutory deadline for the Mayor to approve the Final Capital Spending Plan for 2024-25 and notify the Secretary of State for Levelling Up, Housing and Communities – being the last working day before 28 February.
28 February 2024	Statutory deadline for major precepting authorities (including the GLA) to notify their billing authorities of their final Band D precept and council tax requirement(s) for 2024-25.
31 March 2024	Statutory deadline for the Mayor to approve the Authorised Limit for external debt (borrowing) for the functional bodies and the GLA alongside the Prudential Indicators and Capital Financing Requirements required by statute.

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# Summary of changes compared to the Draft Budget

Since the Draft Consolidated Budget document was published on 18 January 2024, the GLA has received returns from billing authorities, confirming council taxbases, forecasts of business rates income for 2024-25 and details of collection fund surpluses and deficits. In addition, the government has published the final police and local government finance settlements, which have been approved by the House of Commons.

As a result, material changes have been made in the Final Draft Budget compared to the Draft Budget, including the allocation of the additional retained business rates, government grants and reductions in council tax income. A summary of the Mayor’s proposed allocations of this additional income is presented below.

The council tax Band D charges for 2024-25 in the 32 London Boroughs and the City of London remain as set out in the Draft Budget, considered by the Assembly on 25 January 2024. However, the figures for the council tax requirement and Band D amounts in 2024-25 have been updated to reflect the final 2023-24 taxbases; and the forecast council tax requirements for future years have also been amended to reflect the consequential impact of this update. As a consequence of a £1.1 million shortfall in council tax income compared to the Draft Consolidated Budget, the constituent bodies have each had their council tax income reduced by their proportionate share of this shortfall. This has been offset by an increase in business rates income.

Revenue expenditure for GLA: Mayor previously included £15 million expenditure per year in the Housing and Land directorate. The funding for this expenditure has been moved to the Capital Programme reserve and the expenditure reprofiled. Since it does not reflect new funding it does not feature in the tables below.

Other minor typographical and wording changes have been made to the text to improve clarity and reflect the latest available information, which do not affect the substance of the budget proposals.

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<b>Sources of additional Mayoral funding allocated in the Final Draft Budget</b>	<b>£m</b>
Reduction in actual council tax base from previous assumption of 1.42% (vs 1.50% forecast previously assumed)	-1.1
Council tax collection fund deficit	-2.8
<b>Decrease in council tax (£1.1m ongoing + £2.8m one-off)</b>	<b>-3.9</b>
Reduction in ongoing business rates available for allocation compared with Draft Budget assumptions	-22.2
Business rates collection fund surplus	53.0
<b>Net change in Retained Business Rates (-£22.2m ongoing +£53m one-off)</b>	<b>30.8</b>
Additional income from government's new minimum 4% funding guarantee	24.2
Levy account surplus distribution	4.4
Tariff adjustment (reconciliation adjustment following 2023 revaluation less £187k levy payable)	2.6
GLA Share of Green Plant and machinery Business Rates exemption compensation (£4.1m receivable in 2023-24 and £3.9m receivable on an ongoing basis from 2024-25)	8.0
Additional Services Grant	0.3
<b>Total increase in income following the final settlement</b>	<b>39.5</b>
<b>Additional investment income (GLA: Mayor)</b>	<b>55.0</b>
<b>Total additional funding available</b>	<b>121.4</b>

Note: Figures may not sum exactly due to rounding.

**Application of additional uplift compared to Draft Budget**

	£m
<b>GLA: Mayor</b>	
Air quality initiatives	3.0
Contribution to GLA Capital Programme Reserve	60.0
<b>Total GLA: Mayor</b>	<b>63.0</b>
<b>GLA: Group Items</b>	
Council tax collection fund deficit	-2.8
Business rates collection fund surplus	2.8
<b>Total GLA: Group Items</b>	<b>0.0 (Nil)</b>
<b>MOPAC (including MPS and VRU)</b>	
Additional investment in MPS	48.9
VRU tackle violence	6.5
<b>Total MOPAC/MPS</b>	<b>55.4</b>
<b>LFC</b>	
Additional funding for firefighter training	3.0
<b>Total LFC</b>	<b>3.0</b>
<b>LLDC</b>	
No additional funding uplift applied	<b>0.0 (Nil)</b>
<b>OPDC</b>	
No additional funding uplift applied	<b>0.0 (Nil)</b>
<b>Total Allocated</b>	<b>121.4</b>

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### Vietnamese

Nếu bạn muốn có văn bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

### Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

### Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız veya adrese başvurunuz.

### Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

### Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

### Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে নীচের ফোন নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

### Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

### Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مراسلة العنوان أدناه

### Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

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