

Mayor's Background Statement in support of his Final Draft Consolidated Budget for 2016-17

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 29 February.

1 Introduction

- 1.1 The Mayor is required to determine consolidated and component council tax requirements for 2016-17 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 five functional bodies) and a 'consolidated budget' for the Authority covering all six bodies. 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. 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 27 January the Assembly considered the Mayor's Draft Consolidated Budget ('Draft Budget'). No amendments to the Draft Budget were passed by the Assembly.
- 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 (abstentions and absentees not counted). The resulting budget will be the approved consolidated budget for the financial year 2016-17.

Final Draft Consolidated Budget for 2016-17

- 1.5 This document explains the Mayor's final proposals for 2016-17 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 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. As the Assembly did not amend the Mayor's Draft Consolidated Budget at its meeting on 27 January no such statement is required for the Mayor's 2016-17 Final Draft Budget;
 - (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 2016-17; and
 - (f) It is the duty of the Assembly to approve the Final Draft Budget with or without amendment before 29 February 2016. If the Assembly fails to meet this deadline, the Final Draft Budget presented by the Mayor shall be the Authority's Consolidated Budget for 2016-17.
- 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 27 January, but reflect the impact of the 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 27 January, the Government's Final Local Government and Police Finance Settlements for 2016-17 published on 8th and 4th February respectively, and consequential drafting and correction of typographical errors. In addition, the House of Commons has approved "Excessiveness Principles" for 2016-17 under which increases of 2 per cent or higher are deemed excessive for the purposes of the council tax referenda legislation.

Final Draft Consolidated Budget for 2016-17

2 Final Draft Budget Proposals

- 2.1 The Final Draft Budget reaffirms the Mayor's delivery of his commitment to reduce 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. The Final Draft Budget re-affirms that his precept for taxpayers in the 32 London Boroughs will reduce by £19 to £276 for 2016-17 as previously announced. The revised precept for taxpayers in the Corporation of London area which has its own police force is £73.89 – a reduction of £12.24 compared to 2015-16.

3 Impact of updated Council Tax and Rates Retention forecasts for 2015-16 and 2016-17 provided by the 33 London Billing Authorities

Introduction

- 3.1 For 2016-17 the GLA is due to receive some £1.4 billion of business rates income of which around £358.6 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 2016-17, the GLA is due to receive £774.3 million of Council Tax income. In addition, the GLA is due to receive £32.4 million as its share of the estimated Collection Fund surpluses from billing authorities in respect of council tax at 31 March 2016 and has to repay £78.7 million as its share of the estimated aggregate collection fund deficit for retained rates as at the same date. 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 2016-17, provisions for bad and doubtful debts and reliefs to be granted to ratepayers – where the costs in some cases are funded by central government through section 31 grant (e.g. small business double rate relief). There is a significant degree of variability in approaches adopted by different billing authorities and given past experience from the first two years of the retention scheme there is a high likelihood that the final outturn figures for both 2015-16 and 2016-17 provided in September 2016 and September 2017 respectively will differ significantly from the forecasts they submitted at the end of January 2016.

Final Draft Consolidated Budget for 2016-17

- 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 budgeted shortfall.
- 3.4 The draft budget assumed that there would be a collection fund deficit in respect of retained business rates of £72.5 million in 2016-17. This adjustment is intended to allow billing authorities to recover the difference between the sums transferred to the GLA and the updated estimates of what the GLA is due to receive on the latest forecasts of rates income as at 31 March 2016. Billing authorities have now confirmed their estimated deficits at 31 March 2016 and their returns for retained business rates income for 2016-17. Overall, these returns imply forecast net business rates income in 2016-17 which is some £27.2 million lower than the GLA's planning forecasts previously assumed in the draft budget. This comprises a net change compared to the draft budget in the Collection Fund deficit as at 31 March 2016 of £6.2 million (effectively the estimated in year deficit 2015-16 in addition to the cumulative £72.5 million deficit as at 31 March 2015 still to be recovered by billing authorities), £24.4 million less retained rates income in 2016-17 (net of the £358.6 million tariff payment payable to the Secretary of State) and a £3.4 million reduction in the forecast 2016-17 27 per cent levy payable to the Secretary of State on growth relative to baseline because of the lower than forecast income for 2016-17. Billing authorities will transfer the sums due for 2016-17 net of the GLA's share of the 2015-16 collection fund deficit during the year. Any levy due for 2016-17 (if applicable) will not be payable, however, until December 2017 and will be calculated based on the actual audited outturn.
- 3.5 The Draft Budget forecast an increase of 1.8 per cent in 2016-17 business rates income compared to 2015-16; this was based on the September 2015 RPI of 0.8 per cent and volume (i.e. property base) growth of 1 per cent. The actual 2016-17 returns from the billing authorities show a 0.1 per cent increase in income compared to the 2015-16 business rates income forecast by billing authorities. However this ranges from a 9.3 per cent increase year on year in one borough compared to a 7.8 per cent reduction in another. The reasons for this decrease are complicated but include an increase in the level of appeals forecast in some authorities along with other factors including changes in provisions for bad debt and the impact of commercial to residential conversions in some boroughs.
- 3.6 Although the forecast 2016-17 income included in the Final Draft Budget is lower than that forecast in the Draft Budget the income forecast in 2016-17 by billing authorities is still £55.0 million greater than the 2016-17 business rates baseline assumed in the local government finance settlement (i.e. the 2015-16 business rates baseline uprated by RPI). This means that the billing authorities are forecasting growth compared to the baseline and as a consequence – despite the overall smaller than forecast increase in the 2016-17 income. As a result the GLA is forecasting that there will be growth compared to the baseline and that it will have to pay a levy of £6.0 million on this growth to Government based on the statutory methodology used to calculate retained rates income.

Final Draft Consolidated Budget for 2016-17

- 3.7 Past experience has however highlighted the volatility between billing authorities' prior year forecasts of business rates income and actual year outturn, further details on which are set out below. Indeed the GLA's share of the actual business rates income collected for 2013-14 and 2014-15 combined reported through the audited outturns was over £120 million lower than the original forecasts provided by billing authorities.
- 3.8 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 and any variations are therefore managed by the GLA through the Mayor's Resilience Reserve. For TfL and LFEPA the allocations were the 2015-16 sums uprated by the 0.8 per cent uplift in the small business non domestic rating multiplier based on September 2015 RPI.

Council Tax

- 3.9 As a result of the net impact of growth in the number of domestic hereditaments on the valuation list in London, changes in the expected costs of providing council tax support to working age claimants and other factors overall there is a 3.3 per cent increase in the aggregate Council Tax bases for the 33 billing authorities in 2016-17. There are significant variations across the capital and Barking and Dagenham, Brent and the Corporation of London reporting year on year taxbase increases exceeding 7 per cent with Bromley, Richmond and Sutton reporting growth of just over one percent. As a result of this taxbase growth the Mayor's proposed Band D Council Tax Precept of £276 will yield £17.8 million of additional precept income in 2016-17 compared to the figures assumed in the draft budget.
- 3.10 In addition, the GLA's share of the estimated collection fund surpluses at 31 March 2016 in respect of council tax is £32.4 million with only one out of the 33 billing authorities reporting a deficit. 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 2015-16 and the net surplus arises because the income expected to be collected is higher than that forecast based on the council taxbases approved for budget setting in February 2015. The net surplus will reflect a number of factors including the impact of in year taxbase growth due to new properties, overall lower than expected council tax support (benefit) costs than were budgeted for by billing authorities when setting their 2015-16 council taxbases and improved collection rates.
- 3.11 The Mayor has increased the allocation of Council Tax income to MOPAC by £162,834 compared to the draft budget. More details are set out in the MOPAC section of this report. The residual precept income is managed within the GLA Mayoral component with no changes proposed to the LFEPA, TfL or Assembly components compared to the draft budget.

Final Draft Consolidated Budget for 2016-17

Net Effect of Billing Authorities Business Rates and Council Tax Forecasts

- 3.12 Compared with the Draft Budget the net impact of the billing authorities' business rates and council tax forecasts means that there is additional resource of £17.4 million in the Final Draft Budget. The details of this amount are summarised in the table below.

Net position compared with draft budget	£m
Retained Business Rates:	
Net increase in Collection Fund deficit at 31 March 2016	-6.2
Lower level of income in 2016-17	-24.4
Forecast reduction in levy payment on business rates growth	+3.4
Overall worse position on Retained Business Rates	-27.2
Council Tax:	
Council Taxbase Buoyancy in 2016-17	+17.8
Collection Fund surplus as at 31 March 2016	+26.8
Overall better position on Council Tax income	+44.6
Overall better position on Income from Boroughs	+17.4

Volatility and Uncertainty in Billing Authority Forecasts

- 3.13 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.
- 3.14 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 £67 million (including a £10 million reduction to Section 31 grant income for the Government's business rates discounts announced in Autumn Statements 2013, 2014 and 2015) between the budgeted (January 2014) and outturn returns for 2014-15 (September 2015) on retained business rates income from billing authorities in respect of 2014-15.
- 3.15 Due to the flat level of growth between the business rates income forecast by the billing authorities for 2015-16 and 2016-17 and the deficits in the audited business rates outturn income from 2013-14 and 2014-15, the forecasts of 1 per cent volume growth in 2017-18 and 2018-19 that had been applied in the Draft Budget have been reduced to zero in the Final Draft Budget. The impact of this change has reduced forecast business rates income by a total of £12 million over the two years 2017-18 and 2018-19 once the forecast impact of the 2017 revaluation is taken into account. The revaluation is expected to result in a significant increase in the GLA's tariff payment – potentially £150 million – which may or may not be matched by additional rates income receivable by it from April 2017.

Final Draft Consolidated Budget for 2016-17

- 3.16 There is similarly significant volatility in council tax forecasts arising in part from the growth in the number of properties liable to pay the tax and the impact of the localisation of council tax support. Although the £32 million collection fund surplus for council tax forecast for 2015-16 is in keeping with the corresponding figure (£31 million) for 2014-15, this is more than 7 times the equivalent calculation used in the Mayor's 2009-10 budget and compares with a long-term average of £7 million before the introduction of localised council tax support. The increase in the council tax base exceeds 3 per cent in 2016-17, as it did in 2015-16, which compares to a long term average of 1 per cent prior to the introduction of localised 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.
- 3.17 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 potential changes to the business rates regime – including the findings of the Government's long term review of business rates due to be published at the Chancellor's Budget 2016 and 100 per cent rates retention - and the impact of the scheduled Revaluation in 2017.

4 Final Local Government and Police Settlements

- 4.1 The final Local Government and Fire Finance Settlement for 2016-17 was published on 8 February and the Local Government Finance Report and council tax referendums excessiveness principles were approved by the House of Commons on 10 February. The 2016-17 revenue support grant allocation used to support the GLA (Mayor), Assembly, MOPAC and LFEPA component budgets was unchanged from the provisional settlement at £168.1 million.
- 4.2 The final Police Settlement for 2016-17 was published on 4 February and the Police Grant report was formally approved by Parliament on 10 February. MOPAC's core general grant at £1,904.6 million is unchanged from the provisional settlement figures set out in 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 £19 (6.4 per cent) from £295.00 to £276.00 in 2016-17. 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 £73.89 – £4.68 higher than the figure proposed in the draft budget and £12.24 or 14 per cent lower than the corresponding figure for 2015-16.
- 5.2 The Mayor's proposed consolidated council tax requirement is £774.3 million – around £17.8 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 Utilising a portion of the net additional funding available from the billing authorities' forecast 2015-16 council tax collection fund surplus and the increased 2016-17 council taxbase, a small number of additions totalling £4.1 million in 2016-17 have been made to the Mayor's component budget. These are primarily geared to resourcing emerging priorities under a new administration, as well as some unavoidable growth items and do not affect the overall council tax requirement for 2016-17.
- 5.4 Additional allocations have been made to directorates central programme budgets which will allow the GLA to be responsive to new Mayoral priorities and be able to take forward smaller initiatives or urgent projects quickly and as they emerge during the course of the year. It is expected that a new Mayor may also wish to review all or some of the statutory strategies and funding has been earmarked for this objective, including research, evidence base and public consultations. Funding has also been allocated to ensure that GLA has the capability to pro-actively address skills and health devolution and work with partners in order to reach the best possible deal for London in these areas.
- 5.5 Some unavoidable pressures have also been factored in including the Authority's ageing IT infrastructure and cables, software licencing and data storage. Continued work on the relocation of the Museum of London to Smithfields, as well as extra stewarding to some events such as the Notting Hill Carnival, have also been taken into account. Finally in order to ensure the continuation of some successful projects such as the Film London's promotion of TV production and Team London's work with Young Ambassadors and veterans, funding has been allocated for a further year, which will allow the new Mayor time to assess and prioritise.

MOPAC

- 5.6 MOPAC's council tax requirement has been increased by £162,834 in 2016-17 compared to the Mayor's draft budget. It is the Mayor's intention that this funding will be added to MOPAC's baseline and therefore continue in 2017-18 and 2018-19. The Mayor intends that at least £26,000 of additional revenue should be used each year to provide additional funding for male rape and sexual assault services. This will ensure that the funding provided in previous financial years can continue until at least 2018-19. MOPAC's gross expenditure figure is also £10.7 million higher than in the draft budget reflecting the impact of updated information on specific grant allocations and other revisions.

London Fire and Emergency Planning Authority

- 5.7 No amendments have been made to the LFEPA budget set out in the Draft Budget.
- 5.8 LFEPA is meeting on 17 February to discuss the findings of its consultation on the operational change options for the 2016-17 budget. Prior to the meeting on 17 February, the Mayor has indicated that he is minded to direct LFEPA to follow the Commissioner's preferred budget option, should that prove to be necessary. This is primarily on the grounds that it is the most financially prudent approach available. Before taking a decision, the Mayor would like to hear the views of LFEPA Members on his proposed course of action.

Final Draft Consolidated Budget for 2016-17

- 5.9 Both of LFEPA's two budget options can deliver a balanced budget for 2016-17 and both can be implemented within the Mayor's proposed component council tax for LFEPA. Therefore, the Assembly has full and sufficient information to consider and agree LFEPA's component council tax requirement for 2016-17.

Transport for London

- 5.10 No amendments have been made to the TfL budget set out in the Draft Budget.

London Legacy Development Corporation

- 5.11 No amendments have been made to the LLDC budget set out in the Draft Budget.

Old Oak and Park Royal Development Corporation

- 5.12 No amendments have been made to the OPDC budget set out in the Draft Budget.

Future Years

- 5.13 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 2017-18 onwards.
- 5.14 In January the Secretary of State for Communities and Local Government announced that local authorities will need to set out efficiency plans if they are to qualify for four-year financial settlements from April 2016. The Secretary of State's statement to the House of Commons made at the publication of the final finance settlement outlined the timeline for local authorities to qualify for four-year settlements. Local authorities will have until 14 October 2016 to agree funding allocations for the remaining years of the Spending Review period (2017-18 to 2019-20). No further information regarding the requirement for efficiency plans was given in the settlement; further details are expected in due course.

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 £16.2 billion gross the key priorities have been to invest in London's infrastructure whilst reducing the Council Tax Precept. In 2016-17, the precept will have fallen in real terms by some 28 per cent over the current Mayor's two terms.
- 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 £298.0 million in 2016-17, with £246.4 million of additional savings to be identified.
- 6.3 The Mayor's budget requires a Band D Council Tax of £276.00 for 2016-17 in the London boroughs, and £73.89 in the area of the Common Council of the City of London. These Band D amounts are estimated to generate £774.34 million in council tax revenues.

Final Draft Consolidated Budget for 2016-17

6.4 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 2016-17 were approved by the House of Commons on 10 February 2016 through the ‘Referendums Relating to Council Tax Increases (Principles) (England) Report 2016/17’. On the basis of these principles a council tax increase will be excessive in 2016-17 if it is 2 per cent or more than 2 per cent;
- 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 2016-17 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

Final Draft Consolidated Budget for 2016-17

- 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 2016-17 budget would take place therefore on the same day as the London Mayoral and Assembly elections scheduled for Thursday 5 May 2016.

'Excessiveness' Determination

- 6.5 Neither the Mayor's adjusted 'headline' council tax of £276 applying in the 32 London boroughs nor the unadjusted council tax of £73.89 applying in the City of London are excessive on the basis of the approved principles. The adjusted amount is 6.4 per cent lower than the corresponding figure for 2015-16. The unadjusted amount is 14.2 per cent lower than in 2015-16.
- 6.6 On the basis of the Referendums Relating to Council Tax Increases (Principles) (England) Report 2016/2017, approved by the House of Commons on 10 February 2016 the council tax precept levels (on the basis of both the adjusted and unadjusted relevant basic amount of council tax) proposed by the Mayor in his final draft budget are determined to be compliant with the excessiveness principles contained in that Report as applying to the GLA. As a result no substitute calculations are required and no council tax referendum across the whole of Greater London would be required if the Mayor's final draft budget 2016-17 was approved by the Assembly without amendment.

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 fifth 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 reasonably, having regard to relevant considerations, 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.

Final Draft Consolidated Budget for 2016-17

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 **£774,343,355** 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 £32.4 million surplus in respect of council tax and a £78.7 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	£60,833,212
London Assembly	£2,615,000
Mayor's Office for Policing and Crime	£566,657,143
London Fire and Emergency Planning Authority	£138,238,000
Transport for London	£6,000,000
London Legacy Development Corporation	£NIL
Old Oak and Park Royal Development Corporation	£NIL
Total Consolidated Council Tax Requirement	£774,343,355

Boris Johnson

Mayor of London

Final Draft component and consolidated council tax requirements 2016-17

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

Line	Sum	Description
1	£692,473,000	estimated expenditure of the Mayor for the year calculated in accordance with s85(4)(a) of the GLA Act
2	£2,800,000	estimated allowance for contingencies for the Mayor under s85(4)(b) of the GLA Act
3	£0	estimated reserves to be raised for meeting future expenditure of the Mayor under s85(4)(c) of the GLA Act
4	£78,740,571	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	£774,013,571	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	-£502,841,801	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	-£4,600,000	estimate of the Mayor's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
8	-£9,959,097	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	-£71,350,087	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	-£32,388,803	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	-£621,139,788	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	-£92,040,571	estimate of Mayor's reserves to be used in meeting amounts in line 5 above under s85(5)(b) of the GLA Act
13	-£713,180,359	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	£60,833,212	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 2016-17 is £60,833,212

Final Draft Consolidated Budget for 2016-17

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

Line	Sum	Description
15	£7,646,000	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	£7,646,000	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	-£2,531,000	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	-£2,100,000	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		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	-£5,031,000	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	-£5,031,000	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 2016-17 is £2,615,000.

Final Draft Consolidated Budget for 2016-17

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

Line	Sum	Description
29	£3,263,470,000	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	£3,263,470,000	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	-£257,712,857	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	-£385,100,000	estimate of the MOPAC's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
36	-£1,931,700,000	estimate of the MOPAC's income in respect of general government grants (revenue support grant, core Home Office police grant and principal police formula grant) calculated in accordance with s85(5)(a) of the GLA Act
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	-£2,574,512,857	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	-£122,300,000	estimate of MOPAC's reserves to be used in meeting amounts in line 33 above under s85(5)(b) of the GLA Act
41	-£2,696,812,857	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	£566,657,143	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 2016-17 is £566,657,143.

Final Draft Consolidated Budget for 2016-17

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

Line	Sum	Description
43	£425,160,000	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	£2,800,000	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	£427,960,000	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	-£32,600,000	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	-£12,800,000	estimate of LFEPA’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
50	-£128,530,000	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	-£115,659,936	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	-£289,589,936	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	-£132,064	estimate of LFEPA’s reserves to be used in meeting amounts in line 47 above under s85(5)(b) of the GLA Act
55	-£289,722,000	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 2016-17 is £138,238,000.

Final Draft Consolidated Budget for 2016-17

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

Line	Sum	Description
57	£6,964,208,000	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	£75,845,000	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	£7,040,053,000	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	-£5,713,954,856	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	-£30,100,000	estimate of TfL’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
64	-£435,700,000	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	-£854,298,144	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	-£7,034,053,000	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	-£7,034,053,000	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 2016-17 is £6,000,000.

Final Draft Consolidated Budget for 2016-17

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

Line	Sum	Description
71	£40,050,000	estimated expenditure of LLDC for the year calculated in accordance with s85(4)(a) of the GLA Act
72	£750,000	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	£40,800,000	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	-£32,900,000	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	-£32,900,000	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	-£7,900,000	estimate of LLDC's reserves to be used in meeting amounts in line 75 above under s85(5)(b) of the GLA Act
83	-£40,800,000	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 2016-17 is £0.

Final Draft Consolidated Budget for 2016-17

Old Oak and Park Royal Development Corporation ("OPDC") final draft component budget

Line	Sum	Description
85	£5,500,000	estimated expenditure of OPDC for the year calculated in accordance with s85(4)(a) of the GLA Act
86	£0	estimated allowance for contingencies for OPDC under s85(4)(b) of the GLA Act
87	£0	estimated reserves to be raised for meeting future expenditure of OPDC under s85(4)(c) of the GLA Act
88	£0	estimate of reserves to meet a revenue account deficit of OPDC under s85(4)(d) of the GLA Act
89	£5,500,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for OPDC (lines (85) + (86) + (87) + (88) above)
90	-£5,500,000	estimate of OPDC'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
91	£0	estimate of OPDC's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
92	£0	estimate of OPDC's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
93	£0	estimate of OPDC'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
94	£0	estimate of OPDC'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
95	-£5,500,000	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (90) + (91) + (92) + (93) + (94))
96	-£0	estimate of OPDC's reserves to be used in meeting amounts in line 89 above under s85(5)(b) of the GLA Act
97	-£5,500,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for OPDC (lines (95) + (96) above)
98	£0	the component council tax requirement for OPDC (being the amount by which the aggregate at (89) above exceeds the aggregate at (97) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for the OPDC for 2016-17 is £0

Final Draft Consolidated Budget for 2016-17

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 (LFEPA), Transport for London (TfL), the London Legacy Development Corporation (LLDC) and the Old Oak and Park Royal Development Corporation (OPDC).

Line		Description
99	£774,343,355	the GLA’s consolidated council tax requirement (the sum of the amounts in lines (14) + (28) + (42) + (56) +(70) +(84) + (98) calculated in accordance with section 85(8) of the GLA Act)

The final draft consolidated council tax requirement for the GLA for 2016-17 is £774,343,355

Final Draft Consolidated Budget for 2016-17

Aggregate GLA Group budget for 2016-17

Estimated Expenditure

£	GLA Mayor	GLA Assembly	MOPAC	LFEPA	TfL	LLDC	OPDC	Total
Estimated expenditure	£692,473,000	£7,646,000	£3,263,470,000	£425,160,000	£6,964,208,000	£40,050,000	£5,500,000	£11,398,507,000
Estimated allowance for contingencies	£2,800,000	£0	£0	£0	£0	£750,000	£0	£3,550,000
Estimated reserves to be raised for meeting future expenditure	£0	£0	£0	£2,800,000	£75,845,000	£0	£0	£78,645,000
Estimate of reserves to meet a revenue account deficit including forecast collection fund deficit for retained business rates	£78,740,571	£0	£0	£0	£0	£0	£0	£78,740,571
Estimated total expenditure	£774,013,571	£7,646,000	£3,263,470,000	£427,960,000	£7,040,053,000	£40,800,000	£5,500,000	£11,559,442,571

Final Draft Consolidated Budget for 2016-17

Estimated Income and Calculation of Council Tax Requirement

£	GLA Mayor	GLA Assembly	MOPAC	LFEPA	TfL	LLDC	OPDC	Total
Estimate of non government grant income	-£502,841,801	-£400,000	-£257,712,857	-£32,600,000	-£5,713,954,856	-£32,900,000	-£5,500,000	-£6,545,909,514
Estimate of specific government grant income	-£4,600,000	£0	-£385,100,000	-£12,800,000	-£30,100,000	£0	£0	-£432,600,000
Estimate of general government grant income	-£9,959,097	-£2,531,000	-£1,931,700,000	-£128,530,000	-£435,700,000	£0	£0	-£2,508,420,097
Estimate of Retained Business Rates income	-£71,350,087	-£2,100,000	£0	-£115,659,936	-£854,298,144	£0	£0	-£1,043,408,167
Collection fund surplus for council tax	-£32,388,803	£0	£0	£0	£0	£0	£0	-£32,388,803
Estimated total income before use of reserves	-£621,139,788	-£5,031,000	-£2,574,512,857	-£289,589,936	-£7,034,053,000	-£32,900,000	-£5,500,000	-£10,562,726,581
Estimate of reserves to be used	-£92,040,571	£0	-£122,300,000	-£132,064	£0	-£7,900,000	£0	-£222,372,635
Estimated total income after use of reserves	-£713,180,359	-£5,031,000	-£2,696,812,857	-£289,722,000	-£7,034,053,000	-£40,800,000	-£5,500,000	-£10,785,099,216
Council tax requirement	£60,833,212	£2,615,000	£566,657,143	£138,238,000	£6,000,000	£0	£0	£774,343,355
COUNCIL TAXBASE	2,810,748.56	2,810,748.56	2,803,706.61	2,810,748.56	2,810,748.56	2,810,748.56	2,810,748.56	
BAND D COUNCIL TAX	£21.64	£0.93	£202.11	£49.18	£2.14	£0.00	£0.00	£276.00