

Mayor's Background Statement in support of his Final Draft Consolidated Budget for 2015-16

PART 1

Summary

This report presents the Mayor's Final Draft Budget proposals for the Greater London Authority (GLA) and its functional bodies for the next financial year. This is the Final Draft Budget and it will be the Budget unless the Assembly amends it in accordance with the provisions of the GLA Act before 28 February.

1 Introduction

- 1.1 The Mayor is required to determine consolidated and component council tax requirements for 2015-16 and it is these that the Assembly has the power to amend. The individual Mayor, Assembly and functional body council tax requirements are consolidated to form the consolidated council tax requirement for the GLA Group. The arrangements for Council Tax referenda, in the event that the Council Tax set is deemed to be 'excessive', and the possible impact that would have on the council tax requirement setting process are set out in a separate accompanying document, Part III of this Budget.
- 1.2 The Mayor and the Assembly have a duty to prepare and approve for each financial year a 'component' budget for each of the constituent bodies (that is, the Assembly, the Mayor, and each of the functional bodies) and a 'consolidated budget' for the Authority. A component budget is defined as consisting of a statement of the amount of component council tax requirements for the constituent body concerned and the "statutory calculations" under the relevant section of the GLA Act which give rise to this amount. Also, a consolidated budget must consist of statements of the amount of the Authority's consolidated council tax requirement, the amount of the component council tax requirements for each constituent body and the calculations under the relevant section of the GLA Act which give rise to each of these amounts.
- 1.3 On 28 January the Assembly considered and agreed an amendment to the Mayor's Draft Consolidated Budget as defined in the Greater London Authority Act 1999, as amended ('The Act').
- 1.4 After the draft consolidated budget has been approved, with or without amendment, the Mayor prepares and publishes a final draft of his proposed consolidated budget for the next financial year. If the final draft budget to the Assembly does not incorporate the Assembly's amendments the Mayor must state his reasons for not doing so. Also, if that final draft is different to the original draft with or without amendments, the Mayor must lay a written statement before the Assembly of his reasons for the changes. This final draft must be considered at a public meeting of the Assembly and approved with or without amendment before the last day of February. Any amendment must at this stage be agreed by at least two thirds of the Members voting. The resulting budget will be the approved consolidated budget for the financial year 2015-16.

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- 1.5 This document explains the Mayor's final proposals for 2015-16 as set out in his Final Draft Budget and is formally presented to the Assembly in this document.
- 1.6 The process for approval and potential amendment of the Mayor's Final Draft Budget is set out in Schedule 6 of the Act, as follows:
- (a) If the Assembly has amended the Mayor's Draft Consolidated Budget (which happened at its meeting on 28 January) the Mayor is obliged by the Act to lay before the Assembly a statement of his reasons as to why the budget presented as his Final Draft Budget is different from the Draft Consolidated Budget amended by the Assembly. This statement appears at Annex B of this document;
 - (b) The Mayor presents his Final Draft Budget to the Assembly;
 - (c) After considering the Mayor's Final Draft Budget, the Assembly must approve it with or without amendment. The only amendments which are to be made are those agreed by at least two-thirds of the Assembly Members voting;
 - (d) If no amendments are made following consideration of the Final Draft Budget, it is deemed to have been approved by the Assembly without amendment by automatic operation of the Act;
 - (e) The Final Draft Budget as approved by the Assembly (with or without amendment) is to be the Authority's Consolidated Budget for 2015-16; and
 - (f) It is the duty of the Assembly to approve the Final Draft Budget with or without amendment before 28 February 2015. If the Assembly fails to meet this deadline, the Final Draft Budget presented by the Mayor shall be the Authority's Consolidated Budget for 2015-16.
- 1.7 Annex A of this statement presents the Mayor's Final Draft Budget using the statutory calculations as defined in the Act. Separate accompanying documents provide an explanation of the budget proposals and finance and legal advice. These are based on the Draft Consolidated Budget considered by the Assembly at its meeting on 28 January, but reflect figures provided by the 33 London billing authorities on: retained business rates; collection fund surpluses and deficits and council tax bases; and the GLA's estimate of its entitlement to section 31 grants in respect of business rates retention. The documents also reflect responses to certain issues raised by the Assembly at its meeting on 28 January, the Government's Final Local Government and Police Finance Settlements for 2015-16, and consequential drafting and correction of typographical errors.

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2 Final Draft Budget Proposals

- 2.1 At its meeting on 28 January, the Assembly passed a formal budget amendment to the Mayor's Draft 2015-16 Consolidated Budget. The Mayor has given careful consideration to the Assembly's amendment to his Budget.
- 2.2 The Mayor is committed to reducing his Council Tax precept by 10 per cent over the life of his second administration and to make a reduction each year in the precept. Therefore, his Final Draft Budget for 2015-16 re-affirms that his precept will reduce by 1.3 per cent, as previously announced. However, the Mayor has reflected on the substance of the Assembly's amendment and the debate on 28 January. Accordingly, he has asked TfL to look as a matter of urgency at the impact of the withdrawal of the off peak caps is having in practice and report back to him. Further, to this review, the Mayor is committed to making any adjustments to fares that he concludes may be necessary. A formal response to the Assembly's amendment is attached in the statement at Annex B as required by the Act.

3 Impact of updated Council Tax and Rates Retention forecasts for 2014-15 and 2015-16 provided by the 33 London Billing Authorities

Introduction

- 3.1 For 2015-16 the GLA is due to receive some £1.4 billion of business rates income of which around £355.7 million will be paid to the Government as a fixed tariff payment, with the balance used to fund services across the GLA Group. This regime allows the GLA scope to retain some of the growth in business rates in London. After allowing for the reduction in the precept in 2015-16, the GLA is due to receive £800.7 million of Council Tax income. In addition, the GLA is due to receive £31 million as its share of the estimate Collection Fund surpluses from billing authorities in respect of council tax and have to repay an estimate £25.6 million as its share of the aggregate collection fund deficit for retained rates as at 31 March 2015. These figures are analysed in more detail below.

Retained Business Rates

- 3.2 In providing their estimates of income from retained business rates the 32 boroughs and the City of London have had to make assumptions on the level of appeals which are very hard to predict – in effect the sums they expect to have to repay to ratepayers because their rateable value assessed by the Valuation Office was incorrect or because there has been a material change in circumstance affecting the property since the 2005 or 2010 rating list was compiled. Estimates of these appeals are provided for in their returns – and reduce the sums expected to be received in business rates. They also make assumptions on expected growth in 2015-16, provisions for bad and doubtful debts and reliefs to be granted. There is a significant degree of variability in approaches adopted by different billing authorities and given past experience a high likelihood that the final outturn figures for both 2014-15 and 2015-16 will differ significantly from their forecasts provided at the end of January 2015.

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- 3.3 There is therefore little more clarity than was the case a year ago about actual level of retained business rate income the GLA will receive, and considerable uncertainty over the yield will remain until the outstanding and potential future rating appeals are cleared. Accordingly, the Mayor's final budget maintains the prudent approach of budgeting to allocate retained business rates for GLA services, LFEPA and Transport for London as set out in the draft budget with the Mayor's Resilience Reserve providing financial cover for any shortfall.
- 3.4 The draft budget assumed that there would be a collection fund deficit in respect of retained business rates of £40.2 million in 2014-15 to recover sums outstanding in respect of 2013-14. Billing authorities have now confirmed their estimated deficits at 31 March 2015 and their returns for retained business rates income for 2015-16. Overall, these returns are some £16.8 million better than previously assumed comprising a net reduction in the Collection Fund deficit as at 31 March 2015 on retained business rates of £14.6 million and £2.2 million additional income in 2015-16 net of tariff and levy payments.
- 3.5 Given the uncertain nature of these estimated amounts the statutory budget calculations presented show no change in funding from retained business rates compared to the draft estimates for TfL, LFEPA or the Assembly.

Council Tax

- 3.6 As a result of the net impact of growth in the number of domestic hereditaments on the valuation list in London and changes in the expected costs of providing council tax support to working age claimants overall there is a 3 per cent increase in the aggregate Council Tax bases of the 33 billing authorities. As a result of this taxbase growth the Mayor's proposed Band D Council Tax Precept will yield £24.4 million of additional precept income in 2015-16 compared to the figures assumed in the draft budget and £13 million more overall compared to the council tax requirement for 2014-15.
- 3.7 In addition, all 33 London billing authorities are forecasting net collection fund surpluses at 31 March 2015 in respect of council tax. The GLA's element of this is based on the share which the Mayor's precept represents of the total Band D council tax in each billing authority for 2014-15 and is £31.0 million. This reflects the impact of in year taxbase growth due to new properties, overall lower than expected council tax support costs than were budgeted for by billing authorities when setting their 2014-15 council taxbases and improved collection rates.
- 3.8 The Mayor has increased the allocation of Council Tax income to MOPAC by £2.36 million compared to the draft budget. This sum has increased MOPAC's reserves and will allow a provision for the payment of Council Tax discounts to Special Constables to be made in line with the commitment given by the Mayor in 2012. LFEPA's precept has been increased by £48,000 in relation to additional support being provided for the London Resilience Team's transfer to that body. The residual precept income is managed within the GLA Mayoral component with no changes proposed to the TfL or Assembly components compared to the draft budget.

Volatility and Uncertainty in Billing Authority Forecasts

- 3.9 Despite the benefits of the reform to business rates and the strength of Council Tax income which reflects the growth of London, there remains great volatility in the key income sources for the Mayor's budget.
- 3.10 This principally arises from appeals by businesses against their rating assessment and the difficulty billing authorities have in estimating the outcome of such appeals. For example, there was a decrease of £56 million between the budgeted (January 2013) and outturn returns for 2013-14 (September 2014) on retained business rates from billing authorities – and a £40 million reduction between the January 2014 revised forecast outturn for 2013-14 used to calculate the estimated retained rates collection fund deficit at 31 March 2014 and the actual outturn submitted in September 2014.
- 3.11 There is similarly significant volatility in council tax forecasts arising in part from the impact of the localisation of council tax support. The collection fund surplus for council tax forecast for 2014-15 is double the corresponding figure for 2013-14 and more than ten times the equivalent calculation used in the Mayor's 2007-08 budget. As highlighted above the increase in the council tax base exceeds 3 per cent in 2015-16 compared to a long term average of 1 per cent. While this is in part a reflection of London's population growth it is also worth noting that this increase is driven primarily by six boroughs reporting increases of more than 5 per cent. These boroughs coincidentally have amongst those with the highest proportions of working age residents claiming council tax support. This illustrates the potential scale of the volatility between billing authority forecasts used for budgeting purposes and the actual outturn data at the year-end – as well as the difficulty of accurately predicting what their outturn will be.
- 3.12 This volatility and hence uncertainty over the forecasts of rates retention and council tax income has been borne out by recent experience with reductions and corrections being made in following years. Looking forward there is also need to have regard to the prospect of a much lower level of inflationary increases to retained business rates than previously anticipated and potential changes to the business rates regime and the impact of the scheduled Revaluation in 2017. However, if the amounts currently estimated by the billing authorities are confirmed by actual outturn figures then this would mean that the Mayor's 10 per cent precept reduction commitment could be secured by applying resources expected to be in hand in 2016-17 and without requiring any specific spending reductions or future precept increases to fund this.

4 Final Local Government and Police Settlements

- 4.1 The final Local Government and Police Settlements for 2015-16 were published on 3 February and the relevant reports were approved by the House of Commons on 10 February. The revenue support grant allocation used to support the GLA (Mayor), Assembly and LFEPA component budgets is unchanged at £173.7 million. The police grant allocations for MOPAC are however marginally different.

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- 4.2 The combined total of principal police formula grant and Home Office Police Grant of £1,794.17 million is now £27,517 lower than the figures presented in the draft budget and provisional settlement although in practice this simply reflects the provision of data by the Home Office rounded to the nearest pound rather than to the nearest £0.1m. For the same reason the council tax support grant for policing of £119.68 million is £24,088 lower than the provisional settlement estimate. The net effect of these is a £51,605 reduction in core funding for MOPAC as a result of the final settlement allocations. With the exception of council tax legacy (support) funding MOPAC's final specific grant allocations from the Home Office are still to be officially confirmed. The final draft budget therefore includes the latest estimates of these specific grant allocations.
- 4.3 The marginal impact of the change in grant allocations is reflected in the Mayor's Final Draft Budget and the funding has been apportioned on the same basis as used for the draft budget.

5 The Mayor's Budget Proposals

Consolidated Council Tax Requirement

- 5.1 The Mayor is proposing a reduction in the Band D Council Tax – the adjusted council tax applying in the 32 London boroughs – of 1.3 per cent from £299.00 to £295.00 in 2015-16. This is unchanged from the draft budget. The unadjusted amount of council tax applying in the area of the Common Council of the City of London is now proposed as £86.13 – £5.65 higher than the figure proposed in the draft budget and £1.65 or 1.95 per cent higher than the corresponding figure for 2014-15. Even allowing for the increase in the City's precept in 2015-16, the relatively small number of council taxpayers within the City would be paying 7.4 per cent less than the amount they paid through the Mayor's element of the precept in 2010-11.
- 5.2 The Mayor's proposed consolidated council tax requirement is £800.68 million – around £24.36 million higher than in the draft budget. This reflects the impact of the additional revenues generated from the buoyancy in the council taxbase. Details of the allocation of this additional flexibility and other issues arising are set out below, where relevant for each Functional Body.

Mayor of London

- 5.3 The Mayor strongly welcomes the proposals put before the Assembly at its meeting on 28 January on increasing infill development on public land. In response the GLA will encourage bids to deliver affordable housing on infill development for at least £5 million of GLA grant funding. At current grant rates this should support the development of around 150 homes. Bids from a wide range of providers will be considered and the GLA is ready to receive these immediately. It is hoped that some of these proposals for affordable housing on public land will also include a self or custom-build element but given the current low level of such development in London placing such a requirement could limit appetite.

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5.4 The Mayor recognises the merit of the proposals put before the Assembly at its meeting on 28 January on street markets and that they are a fundamental part of London's high streets. He is currently investing over £175 million into over 70 high streets across London, including direct support for 29 markets, and the recently established High Street Fund is continuing this trend. The Mayor will continue to support markets with Growth Deal 2 funding as part of a wider package of investment delivering growth on high streets. He will ensure a minimum of 5 markets collectively receive £1 million.

MOPAC

5.5 From 2015-16 the specific grant received by MOPAC for policing the Royal Parks is ending and it is therefore assumed that this will need to be funded through the general grant funding payable in the police grant settlement. MOPAC will be looking to discharge responsibility for the policing of the Royal Parks in the most cost effective way possible.

5.6 MOPAC recognise that delivering savings to bridge a budget gap of say £800 million over 2016-20 will be challenging. MOPAC's 2015-16 draft budget required a high level of drawing on its existing reserves of some £56 million in 2015-16. In order to allow some additional future resilience, and to allow a provision for the payment of Council Tax discounts to Special Constables to be made, the Mayor proposes to allocate a further £2.36 million to MOPAC, increasing its share of the precept from £564.2 million to £566.5 million.

London Fire and Emergency Planning Authority

5.7 A budget update was provided to LFEPA at its meeting on 29 January. This showed how a balanced budget could be set by closing the previous budget gap of £3.2 million in 2015-16 and reducing the estimated budget gap in 2016-17 from £17.2 million to £11.2 million. Part II of the Budget sets out details of the Mayor's final proposals on LFEPA's budget for 2015-16.

5.8 Alongside the commitment and resources already allocated by the Mayor to LFEPA in 2014-15 and 2015-16, the Mayor has decided to allocate a further £48,000 to LFEPA to finance the costs of the London Resilience Team being transferred from the GLA in 2015. The Mayor is proposing to increase LFEPA's take from the 2015-16 precept from £138.190 million to £138.238 million.

Transport for London

5.9 The Assembly amended TfL's budget to increase its gross expenditure by £10.544 million to finance the restoration of the off peak pay as you go cap for farepayers travelling in zones 4-6. The Mayor has not accepted the Assembly's proposed changes to the draft consolidated Budget for TfL. However, he has asked TfL to look as a matter of urgency at the impact this is having in practice and report back to him. Further to this review, the Mayor is committed to making any adjustments to fares that he concludes may be necessary.

London Legacy Development Corporation

- 5.10 No amendments have been made to the LLDC budget expenditure proposals, but LLDC's borrowing limit for 2014-15 has been increased by £65 million (with a consequential increase to the borrowing limits for future years). This covers Government grant that was not drawn down from the GLA by LLDC at the end of March 2014, but which is being drawn in 2014-15 in the form of loan instead of a capital grant. This has no impact on the GLA's overall support for LLDC.

Future Years

- 5.11 The Mayor has issued details of the prospects for the GLA Group for future years (Appendix H of Part II the budget). It is important to recognise the caveats and limitations of this analysis, in particular the uncertainty concerning the funding settlement for 2016-17 onwards.

6 The Impact on Local Taxpayers and Council Tax Referendum Issues

- 6.1 In deciding on the proposed spending plans across the GLA group of £16.8 billion gross the key priorities have been to invest in London's infrastructure whilst reducing the Council Tax Precept. In 2015-16, the precept will have fallen in real terms by some 28 per cent since May 2008.
- 6.2 The sustained investment in capital expenditure overall across the Group allowing for the progress of the Crossrail project whilst reducing the precept, has been largely achieved by the Mayor securing a favourable London Settlement and making savings and efficiencies of over £446 million in 2015-16.
- 6.3 The GLA will also receive a forecast Council Tax Freeze grant of £9.5 million as a result of the proposal to not to increase the GLA precept in 2015-16. This is marginally higher than in the draft budget due to the impact of the higher than forecast increase in the council taxbase.
- 6.4 The Mayor's budget requires a Band D Council Tax of £295.00 for 2015-16 in the London boroughs, and £86.13 in the area of the Common Council of the City of London. These Band D amounts are estimated to generate £800.68 million in council tax revenues.
- 6.5 Under chapter 4ZA of the Local Government Finance Act 1992, (replacing the previous "council tax capping" regime) there is provision for the holding of referendums by billing authorities if either of the two calculations of the GLA's relevant basic amount of council tax (for the City of London and for elsewhere in Greater London) is "excessive" under principles proposed by the Secretary of State and approved by the House of Commons for the forthcoming financial year:
- the excessiveness principles for 2015-16 were approved by the House of Commons on 10 February 2015 through the 'Referendums Relating to Council Tax Increases (Principles) (England) Report 2015/2016'. On the basis of these principles a council tax increase will be excessive in 2015-16 if it is 2 per cent or more than 2 per cent.

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- the excessiveness principles refer, in the context of the GLA, to the two relevant basic amounts of council tax (based on Band D) and these must be determined as part of the budget calculations: (1) the “adjusted” relevant basic amount of council tax which applies throughout Greater London outside the City of London (i.e. in the 32 London boroughs), and reflects that area’s funding of MOPAC; and (2) the “unadjusted” relevant basic amount of council tax which applies within the area of the City of London only, and reflects the fact that local council taxpayers in the City do not fund MOPAC (as the City of London Police provides local policing services there using funding provided by the City Corporation including from its local council tax);
- the 2 per cent excessiveness threshold for 2015-16 applies equally to both basic amounts of council tax. If either or both figures do not comply with the excessiveness principles then the component and consolidated budgets, and council tax requirements that give rise to them, are considered excessive, with the consequences set out below;
- the GLA is under a duty to determine whether either of its two “relevant basic amounts of council tax” is excessive with regard to those approved principles;
- if the final draft budget does not comply with these “excessiveness principles” then the Mayor must prepare and present a “substitute final draft budget” alongside the (excessive) final draft budget prepared and presented to the Assembly;
- in the event that the final draft budget is approved (with or without amendment) in a form where it is “excessive” then the Assembly must also approve a (non-excessive) substitute final draft budget;
- the excessive budget(s) would then be submitted to a referendum of local government electors across the whole of Greater London irrespective of which of the two relevant basic amount of council tax calculations is excessive. If the budgets were not approved then the non excessive substitute would become the legally approved budget; and
- such a referendum is normally to be held on the first Thursday in May, and from the point when the GLA precept is issued to the result of the referendum, billing authorities across Greater London (the boroughs) are not permitted to pay any precept to the GLA. Any referendum on an excessive council tax increase for the GLA in respect of its 2015-16 budget would take place therefore on the same day as the General Election scheduled for Thursday 7th May.

6.6 Neither the Mayor’s adjusted ‘headline’ council tax of £295 applying in the 32 London boroughs nor the unadjusted council tax of £86.13 applying in the City of London are excessive on the basis of the approved principles. The adjusted amount is 1.3 per cent lower than the corresponding figure for 2014-15. The unadjusted amount is 1.95 per cent higher – and therefore below the 2 per cent excessiveness threshold.

7 Conclusions

- 7.1 In considering the Mayor's budget proposals and any amendments they wish to make at this stage, Assembly Members must also consider the need to secure a financially balanced budget and achieve a balance between the statutory and discretionary responsibilities for the provision of services and the burden upon those required to finance the net cost.
- 7.2 In commending the final draft budget proposals to the Assembly the Mayor believes that Londoners recognise and support his plans to reduce the GLA Group's share of the Council Tax for the fourth year running while continuing to maintain and invest in public services in London.
- 7.3 The Mayor is satisfied that he has weighed respective interests fairly and that his reduction in the Council Tax will not adversely affect the front line service delivery of his statutory and discretionary responsibilities. The Mayor believes that the proposals will make a significant contribution to improving Londoners' quality of life and supporting London's economy.

8 Recommendations

- 8.1 On the basis of the information set out in this statement and accompanying documents that the Assembly approves the Mayor's final draft consolidated council tax requirement for the GLA and the functional bodies of **£ 800,678,666** as contained in **Annex A**. This is after applying the GLA's share of the net surplus or deficit on the collection funds of the 33 London billing authorities (a £31.0 million surplus in respect of council tax and a £25.6 million deficit in respect of retained business rates) which falls within the component budget for the Mayor of London for the purpose of these statutory calculations under sections 85 to 88 of the GLA Act.
- 8.2 This final draft consolidated council tax requirement is made up as follows:

<i>Constituent body</i>	<i>Component council tax requirement</i>
Mayor of London	£87,298,538
London Assembly	£2,615,000
Mayor's Office for Policing and Crime	£566,527,128
London Fire and Emergency Planning Authority	£138,238,000
Transport for London	£6,000,000
London Legacy Development Corporation	£NIL
Total Consolidated Council Tax Requirement	£ 800,678,666

Boris Johnson

Mayor of London

Final Draft component and consolidated council tax requirements 2015-16

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

Line	Sum	Description
1	£745,000,000	estimated expenditure of the Mayor for the year calculated in accordance with s85(4)(a) of the GLA Act
2	£4,500,000	estimated allowance for contingencies for the Mayor under s85(4)(b) of the GLA Act
3	£14,400,000	estimated reserves to be raised for meeting future expenditure of the Mayor under s85(4)(c) of the GLA Act
4	£25,632,685	estimate of reserves to meet a revenue account deficit of the Mayor under s85(4)(d) of the GLA Act reflecting the collection fund deficit for retained business rates
5	£789,532,685	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the Mayor (lines (1) + (2) + (3) + (4) above)
6	-£534,500,000	estimate of the Mayor's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
7	-£14,604,000	estimate of the Mayor's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
8	-£41,733,950	estimate of the Mayor's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
9	-£80,434,727	estimate of the Mayor's income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
10	-£30,961,470	estimate of the Mayor's share of any net collection fund surplus for the 33 London billing authorities for council tax calculated in accordance with s85(5)(a) of the GLA Act
11	-£702,234,147	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (6) + (7) + (8) + (9) + (10))
12	£0	estimate of Mayor's reserves to be used in meeting amounts in line 5 above under s85(5)(b) of the GLA Act
13	-£702,234,147	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Mayor (lines (11) + (12) above)
14	£87,298,538	the component council tax requirement for the Mayor (being the amount by which the aggregate at (5) above exceeds the aggregate at (13) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for the Mayor for 2015-16 is £87,298,538

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Greater London Authority: London Assembly ("Assembly") final draft component budget

Line	Sum	Description
15	£7,610,000	estimated expenditure of the Assembly for the year calculated in accordance with s85(4)(a) of the GLA Act
16	£0	estimated allowance for contingencies for the Assembly under s85(4)(b) of the GLA Act
17	£0	estimated reserves to be raised for meeting future expenditure of the Assembly under s85(4)(c) of the GLA Act
18	£0	estimate of reserves to meet a revenue account deficit of the Assembly under s85(4)(d) of the GLA Act
19	£7,610,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the Assembly (lines (15) + (16) + (17) + (18) above)
20	-£400,000	estimate of the Assembly's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
21	£0	estimate of the Assembly's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
22	-£2,541,000	estimate of the Assembly's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
23	-£2,054,000	estimate of the Assembly's income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
24	£0	estimate of the Assembly's share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
25	-£4,995,000	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (line (20) + (21) + (22) + (23) + (24))
26	£0	estimate of Assembly's reserves to be used in meeting amounts in lines 19 above under s85(5)(b) of the GLA Act
27	-£4,995,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Assembly (lines (25) + (26) above)
28	£2,615,000	the component council tax requirement for the Assembly (being the amount by which the aggregate at (19) above exceeds the aggregate at (27) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for the Assembly for 2015-16 is £2,615,000.

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Mayor's Office for Policing and Crime ("MOPAC") final draft component budget

Line	Sum	Description
29	£3,166,600,000	estimated expenditure of the MOPAC calculated in accordance with s85(4)(a) of the GLA Act
30	£0	estimated allowance for contingencies for the MOPAC under s85(4)(b) of the GLA Act
31	£0	estimated reserves to be raised for meeting future expenditure of the MOPAC under s85(4)(c) of the GLA Act
32	£0	estimate of reserves to meet a revenue account deficit of the MOPAC under s85(4)(d) of the GLA Act
33	£3,166,600,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the MOPAC (lines (29) + (30) +(31) + (32) above)
34	-£261,700,000	estimate of the MOPAC's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
35	-£480,575,912	estimate of the MOPAC's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
36	-£1,794,172,483	estimate of the MOPAC's income in respect of general government grants (revenue support grant, core Home Office police grant and principal police formula grant) calculated in accordance with s85(5)(a) of the GLA Act
37	£0	estimate of the MOPAC's income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
38	£0	estimate of MOPAC's share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
39	-£2,536,448,395	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (34) + (35) + (36) + (37) +(38))
40	-£63,624,477	estimate of MOPAC's reserves to be used in meeting amounts in line 33 above under s85(5)(b) of the GLA Act
41	-£2,600,072,872	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the MOPAC (lines (39) + (40) above)
42	£566,527,128	the component council tax requirement for MOPAC (being the amount by which the aggregate at (33) above exceeds the aggregate at (41) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for the MOPAC for 2015-16 is £566,527,128

Final Draft Consolidated Budget for 2015-16

London Fire and Emergency Planning Authority (“LFEPA”) final draft component budget

Line	Sum	Description
43	£423,699,726	estimated expenditure of LFEPA for the year calculated in accordance with s85(4)(a) of the GLA Act
44	£0	estimated allowance for contingencies for LFEPA under s85(4)(b) of the GLA Act
45	£0	estimated reserves to be raised for meeting future expenditure of LFEPA under s85(4)(c) of the GLA Act
46	£0	estimate of reserves to meet a revenue account deficit of LFEPA under s85(4)(d) of the GLA Act
47	£423,699,726	aggregate of the amounts for the items set out in s85(4) of the GLA Act for LFEPA (lines (43) + (44) + (45) + (46) above)
48	-£32,150,000	estimate of LFEPA’s income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
49	-£9,100,000	estimate of LFEPA’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
50	-£129,420,000	estimate of LFEPA’s income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
51	-£114,741,726	estimate of LFEPA’s income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
52	£0	estimate of LFEPA’s share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
53	-£285,411,726	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (48) + (49) + (50) + (51) + (52))
54	-£50,000	estimate of LFEPA’s reserves to be used in meeting amounts in line 47 above under s85(5)(b) of the GLA Act
55	-£285,461,726	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LFEPA (lines (53) + (54) above)
56	£138,238,000	the component council tax requirement for LFEPA (being the amount by which the aggregate at (47) above exceeds the aggregate at (55) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for LFEPA for 2015-16 is £138,238,000.

Final Draft Consolidated Budget for 2015-16

Transport for London (“TfL”) final draft component budget

Line	Sum	Description
57	£7,066,100,000	estimated expenditure of TfL for the year calculated in accordance with s85(4)(a) of the GLA Act
58	£0	estimated allowance for contingencies for TfL under s85(4)(b) of the GLA Act
59	£0	estimated reserves to be raised for meeting future expenditure of TfL under s85(4)(c) of the GLA Act
60	£0	estimate of reserves to meet a revenue account deficit of TfL under s85(4)(d) of the GLA Act
61	£7,066,100,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the TfL (lines (57) + (58) + (59) + (60) above)
62	-£5,508,381,533	estimate of TfL’s income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
63	-£29,200,000	estimate of TfL’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
64	-£675,000,000	estimate of TfL’s income in respect of general government grants (revenue support grant and GLA Transport General Grant) calculated in accordance with s85(5)(a) of the GLA Act
65	-£847,518,467	estimate of TfL’s income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
66	-£0	estimate of TfL’s share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
67	-£7,060,100,000	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act for TfL (lines (62) + (63) + (64) + (65) + (66) above)
68	£0	estimate of TfL’s reserves to be used in meeting amounts in line 61 above under s85(5) (b) of the GLA Act
69	-£7,060,100,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act (lines (67) + (68))
70	£6,000,000	the component council tax requirement for TfL (being the amount by which the aggregate at (61) above exceeds the aggregate at (69) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for TfL for 2015-16 is £6,000,000.

Final Draft Consolidated Budget for 2015-16

London Legacy Development Company ("LLDC") final draft component budget

Line	Sum	Description
71	£37,300,000	estimated expenditure of LLDC for the year calculated in accordance with s85(4)(a) of the GLA Act
72	£0	estimated allowance for contingencies for LLDC under s85(4)(b) of the GLA Act
73	£0	estimated reserves to be raised for meeting future expenditure of LLDC under s85(4)(c) of the GLA Act
74	£0	estimate of reserves to meet a revenue account deficit of LLDC under s85(4)(d) of the GLA Act
75	£37,300,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for LLDC (lines (71) + (72) + (73) + (74) above)
76	-£26,800,000	estimate of LLDC's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
77	£0	estimate of LLDC's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
78	£0	estimate of LLDC's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
79	£0	estimate of LLDC's income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
80	£0	estimate of LLDC's share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
81	-£26,800,000	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (76) + (77) + (78) + (79) + (80))
82	-£10,500,000	estimate of LLDC's reserves to be used in meeting amounts in line 75 above under s85(5)(b) of the GLA Act
83	-£37,300,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LLDC (lines (81) + (82) above)
84	£0	the component council tax requirement for LLDC (being the amount by which the aggregate at (75) above exceeds the aggregate at (83) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for the LLDC for 2015-16 is £0.

Final Draft Consolidated Budget for 2015-16

Greater London Authority (“GLA”) final draft consolidated council tax requirement calculation incorporating the component council tax requirements for the Greater London Authority (Mayor), Greater London Authority (Assembly), the Mayor’s Office for Policing and Crime (MOPAC), the London Fire and Emergency Planning Authority , Transport for London and the London Legacy Development Corporation.

Line		Description
85	£ 800,678,666	the GLA’s consolidated council tax requirement (the sum of the amounts in lines (14) + (28) + (42) + (56) +(70) +(84) calculated in accordance with section 85(8) of the GLA Act)

The final draft consolidated council tax requirement for the GLA for 2015-16 is £800,678,666

Aggregate GLA Group budget for 2015-16

Estimated Expenditure

£	GLA Mayor	GLA Assembly	MOPAC	LFEPa	TfL	LLDC	Total
Estimated expenditure	£745,000,000	£7,610,000	£3,166,600,000	£423,699,726	£7,066,100,000	£37,300,000	£11,446,309,726
Estimated allowance for contingencies	£4,500,000	£0	£0	£0	£0	£0	£4,500,000
Estimated reserves to be raised for meeting future expenditure	£14,400,000	£0	£0	£0	£0	£0	£14,400,000
Estimate of reserves to meet a revenue account deficit including forecast collection fund deficit for retained business rates	£25,632,685	£0	£0	£0	£0	£0	£25,632,685
Estimated total expenditure	£789,532,685	£7,610,000	£3,166,600,000	£423,699,726	£7,066,100,000	£37,300,000	£11,490,842,411

Estimated Income and Calculation of Council Tax Requirement

£	GLA Mayor	GLA Assembly	MOPAC	LFEPa	TfL	LLDC	Total
Estimate of non government grant income	-£534,500,000	-£400,000	-£261,700,000	-£32,150,000	-£5,508,381,533	-£26,800,000	-£6,363,931,533
Estimate of specific government grant income	-£14,604,000	£0	-£480,575,912	-£9,100,000	-£29,200,000	£0	-£533,479,912
Estimate of general government grant income	-£41,733,950	-£2,541,000	-£1,794,172,483	-£129,420,000	-£675,000,000	£0	-£2,642,867,433
Estimate of Retained Business Rates income	-£80,434,727	-£2,054,000	£0	-£114,741,726	-£847,518,467	£0	-£1,044,748,920
Collection fund surplus for council tax	-£30,961,470	£0	£0	£0	£0	£0	-£30,961,470
Estimated total income before use of reserves	-£702,234,147	-£4,995,000	-£2,536,448,395	-£285,411,726	-£7,060,100,000	-£26,800,000	-£10,615,989,268
Estimate of reserves to be used	£0	£0	-£63,624,477	-£50,000	£0	-£10,500,000	-£74,174,477
Estimated total income after use of reserves	-£702,234,147	-£4,995,000	-£2,600,072,872	-£285,461,726	-£7,060,100,000	-£37,300,000	-£10,690,163,745
Council tax requirement	£87,298,538	£2,615,000	£566,527,128	£138,238,000	£6,000,000	£0	£800,678,666
COUNCIL TAXBASE	2,718,582.81	2,718,582.81	2,712,343.22	2,718,582.81	2,718,582.81	2,718,582.81	
BAND D COUNCIL TAX	£32.11	£0.96	£208.87	£50.85	£2.21	£0.00	£295.00

Final Draft Consolidated Budget for 2015-16**Mayor of London's written statement of his reasons for preparing a final draft consolidated budget which is not the same as the draft consolidated budget as amended by the London Assembly as required by paragraph 6 (5) of Schedule 6 of the Greater London Authority Act 1999.**

- 1.1 The Assembly increased the consolidated council tax requirement by £10.544 million to restore the Band D equivalent council tax to the same level of £299 as in 2014-15 and then they amended the TfL budget to increase its gross expenditure by £10.544 million to finance the restoration of off-peak pay as you go caps for farepayers.
- 1.2 The Mayor has not accepted the Assembly's proposed changes to the draft consolidated budget as he remains committed to reducing his Council Tax precept by 10 per cent over the life of his second administration and to make a reduction each year in the precept. By not accepting the Assembly's amendment the Mayor re-affirms that this remains his intention and that his precept will be reduced by 1.3 per cent to £295 for a Band D property in 2015-16.
- 1.3 The Mayor appreciates the concerns that have been raised about the withdrawal of off-peak caps. Although it affects a very small number of people, he appreciates that the scale of the impact is not inconsiderable in some cases.
- 1.4 The Mayor has therefore asked TfL to look as a matter of urgency at the impact this is having in practice and report back to him. Further to this review, the Mayor is committed to making adjustments to fares that he concludes may be necessary.
- 1.5 Overall, fares were frozen in real terms in January 2015 with a similar average impact in inner and outer London across all fares types. Within this the key objective of the fares changes was to create a better deal for part-time and flexible workers. This was achieved by substantially reducing all-day pay as you go caps for all zones – including by over £4 a day in zones 1-5 and 1-6. This is benefitting around 200,000 passengers a day. Part of the way of paying for these reductions was to withdraw pay as you go off-peak caps, saving £10 million a year.
- 1.6 A relatively small number of people are affected by this change, and most of these are only paying a very small amount more each week. The data for January shows that around 18,000 people were adversely affected by the removal of the off-peak caps. Of these, 85% (c15,000) ended up paying an average of £1.40 more around once a week; 10% (c2000) paid an average of £1.40 more around twice a week; and the remainder (1,000) three times a week or more. This means only around 3,000 passenger are paying more than about £2 extra a week for their travel as a result of the withdrawal of off-peak caps; and many of these users will also benefit from lower all-day caps on other days.

1.7 It is worth noting that, of those paying more because of the withdrawal of off-peak caps, 60 per cent travel from a station where a train operating company (TOC) sets the fares. These passengers were more likely to benefit from the off-peak caps because their higher fares met they hit the caps more often. There is no justification for these higher TOC fares and only the Government can address the disparity by devolving control for London fares to the Mayor.