

The Mayor's Budget Guidance for 2021-22

26 June 2020

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The GLA Group comprises:

- Greater London Authority (GLA), which includes the London Assembly
- London Fire Commissioner (LFC)
- London Legacy Development Corporation (LLDC)
- Mayor's Office for Policing and Crime (MOPAC), which provides oversight of the Metropolitan Police Service (MPS or 'Met')
- Old Oak and Park Royal Development Corporation (OPDC)
- Transport for London (TfL)

The GLA 'family' includes all the above, the London Pensions Fund Authority (LPFA), London & Partners and other partners across London.

Executive Summary of the Mayor's Budget Guidance for 2021-22

Covid-19 is the biggest health, economic and social crisis to face London since the Second World War. While we have passed the initial peak of infections – thanks to Londoners overwhelmingly doing the right thing and staying at home – it is already clear that we will be living with the consequences for many years to come.

We are now beginning to see the true scale of the economic and social challenges ahead. More than one million people employed in London have relied on the Government's furlough scheme since it started in late March – with huge uncertainty around what will happen to their jobs as this support is phased out. Unemployment is widely expected to reach levels not seen since the 1980s. And experts predict the crisis will have a profound impact upon the housing market and homebuilding – potentially bigger than the last financial crisis.

The Government has a historic responsibility to ensure that nobody is left permanently unemployed, homeless or pushed into poverty a result of this virus – just as post-war Governments had a responsibility rebuild a country fit for those who had sacrificed so much. We need an unprecedented national programme for economic and social recovery that builds a better, fairer and greener London at the end of this crisis. I stand ready and willing to do everything in my power as Mayor to support London's recovery.

However, the Mayoral bodies are not immune to the economic impact of Covid-19. Like other transport operators across the UK, Transport for London's fares income has fallen by 90 per cent during lockdown and will not return to previous levels while social distancing measures remain in place, and perhaps well beyond. This shortfall has been compounded by the Government's bad funding deal for TfL with conditions attached, which punishes Londoners for doing the right thing on Covid-19. The Government deal forces TfL to borrow an additional £505 million after we had worked so hard to fix its underlying financial position – having reduced its operating deficit by 71 per cent since 2016 and increased its reserves by 16 per cent to cope with the unexpected.

Business rates and council tax income are both predicted to fall significantly as a result of the wider economic contraction. This is the money we use to pay for vital services in London – including public transport, the police, the fire brigade, building council homes and tackling toxic air pollution. Local councils in London also face severe financial challenges as a result of Covid-19.

Without urgent additional financial support from the Government, London's ability to drive the economic recovery we desperately need will be hampered by a level of austerity that should frankly be unimaginable at this moment of national crisis. I have joined other Metro Mayors and local authority leaders across the country to urge the Government to provide financial support to local and regional Government to prevent this from happening – and to try and make the Prime Minister keep his promise that there will be no new era of austerity as a result of Covid-19.

However, the Government has yet to commit to taking action and so it would be irresponsible not to plan for all possible scenarios – which is why I have published this budget guidance for next year and asked all Mayoral organisations to look again at their agreed budgets for the current year. The reasonable worst-case scenario could see the

GLA losing £493 million of business rates and council tax income this year and next, which would require significant cuts to the budgets of all Mayoral bodies.

No organisation could absorb a shortfall on this scale, and while I have prudently put aside significant sums since 2016 to meet unexpected risks, the scale of the challenge is far beyond what any Mayor could have reasonably prepared for.

I am determined to protect Londoners from the worst impacts of any austerity required as a result of Covid-19. That means prioritising frontline services, supporting the most vulnerable people in our city and focusing on the issues that matter most to Londoners. That is why I have cut my pay personal pay by 10 per cent for the next six months and frozen the pay of my Mayoral appointments. Since 2016 I have not taken any pension contributions and don't have a City Hall pension. It's also why I have taken the difficult decision to propose that the GLA leaves our current City Hall home to move to a new home at the Crystal Building at Royal Docks – saving £55 million over five years whilst providing a huge vote of confidence in a part of the city that has the potential to create thousands of new jobs for Londoners. We have to make frontline services the priority.

I am also acting to protect the budgets of our most important frontline services like the Metropolitan Police and London Fire Brigade – which will receive lower percentage funding reductions than the other Mayoral bodies. We will work with MOPAC and the Met Police on plans to use the £118.6 million policing reserves we have wisely built up in recent years to protect frontline services. This guidance asks the London Fire Brigade to find the lowest savings proportionately – in recognition of the vital importance of the Brigade continuing to implement the recommendations of the Grenfell Tower Inquiry.

Even if Ministers act to support London's government, we will have to refocus our efforts on those issues that matter the most to Londoners: protecting Londoners' jobs and supporting economic growth to create new jobs as quickly as possible, continuing to deliver a safe and reliable public transport service, stopping a return of violent crime as lockdown is eased, ensuring London's recovery builds a greener and more environmentally friendly city, building more council and genuinely affordable homes, and tackling the inequalities in our society that have been so brutally exposed by this virus – including unequal health outcomes and the disproportionality faced by so many Black, Asian and minority ethnic Londoners.

I did not enter politics or run for Mayor in order to administer Government austerity – and I am clear that the overwhelming majority of Londoners want to see investment in our future, not further cuts.

More austerity would be an active choice by the Government; it is not inevitable, and I will do everything in my power to persuade Ministers to act now to support local and regional government across the UK. However, I promise that whatever happens, I will continue to be as upfront, clear and honest as possible with Londoners about the challenges we face and the difficult choices we have to make.

Sadiq Khan
Mayor of London
26 June 2020

1 Introduction

- 1.1 The GLA Group Budget ensures that there are sound financial plans to support Mayoral objectives and priorities within available resources. The budget development process is designed to ensure that the Mayor's budget proposals are an accurate reflection of the Mayor's priority aims and objectives within available resources.
- 1.2 This Budget Guidance however is dominated by the forecast impact of the Covid-19 pandemic upon the GLA, its functional bodies, the GLA 'family' and London more widely. Although both the level of Government support and the exact scale of losses of income to the GLA arising from the pandemic remain to be determined, it is clear that the 2021-22 budget process needs to be launched now to best position London for the level of financial retrenchment that is likely occur.
- 1.3 The 2021-22 budget process in summary requires the GLA and its functional bodies to:
- immediately repurpose their agreed 2020-21 Budget, to deliver in-year savings and efficiencies leading to a fundamental realignment of the GLA Group's activity to support London's recovery from the impact of Covid-19;
 - prepare their 2021-22 budget submission to meet the savings and efficiencies target set, working using the scenarios given in this document until such time as more clarity is obtained;
 - act at pace to deliver further Group-wide collaboration at a scale commensurate to these savings and efficiencies targets;
 - in addition to the established quarterly budget and performance monitoring arrangements, provide at least monthly information to:
 - the Mayor's Office on progress in delivering the 2020-21 and 2021-22 savings and efficiencies targets; and
 - an enhanced Group Collaboration Board on progress on delivering collaboration initiatives;
 - make a full and final public budget submission to the Mayor by Monday, 30 November 2020 with proposals that ensure their budget is within the funding envelope specified;
 - consider and respond to the publication of the Mayor's draft consolidated budget which is to be published in mid to late December 2020; and
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- engage with the Assembly as it considers the Mayor's statutory budget proposals until late February 2021.

1.4 A more detailed budget timetable is attached as Annex A.

1.5 In the light of progress against the current year's budget, emerging issues and significant developments, this Budget Guidance will need to be kept under review and the timetable may need to be revised. In particular, as the impact of Covid-19 becomes clearer and the Government announces further measures relating to this, its Spending Review and funding settlements for parts of the GLA Group this guidance is likely to need to be revised.

1.6 The information sought from functional bodies in this Budget Guidance is requested in accordance with the provisions of sections 110 and 125 of the GLA Act 1999.

2. Key deadlines

2.1 The key deadlines for the GLA and its functional bodies are:

- ♦ Save for exceptional circumstances, within 25 working days of each quarter end, to supply a quarterly budget and performance monitoring report in draft to the GLA and that within 10 additional working days thereafter to make that monitoring report publicly available;

- ♦ Each Chief Officer of the GLA and its functional bodies to report monthly to the Mayor's Office on progress on delivering the 2020-21 and 2021-22 savings and efficiency targets set;

- ♦ The GLA and its functional bodies to report monthly to the Group Collaboration Board on progress on delivering all collaboration initiatives;

and

- ♦ By Monday, 30 November 2020, in the light of preliminary draft budget proposals issued by the Mayor to make a full budget submission as specified below and at Annexes C and D.

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- 2.2 The Mayor requires that the GLA and its functional bodies provide timely and high-quality information in their quarterly monitoring reports. Accordingly, save for exceptional circumstances, within 25 working days of each quarter end a quarterly budget and performance monitoring report is to be supplied to the Mayor. Further, within 10 additional working days thereafter each member of the Group is to make that monitoring report publicly available.
- 2.3 The deadlines for quarter 4 are extended to the delivery of each body's outturn position for 2020-21 as part of its statutory draft accounts, with the proviso that the Mayor's Office see an early draft as far in advance as possible. The content and format of the quarterly monitoring reports is to be determined by each member of the Group in consultation with the Mayor's Office but will be expected to cover the issues specified in Annex B below.
- 2.4 In light of the impact of Covid-19 on all members of the GLA Group, it is recognised that quarterly reports over the next few months may not be as full and detailed as the standard achieved before the pandemic. Any particular reporting challenges should be discussed with the Mayor's Office and GLA Group Finance.
- 2.5 Functional bodies must transparently present any changes to the Mayor's approved Budget which are made during the year, in particular for quarterly monitoring. Functional bodies should seek explicit approval for such changes where necessary. Where changes are made in year, a clear audit trail must be provided which reconciles the original Mayor's approved Budget with the latest Budget.
- 2.6 The quarterly monitoring reports issued after 35 working days from the quarter end and the full budget submission due at the end of November will be public documents and must be put on a body's website.

3. Control totals

- 3.1 The Mayor proposes that the GLA and its functional bodies should assume for planning purposes that their allocation of discretionary income from the GLA for 2020-21 and 2021-22 is based on three scenarios, as set out below:
- Scenario 1 – For illustrative purposes business rates income is assumed to be maintained at the level previously assumed in the Mayor's original budget plans for 2020-21 and 2021-22 but with council tax losses assumed to be 7% in both 2020-21 and 2021-22 against previously assumed allocations. In this scenario TfL's business rates allocations are maintained at previously approved levels. The GLA also bears a higher share of the assumed council tax deficit to limit the reductions for MOPAC. Together with the Mayor's commitments on public safety, reductions for TfL, MOPAC and LFC are therefore proportionately lower than for other members of the Group.
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- Scenario 2 – Funding allocations are reduced to align with the Government's 'baseline' funding level for 2020-21 for the GLA Group, as approved in the Local Government Finance settlement, and the estimated funding level for 2021-22 compared to the previously assumed allocations; and
- Scenario 3 – Council tax income is assumed to fall by 7 per cent in 2020-21 and 2021-22 with an assumed drop in business rates income of around 11 per cent by March 2022 compared to the levels assumed in the Mayor's 2020-21 budget. This results in a higher savings level for 2021-22 as it assumes that the Government's 100% business rates relief scheme for the retail, leisure, hospitality and nurseries sectors will end on 31 March 2021. This is the current base case scenario which we are working to.

Scenario 1 – Council tax losses assumed of 7% with business rates funding allocations maintained at previously approved levels

Discretionary Mayoral funding control totals (all £ millions)	2020-21	2021-22
GLA: Mayor	171.2	109.3
GLA: Assembly	7.7	6.9
MOPAC	859.7	802.0
LFC	393.2	398.2
TfL	1,884.6	1,921.1
LLDC	25.2	25.2
OPDC	6.8	6.5

Scenario 2 – Funding allocation in line with actual 2020-21 and estimated 2021-22 Government funding baselines

Discretionary Mayoral funding control totals (all £ millions)	2020-21	2021-22
GLA: Mayor	169.2	109.3
GLA: Assembly	7.6	6.9
MOPAC	834.5	806.2
LFC	391.5	396.8
TfL	1,783.6	1,738.3
LLDC	25.2	25.2
OPDC	6.8	6.4

Scenario 3 (current best estimate) – Assumed losses of 7% in council tax revenues and reductions of 11% in business rates income by March 2022

Discretionary Mayoral funding control totals (all £ millions)	2020-21	2021-22
GLA: Mayor	170.2	107.3
GLA: Assembly	7.7	6.8
MOPAC	840.2	766.2
LFC	391.5	391.8
TfL	1,809.5	1,709.9
LLDC	25.2	25.2
OPDC	6.8	6.2

(NB. Discretionary income is retained business rates and council tax precept income. It does not include Group wide reserves or Government grants paid for the specific purposes of the GLA or functional bodies such as Home Office police grants).

- 3.2 Three scenarios are presented to demonstrate the range of possible outcomes and the uncertainty at this stage of the process. They are not intended to be three discrete scenarios and it is unlikely that the final position will exactly match one of them. Rather they are designed to enable planning and budget work and give an indication of how the necessary savings may be allocated between organisations, rather than representing a firm proposal. This will be kept under review throughout the budget development process.

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- 3.3 Overall, these control totals assume significant losses of income for 2020-21 and 2021-22. Scenario 1 leads to a loss of £70m in 2020-21 and £70m in 2021-22. Scenario 2 represents an overall loss across the GLA Group of some £200m in 2020-21 and around £250m in 2021-22. Scenario 3 leads to a loss of some £167m in 2020-21 and £326m in 2021-22. Taken together, they show that there is no automatic relationship between the loss of income in the current and next financial years. At this stage it is impossible to assess the losses in subsequent years.
- 3.4 Inevitably as both TfL and MOPAC receive more than 75% of the GLA's assumed ongoing business rates and council tax income respectively they inevitably face a higher monetary reduction under scenarios 2 and 3. As scenario 1 focuses solely on council tax losses the impact of that option on TfL is limited. Given that scenario 1 will materialise through the distribution of a council tax deficit rather than through changes in Band D shares and council tax requirements it has been decided that in order to mitigate the losses to MOPAC the GLA will bear a greater proportionate share of the reductions under that scenario.
- 3.5 In light of the Settlement agreed between the Mayor and the Government on 14 May over short-term financial support to TfL, the need for further Government support to be provided until a new long-term sustainable funding model for TfL is in place, and as over three-quarters of business rate income is provided to TfL, the Mayor has determined that TfL should bear a proportionate share of the overall losses of business rates income anticipated in 2020-21 and 2021-22. The actual figure will therefore be dependent on projections of actual business rates income, including the impact of any Government support for the business rates system.
- 3.6 After allowing for this, the remaining income loss needs to be allocated amongst each organisation. The Mayor's priority in setting out these scenarios is to protect public safety, however given the scale of reductions required, it is impossible to exclude MOPAC and the LFC from their impact. With the majority of police funding provided by direct Government grant, LFC would be more impacted by a proportionate reduction in Mayoral income than MOPAC, and this is reflected in the approach taken in this guidance.
- 3.7 Set out below therefore is an indicative analysis of the additional funding reductions that are required across the GLA Group that arise from these scenarios compared to the combined council tax and retained business rates allocations for 2020-21 and 2021-22 set out in the Mayor's 2020-21 Budget which was approved in February 2020. These figures are subject to further review during the budget process and are additional to any savings and efficiencies that were required as part of the control totals set in the Mayor's 2020-21 Budget. It should be noted that the figures do not represent cumulative savings targets but in year changes in funding in each case. The percentage figures represent the change compared to the funding allocations set out in the Mayor's approved 2020-21 budget.
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Scenario 1 – Council tax losses only assumed of 7% with business rates funding allocations maintained at previously approved levels

Reductions in Discretionary Mayoral funding control totals	2020-21 £m	2021-22 £m	2020-21 %	2021-22 %
GLA: Mayor	-26.0	-28.0	-13%	-20%
GLA: Assembly	-0.9	-1.3	-11%	-16%
MOPAC	-26.0	-28.0	-3%	-3%
LFC	-8.3	-8.6	-2%	-2%
TfL	-0.4	-0.7	0%	0%
LLDC	-7.4	-2.1	-23%	-8%
OPDC	-1.0	-1.3	-13%	-17%
Total	-70.0	-70.0	-2%	-2%

Scenario 2 – Funding allocations in line with actual 2020-21 and estimated 2021-22 Government funding baselines

Reductions in Discretionary Mayoral funding control totals	2020-21 £m	2021-22 £m	2020-21 %	2021-22 %
GLA: Mayor	-28.0	-28.0	-14%	-20%
GLA: Assembly	-1.0	-1.3	-12%	-16%
MOPAC	-51.2	-23.7	-6%	-3%
LFC	-10.0	-10.0	-2%	-2%
TfL	-101.4	-183.5	-5%	-10%
LLDC	-7.4	-2.1	-23%	-8%
OPDC	-1.0	-1.4	-13%	-18%
Total	-200.0	-250.0	-6%	-7%

Scenario 3 (current best estimate) – Assumed losses of 7% in council tax revenues and reductions of 11% in business rates income by March 2022

Reductions in Discretionary Mayoral funding control totals	2020-21 £m	2021-22 £m	2020-21 %	2021-22 %
GLA: Mayor	-27.0	-30.0	-14%	-22%
GLA: Assembly	-0.9	-1.4	-11%	-17%
MOPAC	-45.5	-63.8	-5%	-8%
LFC	-10.0	-15.0	-2%	-4%
TfL	-75.5	-211.9	-4%	-11%
LLDC	-7.4	-2.1	-23%	-8%
OPDC	-1.0	-1.6	-13%	-21%
Total	-167.3	-325.8	-5%	-10%

- 3.8 In line with the plans set out in the Mayor's approved 2020-21 Budget it remains the assumption that there will be a 1.99 per cent increase in the Mayor's Band D precept for 2021-22 and that the entire uplift arising from this change will be paid to MOPAC and the LFC. The assumed council tax funding reductions in each scenario arise from an anticipated drop in the overall council tax base as a result of expected increases in claims for council tax support and a wider reduction in collection rates generally. Final decisions on the Mayor's Band D precept will be taken after the Government announces the local government, fire and police funding settlements for 2021-22 including the proposed council tax referendum limits towards the end of this year.
- 3.9 After allowing for the treatment of TfL and LFC above, as well as protecting MOPAC's share of the overall council tax precept, the allocation of overall savings and efficiency savings has then been made taking account of initial discussions that have taken place in recent weeks. As the budget process proceeds, further consideration will be given to the impact of notable one-off allocations made in February 2020 to the GLA: Mayor and MOPAC budgets for 2020-21, and initial decisions about how to profile them across financial years.

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- 3.10 The GLA: Mayor numbers reflect the cost of GLA services only and not contributions to LLDC and OPDC which are now made directly at Group level. The GLA figures do not reflect any reductions to those financial elements accounted for within the component budget that relate to the wider GLA Group budget (e.g. council tax and business rates income maximisation funding provided to the 32 London boroughs and the Corporation of London and Group-level reserves, including the reserve held by the GLA for LLDC and OPDC). The income maximisation work being undertaken by boroughs with this funding will play a critical role in minimising the savings ultimately required for the entire Group. Accordingly, the GLA: Mayor's budget submission should set out details of the GLA's core services only, and not include the items that will be accounted for within the final GLA Group items budget.
- 3.11 A separate letter has been sent to the Assembly setting out the Mayor's proposed arrangements for the preparation of their budget. The Mayor expects the GLA: Assembly budget to be constructed under the same discipline as that for the GLA: Mayor Budget. In all scenarios, the GLA: Assembly saving target is set at around 3.3% in 2020-21 and no more than 4.5% in 2021-22 of the overall combined GLA Mayor and Assembly target. This compares to the Assembly's share of GLA council tax and business rate income in the approved Group Budget being 4.2% and 5.6% respectively. This lower target reflects the nature of the respective budgets (including the potential future GLA: Mayor saving from leaving City Hall), but also the importance the Mayor places on maximising the sums that can be allocated to London's recovery from Covid-19. Like all such targets, these will be kept under review as the budget process proceeds.
- 3.12 In considering the scale of savings and efficiencies required to exemplified, it is expected that both the GLA: Mayor and Assembly will prioritise the maintenance of their core, statutory functions but also look to re-purpose their budgets to support London's recovery from Covid-19.
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- 3.13 As stated above the Mayor will determine the level of his police precept for 2021-22 following the announcement of the 2021-22 Police Settlement and the confirmation by the Home Secretary of the council tax referendum limits for local policing bodies. The Mayor previously allocated an additional £118.6 million to MOPAC to fund 1,000 more officers than would otherwise be affordable for two years, given proposed Government changes to when business rates growth would be paid to the GLA. This funding is held in a MOPAC reserve and was paid on the anticipation that it would be drawn down in roughly equal amounts in 2021-22 and 2022-23 to fund the 1,000 officers in those years. Plans for the use of this reserve are being considered by the Mayor's Office and MOPAC, in the context of delays to the Government's review of business rates and planned implementation of the business rates reset, with the Mayor committed to maximising the number of police officers over the next few years despite the expected loss of income resulting from Covid-19. Figures for MOPAC include expenditure by the Violence Reduction Unit (VRU) on preventing violent crime.
- 3.14 LLDC's control totals do not include agreed sums carried forward from previous years or GLA funding for capital financing costs. They assume that £2.7 million of funding for the London Stadium in 2019-20 is funded as capital expenditure as an equity contribution to E20, the impact of which is reflected in the funding from the MDC reserve carried forward. Although LLDC will need to demonstrate how it has minimised and mitigated the net impact arising from the response to Covid-19, funding for this would be outside of these control totals. The higher savings target proposed for 2020-21 reflects the profile of estimated achievable savings.
- 3.15 OPDC has faced significant challenges in recent years, as changes in market conditions and uncertainty over High Speed 2 have impacted their plans. This has led to repeated budget underspends, and Covid-19 will create further uncertainty and potential delay to their revised plans. The regeneration of OPDC's area remains a priority, however it is believed to be appropriate to set savings and efficiency targets in the circumstances, including given the opportunity for closer working with the GLA.

4. Budget submissions

- 4.1 There are two aspects of this year's required Budget submissions:
- 2020-21 savings and efficiencies; and
 - 2021-22 savings and efficiencies.
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- 4.2 All members of the GLA Group are expected to exemplify to the Mayor's office as soon as possible how they would propose to meet their in-year 2020-21 savings and efficiency target. The GLA is proposing to submit a re-purposed 2020-21 GLA: Mayor Budget to the Mayor's Office for decision by the Mayor in early July. The Mayor expects each other member of the GLA Group to follow this lead.
- 4.3 In pursuing this urgent task, the Mayor particularly encourages all members of the GLA Group to consider:
- immediately repurposing their agreed 2020-21 Budget, to deliver in-year savings and efficiencies leading to a fundamental realignment of the GLA Group's activity to support London's recovery from the impact of Covid-19;
 - whether a vacancy freeze, or review process should be implemented;
 - the use of one-off reserves that may be held, where savings and efficiencies cannot be delivered immediately. However, in doing so, consideration needs to be linked to certainty over the delivery of the savings and efficiency target for 2021-22, as well as future financial risks that the organisation may need to make provision for; and
 - the advice on enhanced GLA Group collaboration at section 7.
- 4.4 At a minimum the Mayor expects a monthly update from each Chief Officer on the delivery of these 2020-21 savings proposals.
- 4.5 Given the ongoing uncertainty around 2020-21 council tax and business rates income levels, and the statutory requirement for local authorities to pass funding to the GLA at the levels previously forecast (before reclaiming any over-provision next year), it is not proposed at this time to amend the amounts being paid to each functional body within the 2020-21 financial year as set out in the Mayor's budget approved in February 2020. In line with statutory arrangements the 33 local authorities will in practice transfer the GLA's share of any council tax or business rates in year deficit for 2020-21 to it in cash terms in the 2021-22 financial year. Similarly, any reductions in funding for the GLA, Assembly and each functional body arising from these reported deficits for 2020-21 will be apportioned and approved through the statutory calculations for the Mayor's 2021-22 Budget which will be considered by the Assembly in January and February next year. However, savings must still be achieved this year in order to fund the loss of income that will result next year from these deficits, and these savings must be clearly set out in the 2021-22 budget submission.
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- 4.6 The 2021-22 budget proposals to be submitted by the GLA and functional bodies by 30 November must:

- ♦ For revenue expenditure, cover at least 2020-21 and 2021-22;
- ♦ Cover Annex C to this guidance, which provides further detail on the revenue information to be provided; and
- ♦ Include a Capital Strategy as described below and at Annex D of this document.

- 4.7 It is important to stress that savings and efficiency proposals for 2021-22 in the Budget Submissions would not generally be agreed to be implemented until the Mayor's Group-wide Budget is agreed in February 2020. However, there may be savings and efficiency proposals that are to be passed to the Mayor's Office for 2020-21 which have an on-going impact in 2021-22.
- 4.8 The GLA and its functional bodies should each ensure that their budget submission is made as one cohesive document which covers all the points in this guidance and its annexes and that there are no omissions. Budget Submissions should be presented in a format that readily allows public scrutiny. The Mayor expects the GLA and its functional bodies to fully comply with the requirements set out in this guidance.
- 4.9 In the interests of efficiency and the need to consolidate into a group format and aid budget consultation, information must be presented in a similar format throughout the budget process. GLA officers will work with functional bodies to seek to minimise these burdens. Templates for budget submissions to meet the requirements of Annex C will be issued. Descriptions of the format to meet the requirements of Capital Strategy are set out at Annex D.
- 4.10 CIPFA's Prudential Code includes the requirement for all members of the GLA Group to produce a Capital Strategy for 2021-22. Despite the fundamental impact of Covid-19 on the GLA Group's capital resources, it remains important that a Capital Strategy is produced by the Mayor and each member of the Group. However, at this stage it is proposed that emphasis is placed on reviewing the agreed Capital Programme over 2020-21 and 2021-22, in accordance with the guidance on revenue expenditure. The GLA and each functional body are required to prepare their Capital Strategy on the basis set out in Annex D of this document.

- 4.11 The Mayor's final Budget proposals should be as up to date as possible and reflect latest information from the GLA and functional bodies. However, to prepare the Mayor's final budget proposals, the latest date that updated budget submissions from the GLA and functional bodies can be considered for inclusion in the Mayor's final budget is Friday 29 January 2021.

5. Social Integration and Equality, Diversity and Inclusion

- 5.1 Equality, diversity and inclusion are high priorities for the Mayor, and the unequal and disproportionate impacts of the Covid-19 pandemic have underlined the importance of addressing inequality in London. The Mayor published *Inclusive London*, his Equality, Diversity and Inclusion (EDI) strategy in May 2018 and *All of Us*: his strategy for Social Integration (SI) in March 2018. These strategies aim to help the GLA Group to deliver the Mayor's ambitions for achieving equality and fairness and social integration for Londoners.
- 5.2 The Equality, Diversity and Inclusion Strategy sets out high-level cross cutting strategic EDI objectives for the GLA Group. The Social Integration Strategy defines social integration as the extent to which people positively interact and connect with others who are different to themselves and includes commitments that pertain to a range of GLA and GLA Group activities. The impacts of Covid-19 mean that London faces an even more challenging and urgent context for meeting these objectives and commitments.
- 5.3 It will be a key objective for London's recovery to address the social and economic inequalities that have driven differences in the impact of Covid-19 across London's communities, as well as the inequalities created as a result of the crisis itself. In reviewing and repurposing their budgets to support London's recovery all members of the GLA Group must consider what steps they can take to address these inequalities.
- 5.4 All members of the GLA Group must also assess their wider budget proposals to consider both their potential impact on different groups of Londoners (including, but not limited to, those protected by equalities legislation), and are encouraged to consider how they can broaden their activities to further address poverty, economic inequality and social integration in London.
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- 5.5 Accordingly, each Chief Finance Officer must ensure that he or she works closely with colleagues in their organisation who are working on activity to deliver the EDI and SI strategies and provide a summary of how budget allocations will support delivery of these objectives in the context of London's recovery from Covid-19, taking into account the unequal and disproportionate impacts of the crisis on some communities and groups of Londoners. This content will then be reflected by the Mayor in his Budget Consultation Document which is due to be published in mid to late December.
- 5.6 Actions taken, and progress made against EDI objectives will continue to be reported in the Mayor's Annual Equality Report. This enables the group to meet its public-sector equality duty under section 149 of the Equality Act 2010 and its obligations under section 33 of the GLA Act 1999, as amended.
- 5.7 Any queries about this area of the Mayor's work, should be directed to Tom Rahilly, Assistant Director of Communities and Social Policy.

6. Environment

- 6.1 The COVID-19 pandemic is the most significant public health crisis in living memory. The economic, health and social challenges arising from both the virus itself, and from the lockdown are far-reaching. The coronavirus has also exposed a problem with global resilience and a lack of preparedness for major shocks.
- 6.2 The Mayor has been clear that the recovery should not be a return to 'business as usual'. The aim is to come out of this embracing a new normal and move towards a better, greener, fairer and cleaner city with a renewed drive to tackle the climate emergency, reduce toxic air pollution and improve access to green spaces.
- 6.3 The GLA Group have a key role in delivering this vision and showcasing the leadership of what a green recovery would look like. Chapter 11 of the Mayor's London Environment Strategy (LES) sets out the areas where the GLA Group is expected to lead by example, including using its procurement power to drive markets for green services and goods, trialling new technologies and approaches to bring confidence for wider market roll out, and acting as powerful demonstrators of best practice.
- 6.4 Functional Bodies can make an immediate start by targeting existing (and scalable) GLA Group programmes to deliver quickly to provide good quality jobs and generate further investment into the economy without deviating from the objectives, programmes, and actions in the LES and Implementation Plan and maintaining the environmental gains that have already been achieved.
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6.5 Budget proposals will need to ensure sufficient resourcing and budget necessary for continuing the efficient and effective delivery of the LES and that environment is at the heart of all their recovery activities, which should “do no harm” from the environmental perspective. They should also not undo existing standards and programmes established to improving their environmental performance (eg implementation plans to achieve GLA Group carbon budgets). As a minimum, budget proposals should demonstrate how they are contributing to the key Mayoral ambitions set in the LES, with an ambition to go forward and accelerate the transition to a low carbon circular economy. Current LES targets include:

- Meeting the GLA Group carbon budgets which include a target of 60 per cent reduction in GLA Group CO2 emissions on 1990 levels by 2025;
- Achieving compliance with the zero emission targets for GLA Fleet set out in the Environment Strategy and Transport Strategy (e.g. GLA support fleet being zero emission capable by 2025);
- Achieving 65 per cent municipal waste recycling rate by 2030; and
- Helping meet the Mayor's target for London to be at least 50% green cover by 2050.

6.6 Accordingly, each Chief Finance Officer must ensure that he or she works closely with colleagues in their organisation and provide a summary of how budget allocations will support delivery of these objectives. This content will then be reflected by the Mayor in his Budget Consultation Document which is likely to be published in mid to late December.

7. Managing the budget process

7.1 In light of the guidance set out above, a more detailed and extensive process will be required to successfully manage its delivery. In addition to the regular and established meetings with the Mayor's Office and at officer level, more frequent review processes are to be introduced, as follows:

- At least monthly meetings starting immediately after 26 June between each member of the GLA Group and the Mayor's Office to review progress on proposals being developed to deliver both the 2020-21 and 2021-22 savings and efficiency targets; and
 - At least monthly meetings of an enhanced Group Collaboration Board to agree a revised and more extensive Collaboration Programme and then to monitor progress and take decisions as set out below.
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Group collaboration

- 7.2 The GLA Group already has a significant number of shared services in place, for example in areas such as legal, internal audit, procurement and financial transactions. Over the last year, the GLA Group Collaboration Board has done much to identify and start work on further ways in which we can work more closely together as a Group to be even more efficient and effective.
- 7.3 In order to protect as much funding as possible for the delivery of key services to Londoners, the Mayor requires the whole of the GLA Group to step up consideration of the opportunities to collaborate – both by putting renewed focus and pace behind current workstreams and by wherever appropriate creating single teams for some functions/service areas where there are multiple teams at the moment. Both sets of activity will help reduce costs across the GLA Group as a whole and make functions more effective.
- 7.4 The governance of this enhanced collaboration process will be led by the GLA Group Collaboration Board and considered against a set of agreed principles. Developed, costed proposals for each of these back-office and policy/delivery areas must be agreed and included in 2021-22 budget submissions at the end of November 2020.
- 7.5 In addition, GLA Group Treasury will convene working groups to develop initiatives to utilise the collective investment capacity of the GLA Group and its partners to support the delivery of the budget and wider policy objectives. Luke Webster, Chief Investment Officer (luke.webster@london.gov.uk) will be leading this stream of work reporting to the Mayor's Chief of Staff and the London Recovery Taskforce's Funding and Finance working group.
- 7.6 Although members of the GLA 'family', such as London & Partners and the LPFA, are independent of the GLA, relevant Mayoral Officer leads and senior officers leading these relationships with GLA 'family' members are required to utilise their influence to ensure that the whole GLA 'family' act in accordance with the spirit of this guidance. This is to ensure that as far as possible there is a consistent approach adopted across the GLA 'family'. Officers should also seek to work closely with other London partners, including London Councils, to maximise the benefits that can be gained from wider collaboration.

Budget submissions

- 7.7 Functional bodies submissions by the end of November are to be the key content of the London Assembly Budget and Performance Committee's meetings with each body. Accordingly, functional bodies are reminded that they must publish their budget submissions by no later than the 30 November 2020 to allow the Assembly to consider their proposals before their meetings.
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- 7.8 The Budget and Performance Committee will be requesting information at key stages of the 2021-22 Budget process and there will be a requirement for representatives from each functional body to attend Committee meetings as appropriate.
- 7.9 The statutory framework for consultation on the Mayor's Draft Consolidated Budget is restricted by the time available (mid-December to mid-January). To complement and prepare for this part of the budget process the GLA will maintain a dialogue with and provide information to, key stakeholders. In particular we commit to a far reaching and inclusive engagement process to ensure that City Hall understands Londoner's aspirations and priorities for the capital to inform the budget planning process ahead of the formal statutory consultation, at which point Londoners will be invited to give their views on the Draft Budget via Talk London.
- 7.10 Final budget submissions are to be sent to the generic Group Finance email address GLABudget@london.gov.uk, by no later than 12 noon on Monday, 30 November 2020. Oversight bodies have the authority to require interim submissions and scenario analyses to ensure an orderly process leading up to the 30 November deadline.
- 7.11 If any further information or clarification is required on this guidance then please contact: David Gallie, Executive Director of Resources email: david.gallie@london.gov.uk and GLABudget@london.gov.uk.
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Annex A: Indicative Budget timetable, subject to meetings of the London Assembly being confirmed

DATE	DESCRIPTION
26 June 2020	Mayor's Budget Guidance issued.
Every month through July to November 2020	Monthly review meeting for each member of the Group with the Mayor's Office to review progress on delivering efficiencies and savings for 2020-21 and preparation of budget submissions for 2021-22. Monthly meeting of the Collaboration Board to review progress on delivery of enhanced collaboration initiatives. Monitoring reports for quarters 1 and 2 to be supplied within 25 working days of these quarters end. These quarterly monitoring reports are to be publicly available after a further 10 working days.
October 2020	Preliminary draft budget proposals for 2021-22 prepared by the Mayor and issued for consultation with the GLA and its functional bodies.
30 November 2020	Responses received to draft budget proposals issued, including full and final budget submissions from the GLA and its functional bodies on all aspects of the 2021-22 Budget as specified in this guidance.
4 and 5 December 2020	Budget and Performance Committee meets functional bodies to scrutinise their budget submissions.
Mid to late December 2020	Following the publication of the provisional Local Government, Fire and Police Settlements, issue the Mayor's Consultation Budget.
Early January 2021	Budget and Performance Committee scrutinises budget submissions.
Early January 2021	Mayor meets Budget and Performance Committee on his Consultation Budget.
27 January 2021	Assembly to consider Draft Consolidated Budget.
Late January – February 2021	Monitoring reports for 'quarter 3' to be supplied within 25 working days of quarter end. These quarterly monitoring reports are to be publicly available after a further 10 working days.
24 February 2021	Assembly to consider Final Draft Consolidated Budget.
28 February 2021	Statutory deadline by which the GLA precept must be approved and the Mayor's statutory Capital Spending Plan published.

Annex B: Quarterly monitoring reports

1. The format and content of quarterly monitoring reports is for the GLA and each functional body to determine. The Mayor requires the GLA and functional bodies to present both financial and non-financial information in their monitoring reports.
2. With the exception of quarter 4, where deadlines for reporting will need to coincide with the publication of draft accounts, quarterly monitoring reports are to be sent to GLA Group Finance within 25 working days after each 'quarter end'.

(NB: 'Quarter end' is to be defined by each member of the GLA Group as there are different financial periods used by different members of the Group. However, the financial period chosen should be the nearest to the calendar date for each quarter (i.e. 30 September, etc.).

3. Save for exceptional circumstances, reports are to be made publicly available 35 working days after the 'quarter end'. The discipline of ensuring that a report is made to the Mayor within 25 working days of the 'quarter end' also remains an absolute requirement. The Mayor expects that where a functional body might have had clearance issues, these should now have been satisfactorily resolved so that the 35 working day deadline will be fully met across the Group during 2020-21.
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Annex C: Revenue Budget Submission

Required by 30 November 2020 from the GLA and its functional bodies

Service Analysis

1. The main financial element of the final revenue budget submissions will be an analysis of budget proposals by service division / objective for the four years 2021-22 to 2024-25, with comparative figures for the approved 2020-21 Budget and forecast outturn for that year:

- ♦ Income to be raised and expenditure to be incurred in providing the complete range of services provided by the body;
- ♦ Capital financing costs (including capital expenditure charged to revenue);
- ♦ External interest receipts;
- ♦ All estimated income from general Government grants and specific Government grants paid solely for the purposes of that functional body issued by relevant Government departments (e.g. Home Office police grant);
- ♦ Transfers to and from earmarked and general reserves; and
- ♦ Any other adjustments.

2. Although all members of the GLA Group are requested to provide figures for 2020-25, control totals for three scenarios have been issued for the allocation of the Mayor's discretionary income for 2020-21 and 2021-22. For illustrative purposes only and to complete the schedules, the GLA Group are asked to assume that the control total figures for 2021-22 on scenario 1 ('baseline') are used to complete figures for 2022-23 onwards.
3. If the service division / objective analysis is revised from that used for 2020-21, then the figures for the previous year should be re-stated on a comparable basis.
4. The 2021-22 budget proposals must be supported by an analysis of changes from the equivalent budgeted figures for 2020-21, separately identifying:

- ♦ Inflation;
- ♦ Changes in net service expenditure;
- ♦ Savings and efficiencies;
- ♦ General and specific government grants and business rates; and
- ♦ Use of reserves.

NB: TfL are specifically requested to additionally analyse changes in fares, charges and other income and to isolate the effects of inflation.

Subjective analysis

5. A subjective analysis must also be submitted covering the four-year plan period 2021-22 to 2024-25, including a comparison with 2020-21 figures.

Savings and efficiencies

6. The GLA and its functional bodies will be required to make savings and efficiencies in 2020-21 and to set a financially balanced budget for 2021-22 within the funding envelope and format specified in this Guidance.
7. Consultation on in-year savings and efficiencies across the Group for 2020-21 will need to take place as soon as practical in this current financial year. The impact of savings and efficiency proposals for 2021-22 needs to be set out so that the Mayor's duties to consult on his budget can be discharged. Accordingly, the following information on savings is to be supplied by 30 November 2020:

- ♦ A description of the expected savings and efficiencies to be achieved in 2021-22. A sufficiently detailed description needs to be supplied so that the Mayor can fully understand the impact of the savings or efficiency proposal over the whole period;
- ♦ Savings and efficiencies must be shown in the analysis on a cumulative basis (i.e. ongoing savings and efficiencies should be reflected in all years) but also savings and efficiencies should be shown on an incremental basis (i.e. the additional net new savings and efficiencies to be made in each year) to transparently show the scale of new savings and efficiencies; and
- ♦ In accordance with CIPFA's Financial Management (FM) Code, functional bodies are to consider setting out details of any 'savings to be required' arising from their budget submissions.

Reserves and general balances

8. To meet the requirement of the Local Government Act 2003 in respect of adequacy of reserves and demonstrate compliance with the guidance on local authority reserves and balances issued by CIPFA, the GLA and the functional bodies must provide:

- ♦ A statement of policy on reserves and contingencies. Reserves held by the GLA and its functional bodies should only be used for the purpose they have been established for. Proposed allowances for contingencies should be separately identified and justified;
- ♦ Details of all reserves and general balances. General reserves should be distinguished from those held for service specific purposes. Budget submissions must be explicit about plans for the use of reserves;
- ♦ An analysis and explanation of the expected movements in reserves between the start and end of each year from 1 April 2020 to 31 March 2025;
- ♦ In the case of earmarked reserves held for purposes beyond 31 March 2022, an indication must be given as to when they are to be applied;
- ♦ Although it may not be definitive when reserves will be committed, best estimates should be made of the likely level of commitment so that reserves are not inadvertently over-stated; and
- ♦ In accordance with CIPFA's FM Code, functional bodies are to consider setting out an explanation of why their reserves need to not only be adequate but why they are necessary.

Inflation factors

9. There is no specific guidance for pay and inflation rates to be used but all members of the Group will need to take account of the Government's public sector pay policies and any nationally or locally agreed pay deals. However, the GLA and its functional bodies must be able to explain their inflation assumptions (for both pay and non-pay costs) and all figures must be at outturn prices.

Robustness of estimates and adequacy of reserves

10. To help the GLA meet the statutory requirements of the Local Government Act 2003, functional bodies must provide a report by their Chief Finance Officer (CFO) on the robustness of the proposed budget estimates and the adequacy of the proposed financial reserves. In accordance with CIPFA's FM Code, CFOs are to consider including in their reserves statement details of where their actual level of reserves have deviated significantly from forecasts.

Capital Financing Costs

11. Capital financing costs, broken down between provision for repayment of debt and interest need to be shown for the period 2021-22 to 2024-25.

Annex D: Capital Strategy

12. The Mayor requires that a GLA Group-wide Capital Strategy be prepared as part of his 2021-22 Budget. For the avoidance of doubt, the GLA Group Capital Strategy incorporates the GLA Group Capital Spending Plan that has been published in previous years. The elements of the GLA Group Capital Spending Plan that are required under section 122 of the GLA Act 1999 are to be included in the GLA Group Capital Strategy.
 13. All Members of the GLA Group are therefore requested to include their draft Capital Strategy in their budget submission, due at the end of November 2020, and specifically ensure that the requirements set out below are included.
 14. The draft Capital Strategies submitted will be incorporated into a Group-wide Capital Strategy to be considered as part of the budget process. Where necessary the Capital Strategy will be updated at the draft and final draft stages of the Mayor's Budget.
 15. The final Capital Spending Plan will be sent to the Secretary of State (MHCLG) as part of meeting the requirements of the GLA Act 1999.
 16. In specifying the following requirements, the Mayor has balanced the need for each member of the Group to produce their own Capital Strategy with the necessity to produce a coherent and consistent Group-wide Capital Strategy, whilst also seeking to minimise the additional workload involved. Accordingly, the requirements specified are the minimum needed. Members of the GLA Group can of course add more detail as they see fit but functional bodies are requested to ensure that they follow the prescribed format.
 17. Although the Capital Strategy encompasses capital expenditure, capital financing and treasury management, it is proposed that certain detailed treasury management aspects, in particular the detailed investment strategy, will continue to be reported as part of each member of the Group's annual Treasury Management Strategy Statement (TMSS), rather than to be wholly included in the Mayor's Budget. However, the Capital Strategy will need to include the key principles and issues of each body's debt and investment management approach and will include key statutory requirements such as the forecast capital financing costs and the authorised limit and operational boundary for external debt.
 18. The Capital Strategy will need to be able to clearly reference relevant detail in the TMSS and vice versa, therefore the documents should be prepared in parallel. In line with best practice, the TMSS should be a 'living' document subject to in-year review and amendment, and therefore may be seen as a detailed supplement to the Capital Strategy.
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19. The Mayor requires that each functional body set out a 20-year Capital Requirement, a 20-year Capital Investment Plan and a 20-year Capital Funding Plan. Further details on these are set out below.
 20. The 20-year Capital Requirement should be a statement setting out the capital needs for a minimum of 20 years. The 20-year Capital Investment Plan and 20-year Capital Funding Plan will set out the expenditure and funding plans underpinning the Capital Requirement.
 21. The first five years of the Capital Strategy should include the same level of detail as was included in the Mayor's 2020-21 Capital Spending Plan; thereafter, from 2024-25 onwards, the expenditure and funding should be grouped into five-year 'buckets'. However, at this stage it is proposed that emphasis is placed on reviewing the agreed Capital Programme over 2020--21 and 2021-22, in accordance with the guidance on revenue expenditure. This is on the general expectation that later years of the Capital Strategy will remain as last year's agreed Capital Strategy, albeit with appropriate re-profiling, as a holding position whilst the overall financial landscape is reviewed. If functional bodies wish to adopt a different approach for these later years, they should make that clear in their formal submissions.
 22. The 20-year Capital Requirement should reflect the Mayor's policy priorities and the needs of the service. It is intended that this Capital Requirement will reflect, as appropriate, the Mayor's published long-term strategies and plans, for example, the Mayor's Transport Strategy.
 23. In addition, it should be informed by the GLA's Infrastructure Cost and Funding model which specifies London's long-term strategic infrastructure requirements, their costs and the current funding gap. In particular, the GLA's Housing and Land Directorate affordable housing model needs to form the basis of the affordable housing programme of the housing part of the GLA's Capital Strategy.
 24. The Capital Requirement should be underpinned by the 20-year Capital Investment Plan, which will set out detailed plans for years 1 to 5 and then group expenditure into 5-year 'buckets' for years 6 to 20. In grouping expenditure from years 6 to 20 sufficient detail should be provided to allow for meaningful understanding and scrutiny of the plans set out.
 25. It is expected that the 20-year Capital Funding Plan will result in the identification of a funding gap between years 6 to 20. However, the funding and expenditure set out for the first five years must be balanced.
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26. A critical part of the Capital Strategy is to set out how the 20-year Capital Investment Plan is reconciled with the 20-year Capital Funding Plan. In setting out their 20-year Capital Investment Plan, each member of the Group will need to explain how this 'gap' has been / is to be managed in an 'Additional Funding Needed' statement. In addition, a reconciliation needs to be made between the first five years of last year's Capital Strategy and the first five years of the new Capital Strategy.
27. In accordance with CIPFA's FM Code, functional bodies are to consider making a Financial Risk Assessment. This assessment would focus on stress testing capital receipts assumptions but would also, within the bounds of commercial confidentiality, look at exit plans for key contractors. Also, in accordance with the Code, all members of the GLA Group should consider reviewing their capital expenditure forecasts to ensure they are not overly optimistic and so help minimise slippage.
28. The GLA and functional bodies are expected to achieve an average of 50 per cent affordable housing on any new residential development sites brought to market or delivered directly, subject to service specific statutory responsibilities. In developing financial assumptions underpinning their disposal programme, the GLA and functional bodies should note that:
- the Mayor expects sites to be brought forward without delay and assessments against assumed capital receipts and percentages of affordable housing need to be made initially on an individual basis;
 - a 'portfolio' approach to meeting the 50 per cent target can be adopted (i.e. as long as the GLA or a functional body's disposal programme achieves 50 per cent affordable housing on relevant sites overall, individual sites need not deliver this level of affordable housing, subject to each site delivering at least 35% and the required tenure split) provided there is an agreement in place with the Mayor and landowner, with commitments to a programme of identified sites (NB: The tenure of the additional affordable housing above 35% of habitable rooms to achieve 50% is flexible and should take into account the needs to maximise affordable housing);
 - planning policy requires that their duty to deliver 'best consideration' will involve adherence to the Mayor's 50 per cent target for affordable housing; and
 - further details are set out in the Mayor's Affordable Housing and Viability Supplementary Planning Guidance and Draft London Plan.
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29. All members of the GLA Group are requested to prepare a draft Capital Strategy with the following headings and the information described.

Intention: An introductory statement of the intended outcomes of the Capital Strategy.

Benefits: A statement of the benefits of preparing a Capital Strategy.

Approach: A statement of each body's approach to preparing a Capital Strategy.

Influences: A statement on the main influences on the Capital Strategy. This should include consideration of internal and external influences.

Policies: A statement on how the Capital Strategy is aligned to the Mayor's policies. This should include the inter-relationship with each body's Investment Strategy and any commercialisation initiatives. (NB: Each member's Treasury Management Strategy Statement, which will incorporate its Investment Strategy, will be a separate document from the Capital Strategy).

20 Year Capital Requirement: A statement setting out the capital needs for a minimum of 20 years. This section should be a high-level summary of the capital investment needs of the functional body, aligned to corporate priorities. Functional bodies should include some commentary on priority capital programmes included in their Capital Requirement and include details of how the requirement links to Mayoral priorities. A high-level action plan should be included detailing how the requirement is intended to be achieved; for later years this may take the form of a set of intentions or options to be explored.

20-Year Capital Investment Plan: A 20-year Capital Investment Plan underpinning the 20-year Capital Requirement is to be set out. It is recognised that some plans included in the statement of Capital Requirement may not be of sufficient certainty to include in the 20-year Capital Investment Plan. Where programmes mentioned in the Capital Requirement are not included in the Investment Plan, this must be identified and explained in the commentary accompanying the Investment Plan.

A schedule (1a) must set out the planned expenditure for each of the first five years (2020-21 forecast outturn to 2024-25) and also the capital financing costs for these five years.

A schedule (1b) is to set out the expenditure in five-year 'buckets'. Schedule 1a should be at the same level of detail as was included in the Mayor's 2020-21 Capital Spending Plan. Schedule 1b should group expenditure into summarised headings; these headings must be of sufficient detail to allow for meaningful understanding and scrutiny of the plans set out.

The GLA: Mayor and Functional Bodies should include a brief description of the expenditure summarised under the headings in the schedules. Schedule 1a must sum to the first five years of the funding plan (see schedule 2a below) but Schedule 1b setting out expenditure plans for years 6 to 20 is not expected to sum to the total for years 6 to 20 of the funding plans (see schedule 2b below).

Schedule 1a setting out the first five years of expenditure is to be the approved Capital Spending Plan and must be accompanied by details on:

- Schemes removed;
- Projects re-profiled; and
- New schemes added

from the previously agreed Capital Spending Plan set as part of the 2020-21 Mayor's Capital Spending Plan.

20-year Capital Funding: A schedule (2a) is to set out the funding plan for each of the first five years of the Capital Strategy. This should be at the same level of detail as was included in the Mayor's 2020-21 Capital Spending Plan.

A schedule (2b) is to set out the funding in five-year 'buckets'. Schedule 2b should group funding into summarised headings and these heading must be of sufficient detail to allow for meaningful understanding and scrutiny of the plans set out.

The GLA: Mayor and functional bodies should include commentary on the funding sources identified and details of the risks and levels of certainty associated with them. As set out above, for most functional bodies there will be a funding gap between the funding identified in years 6 to 20 of the funding plan (schedule 2b) and years 6 to 20 (schedule 1b) of the 20-year Capital Investment Plan. How this gap is to be managed needs to be explained in the 'Additional Funding Needed' statement.

Additional Funding Needed: A statement on how the gap between years 6 to 20 of the Capital Investment Plan and years 6 to 20 of the Capital Funding Plan may be closed. This may, for example, include details such as plans for lobbying or calls on funding from the Government.

Risk: The 20-year Capital Investment Plan should include a statement on the related risks in the plan and how they are to be managed, together with a summary of the resources and support available to the functional body in developing its Capital Strategy.

Appraisal: A statement on how proposals have been developed, appraised and monitored by the governance process.

Chief Finance Officer sign off: A statement from the Chief Finance Officer explicitly reporting on the affordability and risk associated with the delivery of the Capital Sending Plan.

In addition, the GLA and functional bodies must set out over the period of the first five years of the Capital Strategy proposals for their:

- Authorised Limit for External Debt; and
 - Operational Boundary for External Debt.
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