

# **Part 2**

# **Draft Consolidated**

# **Budget 2021-22**

Explanation of Proposals



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## Introduction and Overview

- 1.1 The Greater London Authority (GLA) is the strategic authority for London and supports the Mayor and the London Assembly in delivering their respective responsibilities and functions. The GLA's five functional bodies are its principal delivery arms: the Mayor's Office for Policing and Crime (MOPAC), overseeing the work of the Metropolitan Police Service (MPS); the London Fire Commissioner (LFC); Transport for London (TfL); the London Legacy Development Corporation (LLDC) and the Old Oak and Park Royal Development Corporation (OPDC).
  - 1.2 The purpose of this document is to explain the Mayor's Draft Consolidated Budget for 2021-22 ("Budget") and draft Capital Spending Plan. The Mayor has previously consulted the London Assembly, functional bodies, London Boroughs, the Common Council of the City of London and other interested parties, such as the business community, on his budget proposals in the GLA Group Budget Proposals and Precepts 2021-22 consultation document published in December 2020. This document set out the Mayor's proposed revenue budget and draft capital spending plan for 2021-22.
  - 1.3 For the seven "constituent bodies" (the Mayor, Assembly and the five functional bodies), the Mayor puts forward separate "component budgets" relating to the amount needed to balance each body's respective revenue expenditure, after allowing for revenue grants from the Government and retained business rates, where relevant. This is known as the "component council tax requirement". The aggregate of these seven "component" budgets gives the GLA Group Budget and the proposed figure of the GLA precept, known as the "consolidated council tax requirement".
  - 1.4 The Mayor's key objective in this Budget is to support London's recovery from the impact of COVID-19, including through the delivery of the missions set out by the London Recovery Board; these are listed in the next section of this document. The key deliverables in this Budget are set out in the relevant section for each of the constituent bodies. The impact of the pandemic has been referred to in the sections related to each functional body.
  - 1.5 The coronavirus pandemic has continued to have a detrimental impact on people's lives globally. London's economy has suffered greatly. All parts of the GLA Group have been supporting various initiatives at significant additional cost to date. The Government has not fully reimbursed the GLA Group, leaving these unmet costs as added financial pressures that weigh on this budget. In addition, there is a significant forecast loss of income from business rates and council tax. It was necessary, as set out in the Mayor's Budget Guidance, published in June 2020, to revise and repurpose both the 2020-21 and 2021-22 budgets to identify savings of £493 million, based on the most likely scenario of income losses, which is still regarded as an appropriate basis for determining the funding allocations set out in this draft Budget.
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- 1.6 The forecast deficit for 2020-21 and the budgeted income for 2021-22 from these sources, to be taken into account in the final draft budget, will not be confirmed until billing authorities submit their estimates to the GLA at the end of January 2021. An updated assessment will also be made at that point of the financial effects of the losses arising from these returns, having regard to any Government schemes and funding support announced to ameliorate these losses, once the related detailed guidance and distribution arrangements have been finalised and their implications can be properly assessed. The funding allocations for each constituent body will also be reviewed once this information is available.
- 1.7 At this stage the Budget incorporates provisional estimates of council tax and business rates losses. In addition, an agreement has yet to be reached with the Department for Transport (DfT) on the level of Government support relating to TfL for 2021-22, following the significant reduction in fares income as a result of the pandemic's impact on passenger numbers and economic activity.

### **GLA Group Capital Strategy**

- 1.8 In accordance with the requirements of the relevant statutory guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), an updated Capital Strategy, setting out capital expenditure and funding plans for the next twenty years must be produced, alongside a detailed three-year plan. The GLA Group's draft Capital Strategy, which brings together information from the GLA and each of the functional bodies' draft Capital Strategies, is set out in Section 9 of this document and includes the GLA Group's draft statutory capital spending plan, as required by the GLA Act 1999.

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

- 1.9 The gross expenditure for the GLA (Mayor and Assembly) and each functional body is funded through a combination of resources directly controlled and allocated by the Mayor, primarily council tax and retained business rates income, and other sources of income, such as specific and general government grants and fares income, as well as locally raised taxes and charges, such as the congestion charge, the Crossrail Business Rate Supplement (BRS) and Mayoral Community Infrastructure Levy (MCIL).
- 1.10 Overall gross revenue and capital expenditure on a statutory basis is proposed to increase by £1,790.8 million in 2021-22 compared to the 2020-21 forecast outturn. Once allowing for the treatment of items which are included in the statutory calculations of both the GLA and relevant functional body, overall the effective gross expenditure of the GLA Group is set to increase in 2021-22 by £907.8 million. This increase is explained principally by the funding uplift, both through Home Office grant and the council tax precept, for the recruitment of additional police officers of £123 million, and GLA's extra agreed £825 million contribution towards the costs of Crossrail of which £760 million is expected to be paid to TfL in 2021-22.
- 1.11 After allowing for fares, charges, other income including locally-raised revenues for Crossrail and the planned use of reserves, gross revenue expenditure of £13,745.2 million for 2021-22 translates into net revenue expenditure to be financed from government grants, retained business rates and the council tax precept of £9,210.8 million.
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1.12 Set out below is a summary of the planned total revenue and capital expenditure of the GLA Group in 2021-22 compared to the 2020-21 forecast outturn for each body. These estimates have been updated to take account of the Mayor's council tax proposals following the provisional local government and police finance settlements. The 2021-22 estimates are subject to the confirmation and approval of council tax referendum principles that would permit the necessary increases. The GLA: Mayor revenue figure in the table includes corporate items such as capital financing costs for the borrowing incurred for its contributions towards Crossrail and the Northern line extension. It also includes the GLA's estimated tariff and levy payments, which are expected to be made to the Government under the business rates retention system to support local services elsewhere in England; figures will be updated in the final draft budget to reflect the impact of final police and local government finance settlements, as well as the updated billing authority estimates of business rates and council tax income.

| <b>Total gross revenue and capital expenditure</b> | <b>Forecast Outturn<br/>2020-21<br/>£m</b> | <b>Budget<br/>2021-22<br/>£m</b> | <b>Change<br/>£m</b> | <b>Change<br/>%</b> |
|--|--|----------------------------------|----------------------|---------------------|
| <i>Revenue:</i>                                    |  |                                  |                      |                     |
| GLA: Mayor   | 1,687.1                                    | 1,668.1                          | -19.0                | -1%                 |
| GLA: Assembly                                      | 7.7  | 7.0                              | -0.7                 | -9%                 |
| MOPAC  | 3,866.8                                    | 3,989.7                          | 122.9                | 3%                  |
| LFC  | 492.9                                      | 489.3                            | -3.6                 | -1%                 |
| TfL  | 7,111.2                                    | 7,525.8                          | 414.6                | 6%                  |
| LLDC   | 56.8                                       | 58.8                             | 2.0                  | 4%                  |
| OPDC   | 6.2  | 6.5                              | 0.3                  | 5%                  |
| <b>Total revenue</b>                               | <b>13,228.7</b>                            | <b>13,745.2</b>                  | <b>516.5</b>         | <b>4%</b>           |
| <i>Capital:</i>                                    |  |                                  |                      |                     |
| GLA: Mayor   | 1,679.7                                    | 2,080.7                          | 401.0                | 24%                 |
| GLA: Assembly                                      | 0.0  | 0.0                              | 0.0                  | n/a                 |
| MOPAC  | 333.9                                      | 385.1                            | 51.2                 | 15%                 |
| LFC  | 32.8                                       | 57.6                             | 24.8                 | 76%                 |
| TfL  | 2,080.1                                    | 2,821.5                          | 741.4                | 36%                 |
| LLDC   | 171.5                                      | 227.4                            | 55.9                 | 33%                 |
| OPDC   | 0.0  | 0.0                              | 0.0                  | n/a                 |
| <b>Total capital</b>                               | <b>4,298.0</b>                             | <b>5,572.3</b>                   | <b>1,274.3</b>       | <b>30%</b>          |
| <b>Grand total revenue and capital</b>             | <b>17,526.7</b>                            | <b>19,317.5</b>                  | <b>1,790.8</b>       | <b>10%</b>          |

Note: The above items reflect the statutory revenue and capital spending plan allocations for each body. Consequently, expenditure involving transfers between functional bodies as outlined above.

**Council tax precept**

- 1.13 The GLA receives income from a council tax precept on London's 33 billing authorities (the 32 London boroughs and the Common Council of the City of London). Income from council tax balances the GLA Group's net revenue expenditure, after allowing for revenue grants from the Government and retained business rates.
  - 1.14 A different council tax charge for GLA Group's services applies to the City of London, compared to the 32 London boroughs as it is outside the Metropolitan Police District. Council taxpayers in the City of London therefore contribute separately towards the costs of the City of London Police, rather than the Mayor's Office for Policing and Crime (MOPAC). As a result, council tax payers in the City of London pay the 'unadjusted' basic amount of council tax to the GLA (in effect the 'non-police precept'). Council tax payers in the 32 London boroughs (the area of the Metropolitan Police District) pay the 'adjusted' amount of council tax, which is made up of the unadjusted amount, for non-police services, and a separate element for policing services.
  - 1.15 On 8 January 2021 the Mayor announced his proposal to increase the unadjusted Band D council tax charge for non-police services by £16.59 for 2021-22. This rise reflects a £15 increase in the Band D charge allocated to TfL compared to the budget proposals issued for consultation in December 2020, which already included a £1.59 increase to be allocated to the LFC. The additional £15 increase in the unadjusted element is intended to contribute towards the costs of the under 18 and 60+ Oyster photocard concessionary travel schemes in London. In the TfL funding agreement for the second half of 2020-21, the Government required that the Mayor fund these from additional income; congestion charge and/or council tax income were suggested as options to meet these costs. The £15 Band D increase is therefore proposed to meet around £43 million of these costs, with the balance met by income projected from the temporary changes to the Congestion Charge scheme introduced in June 2020.
  - 1.16 The proposed increase would be deemed as excessive under the draft referendum principles published by MHCLG in the provisional settlement on 17 December 2020, which permitted an increase of £1.59 or 1.99 per cent in the unadjusted Band D council tax charge (known as the unadjusted relevant basic amount). However, the Government's consultation on the provisional settlement acknowledged that the Mayor 'may seek to raise the general element of the GLA's council tax precept' and stated that the Government 'await[s] the Mayor's proposals on the GLA referendum principle, as part of the responses to this consultation'. The Transport Secretary has subsequently confirmed that MHCLG are aware of the steps required so that the proposed increase can be implemented. The GLA has separately advised MHCLG of the Mayor's proposals in its response to the consultation on the provisional local government finance settlement.
  - 1.17 The adjusted Band D council tax charge, which includes additionally the element for policing and is payable by taxpayers in the 32 London boroughs, is proposed to increase by £31.59 or 9.5 per cent. This reflects the confirmation in the provisional police settlement for 2021-22 and the draft referendum principles, referenced above, that Police and Crime Commissioners in England can increase their Band D council tax charge by up to a maximum of £15 for 2021-22 without triggering a referendum.
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- 1.18 MHCLG is expected to publish the final referendum principles in late January or early February alongside the final local government finance settlement and these will be subject to formal approval by the House of Commons shortly thereafter. The decision of the Government on the final referendum thresholds for the GLA is therefore expected to be known at point at which the final draft budget is published.
- 1.19 In summary, the Mayor therefore proposes to increase his total Band D council tax charge – the adjusted amount – from £332.07 to £363.66, in order to provide additional resources to support frontline policing and fire and rescue services, maintain free bus and tram travel for under 18s and allow the 60+ Oyster photocard scheme to continue. The unadjusted Band D charge payable by council tax payers in the City of London is proposed to increase from £79.94 to £96.53. As the Government has not yet provided an indication of council tax referendum thresholds for 2022-23 or future years, 1.99 per cent increases are assumed for that financial year for both the police and non-police element.
- 1.20 At this stage it is assumed that there will be a 5.6 per cent decrease in the council tax base for 2021-22, compared to the original budgeted 2020-21 taxbase, for both the unadjusted and adjusted elements. This is an estimate, taking into account the expected net reduction arising from collection losses due to the COVID-19 pandemic, the impact of increases in the volume of council tax support claims from working age households and the change in the number of residential properties on the local valuation list. The actual council taxbases for 2021-22 for budgeting purposes will not be confirmed by the 33 local billing authorities until the end of January 2021.
- 1.21 Separately, a council tax collection fund deficit equivalent to 7 per cent of the original budgeted council tax income is estimated at this stage for 2020-21. This is in line with the estimated losses the 33 local billing authorities in London have reported to MHCLG in recent months. This deficit is recoverable by billing authorities from the GLA across the following three budget years as required under the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020.
- 1.22 In addition, the Government has confirmed that 75 per cent of ‘irrecoverable’ council tax and business rates losses, in respect of the 2020-21 financial year only, will be funded through a section 31 grant from MHCLG (Section 31 of the Local Government Act 2003 allows ministers to pay grants to any local authority in England for any expenditure). The final methodology for these compensation schemes has still to be confirmed and at this stage – pending receipt of the billing authority estimated outturn data for 2020-21 at the end of January – it is not possible to confirm the precise sums the GLA could receive as a result. An estimate of the compensation the GLA could receive will be made and reflected in the Mayor’s final draft budget following receipt of the billing authority estimates. The final level of compensation will only be confirmed once outturn figures are available from billing authorities which is likely to be in autumn 2021.
- 1.23 In the provisional settlement MHCLG proposed that the GLA be allocated £25.0 million of the £670 million of funding made available nationally to manage the costs of additional claims for council tax support in 2021-22. Further details on the potential funding implications of these schemes for the GLA Group are set out in Appendix I.
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- 1.24 A decision on the precise treatment and apportionment of the estimated 2020-21 deficit will be made when the actual aggregate figure is confirmed by the 33 billing authorities at the end of January 2021 and on the consequent implications of these figures the irrecoverable losses compensation scheme. It should be noted that the Mayor – in Mayoral Decision 2695 – has already reduced the funding reductions for MOPAC, LFC, the GLA: Mayor and the GLA: Assembly budgets for 2020-21 by 50 per cent compared to their allocated share of the expected losses set out in his Budget Guidance in June. Due to current uncertainty, a zero collection fund surplus is assumed at this stage for the 2022-23 budget year.
- 1.25 Taking into account the above assumptions the forecast consolidated council tax requirement for 2021-22 is £1,044.7 million. Details of the component council tax requirements for each constituent body of the GLA Group for 2021-22, and indicative figures for 2022-23, are set out in the table below.

| <b>Component council tax requirements</b>          | <b>Approved<br/>2020-21<br/>£m</b> | <b>Proposed<br/>2021-22<br/>£m</b> | <b>Plan<br/>2022-23<br/>£m</b> |
|--|------------------------------------|------------------------------------|--------------------------------|
| GLA (Mayor)  | 66.6                               | 62.5                               | 63.5                           |
| GLA (Assembly)                                     | 2.6                                | 2.5                                | 2.6                            |
| MOPAC  | 767.1                              | 766.8                              | 793.9                          |
| LFC  | 168.6                              | 163.7                              | 171.8                          |
| TfL  | 6.0                                | 49.2                               | 49.8                           |
| LLDC   | 0.0                                | 0.0                                | 0.0                            |
| OPDC   | 0.0                                | 0.0                                | 0.0                            |
| <b>Consolidated council tax requirement</b>        | <b>1,010.9</b>                     | <b>1,044.7</b>                     | <b>1,081.6</b>                 |
| <i>Total Band D council tax charge payable in:</i> |                                    |                                    |                                |
| 32 London Boroughs (adjusted amount)               | £332.07                            | £363.66                            | £370.93                        |
| City of London (unadjusted amount)                 | £79.94                             | £96.53                             | £98.46                         |

- 1.26 As a result of the expected decrease in the taxbase in 2021-22, compared to the budgeted 2020-21 figure, offset by the impact of the currently assumed £31.59 rise in the adjusted Band D precept, council tax income is expected at this stage to be £33.7 million higher in cash terms (before the 2020-21 council tax collection fund deficit adjusted for the impact of any Government compensation for losses is taken into account). The combined Band D charge for the Mayor and Assembly components is currently planned to be the same as the 2020-21 level, enabling the entire increase in the Band D charge for the non-police precept to be allocated to fire and rescue services and TfL.

1.27 As outlined above, the council tax requirement for 2021-22 will change in the final draft budget to reflect the actual council taxbase figures agreed by the 33 billing authorities. The Mayor will also have to have regard to the final council tax referendum principles applying to the GLA once they are approved by the House of Commons, the 2020-21 estimated deficits including any estimated Government compensation for in-year losses and 2021-22 taxbases supplied by the 33 billing authorities at the end of January, as well as the impact of the final police and local government finance settlements, including the overall level of funding available for policing. More detailed information about the council tax requirement and precept and their calculation is included in Appendix H.

### **Business rates retention and London pooling arrangements**

1.28 Since April 2017 the Government has funded all former general grants from central government for the GLA and LFC, the residual former TfL general and investment grants, as well as an element of support for London policing in respect of historic council tax freeze grant, through retained business rates. The combined retained business rates funding allocated in this budget for services, including £930 million for TfL's capital programme, is assumed to total just over £2 billion in respect of the 2021-22 financial year before any estimated deficits for 2020-21 are taken into account.

1.29 The Government has confirmed that the current business rates retention arrangements in place for 2020-21 will be rolled forward into 2021-22 as part of the wider one-year only Spending Review. This includes the 67 per cent GLA local retention pilot under which the GLA retains 37 per cent of business rates growth after its tariff payment and the levy on growth and London boroughs retain 30 per cent. The Government's planned reset of business rates growth and the implementation of the fair funding review of needs and distribution have been postponed until April 2022 at the earliest.

1.30 The Mayor, the Chair of London Councils and the Chair of the Corporation of London's Policy and Resources Committee wrote to the Secretary of State for Housing, Communities and Local Government on 12 January 2021 to formally request the pan-London business rates pool does not continue in 2021-22. This reflects a collective decision on behalf of all 34 member authorities of the pool, given the potential financial benefits of pooling business rates across all 34 authorities next year are greatly outweighed by the risks due to the ongoing impact of the COVID-19 pandemic on London's business rates taxbase. The decision to end the pool had to be communicated to MHCLG within 28 days of the announcement of the provisional local government finance settlement. It is intended that while the formal pooling arrangement will be discontinued in 2021-22 an element of joint working will continue on an informal basis.

1.31 It is estimated at this stage that the GLA will make a combined tariff and levy contribution to the Government from its share of business rates income of around £844.5 million in 2021-22, directly to MHCLG having regard to the information set out in the Spending Review, the provisional local government finance settlement and the current forecast reduction in business rates income. This sum will be used to support local services elsewhere in England. This estimate will be revised in the final draft budget to reflect the impact of the tariff figure set out in the final MHCLG settlement and – in respect of the levy on growth – the actual forecast 2021-22 business rates income notified by billing authorities at the end of January.

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- 1.32 At this stage, the allocations of retained business rates in this budget for the GLA and functional bodies for 2021-22, including the deficit for 2020-21, reflect the impact of an estimated 11 per cent reduction in the tax take compared to the original 2020-21 budgeted income having regard to an assessment of recent billing authority forecasts submitted to the Government. They also take into account recent related changes in secondary legislation affecting the calculation of levy and safety net payments and an estimate of the funding baseline for the GLA expected to be announced in the provisional local government finance settlement.
- 1.33 In the Spending Review, on 25 November 2020, the Chancellor announced the business rate multiplier for 2021-22 would be frozen at the same level as 2020-21, with local authorities being compensated by section 31 grant to offset the reduced revenues from ratepayers. In addition to spreading any deficits over three budget years, the Chancellor also confirmed, as previously mentioned, that local authorities would be compensated for 75 per cent of ‘irrecoverable’ lost revenues from business rates and council tax via section 31 grant. Prior to the government confirming the final methodology setting out how it will operate in practice and the confirmation by billing authorities of their forecast outturn for 2020-21, it is not possible at this stage to assess the impact of this scheme on the GLA Group. As outlined above the final compensation amount is dependent on outturn figures from billing authorities, expected in autumn 2021.
- 1.34 Following the submission of the statutory estimates by the 33 billing authorities at the end of January 2021, the actual level of business rates income available to the GLA for budgeting purposes in 2021-22, including any levy on growth payable to MHCLG alongside the 2020-21 forecast deficit adjusted for the 75 per cent compensation scheme, will be calculated.
- 1.35 The final draft budget will set out therefore revised allocations to component budgets to reflect the statutory estimates supplied by the 33 local authorities having regard to these returns, the statutory council tax estimates, the impact of the three-year spreading and funding of irrecoverable losses and any progress of negotiations regarding Government support for TfL in 2021-22. The forecasts set out in this draft budget are subject to much greater uncertainty than in previous years given the impacts of the COVID-19 pandemic on business rates revenues.
- 1.36 It is important to note that there is considerable uncertainty on the level of business rates income the GLA will retain from 2022-23 onwards even allowing for the current economic uncertainty, given the Government’s 2020 Spending Review was for one year only. The implementation of reforms to the business rates retention system – including the planned reset of business rates growth – and the local government and fire fair funding distribution reviews have also been delayed until 2022-23 at the earliest. It is not anticipated at this stage that the outcome of these changes, if and when they are implemented, will be beneficial to London or the GLA Group in aggregate.
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- 1.37 The Government is also undertaking a fundamental review of business rates as a tax which is not due to report until March 2021, which adds further uncertainty as to the tax take in the medium term as it has committed to reducing the burden on business ratepayers. There are also significant downside risks to the existing taxbase due to potential reductions in valuations by the Valuation Office Agency arising from the economic impact of the pandemic on the rental levels of offices and retail premises and reductions in turnover levels for leisure and hospitality businesses. More detailed information about future funding assumptions and the associated risks is set out in Appendix I.

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

- 1.38 Forecast council tax precept income (the 'consolidated council tax requirement') and the other sources of finance for 2021-22, including government grants and fare revenues, are summarised in the table below.

| <b>Spending plans and council tax requirements</b>        | <b>2021-22</b> | <b>2021-22</b> |
|---|----------------|----------------|
|   | <b>£m</b>      | <b>%</b>       |
| Spending plans  | 13,745.2       | 100%           |
| <i>Less:</i>  |                |                |
| Fares income  | -3,275.6       | -24%           |
| Extraordinary Grant                                       | -3,023.2       | -22%           |
| Home Office Police General and Formula Grant              | -2,206.3       | -16%           |
| Other general income                                      | -1,877.1       | -14%           |
| Retained business rates                                   | -1,962.4       | -14%           |
| Home Office specific grants for policing                  | -583.1         | -4%            |
| Other specific Government grants                          | -391.2         | -3%            |
| Use of reserves   | 618.3          | 4%             |
| <b>Consolidated council tax requirement for GLA Group</b> | <b>1,044.7</b> | <b>8%</b>      |

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

- 1.39 The tables overleaf summarise the proposed funding allocations from retained business rates and council tax to the GLA: Mayor and Assembly and the relevant functional bodies for 2021-22 compared to the revised 2020-21 budget. They reflect for the 2021-22 allocations both the impact of reduced revenues for 2021-22 and the forecast deficits for 2020-21. These are the funds which the Mayor has the ability to apply and reallocate across the GLA Group at his discretion, subject to the Assembly's consideration of the Mayor's council tax proposals.
- 1.40 The year-on-year change in the allocation for MOPAC includes the proposed drawdown of half of the £118.6 million previously paid in advance to MOPAC by the Mayor to fund the cost of the additional 1,000 police officers across two financial years. This advance funding was placed into MOPAC's reserves to address methodology changes expected to be made by the Government to the business rates retention system from April 2020 which would delay the receipt of growth by up to two years. These changes have subsequently yet to be confirmed or implemented, but could potentially be introduced from April 2022.

- 1.41 Given the expected reductions in business rates income, it is still intended to use this funding, held in MOPAC's reserve for the purpose of funding the extra 1,000 officers, in 2021-22 and 2022-23, as set out in last year's Group budget.
- 1.42 The figures for retained business rates in these tables and elsewhere also include estimates of funding received through section 31 grant from MHCLG for the business rates multiplier cap and the ongoing cost of the doubling of small business rates relief. The figures also include for 2020-21 the impact of the lost revenue arising from the rates relief scheme for the retail, leisure, hospitality and childcare sectors introduced in response to the pandemic which amounts to over £3 billion London wide - equivalent to 34 per cent of the previously budgeted taxbase - of which the GLA's share is around £1.1 billion. The Government has still to confirm if the retail, leisure, hospitality and childcare provider rate relief schemes will continue in 2021-22 in full or in part.
- 1.43 Appendix H sets out both a summary and detailed breakdown of the revenue expenditure, Government grants and retained rates allocations proposed by the Mayor.

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

|                              | Mayor        | Assembly   | MOPAC        | LFC          | TfL            | LLDC        | OPDC       | Group items  | Total          |
|------------------------------|--------------|------------|--------------|--------------|----------------|-------------|------------|--------------|----------------|
| 2021-22                      | £m           | £m         | £m           | £m           | £m             | £m          | £m         | £m           | £m             |
| Council tax                  | 62.5         | 2.5        | 766.8        | 163.7        | 49.2           | 0.0         | 0.0        | 0.0          | 1,044.7        |
| Business rates               | 44.8         | 4.5        | 27.9         | 228.1        | 1,703.9        | 26.8        | 6.2        | 850.4        | 2,892.6        |
| Group reserves               | 0.0          | 0.0        | 0.0          | 0.0          | 0.0            | 6.7         | 0.6        | 0.0          | 7.3            |
| <b>Total Mayoral funding</b> | <b>107.3</b> | <b>7.0</b> | <b>794.7</b> | <b>391.8</b> | <b>1,753.1</b> | <b>33.5</b> | <b>6.8</b> | <b>850.4</b> | <b>3,944.6</b> |

|                               | Mayor        | Assembly   | MOPAC        | LFC          | TfL            | LLDC        | OPDC       | Group items  | Total          |
|-------------------------------|--------------|------------|--------------|--------------|----------------|-------------|------------|--------------|----------------|
| 2020-21                       | £m           | £m         | £m           | £m           | £m             | £m          | £m         | £m           | £m             |
| Council tax                   | 66.6         | 2.6        | 767.1        | 168.6        | 6.0            | 0.0         | 0.0        | 0.0          | 1,010.9        |
| Collection fund surplus (Ctx) | 7.4          | 0.0        | 10.0         | 0.0          | 0.0            | 0.0         | 0.0        | 0.0          | 17.4           |
| Business rates                | 130.6        | 5.9        | 118.7        | 232.9        | 1,879.0        | 32.6        | 7.8        | 965.5        | 3,373.0        |
| Group reserves                | 0.0          | 0.0        | 0.0          | 0.0          | 0.0            | 4.9         | 0.0        | 0.0          | 4.9            |
| <b>Total Mayoral funding</b>  | <b>204.6</b> | <b>8.5</b> | <b>895.8</b> | <b>401.5</b> | <b>1,885.0</b> | <b>37.5</b> | <b>7.8</b> | <b>965.5</b> | <b>4,406.2</b> |

|               |              |             |               |             |               |             |             |               |               |
|---------------|--------------|-------------|---------------|-------------|---------------|-------------|-------------|---------------|---------------|
| <b>Change</b> | <b>-97.3</b> | <b>-1.5</b> | <b>-101.1</b> | <b>-9.7</b> | <b>-131.9</b> | <b>-4.0</b> | <b>-1.0</b> | <b>-115.1</b> | <b>-461.6</b> |
|---------------|--------------|-------------|---------------|-------------|---------------|-------------|-------------|---------------|---------------|

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**Equalities**

- 1.44 Promoting equality, diversity, inclusion, social mobility and social integration are all high priorities for the Mayor. The Mayor published his social integration strategy, 'All of Us' and his equality, diversity and inclusion strategy, 'Inclusive London' in 2018; implementation of both strategies is now underway.
- 1.45 All seven constituent bodies (the Mayor and Assembly and the five functional bodies) must comply with section 149 of the Equality Act 2010. Compliance with the duty is iterative and on-going. It includes carrying out a process to identify and actively consider potential detrimental impacts (if any) that may arise for individual protected groups and what mitigations (if any) could be implemented to address them at a level proportionate to the decision being taken.
- 1.46 The constituent bodies will undertake this at a budget level and in the implementation of their individual policies, programmes and projects. An interim assessment of the equality implications of each component body's budget at this stage of the process is set out in each of their sections.

**Environment**

- 1.47 Addressing the environmental challenges that London faces is a key priority for the Mayor. His London Environment Strategy (LES) was published in May 2018 and outlines actions to achieve his vision for London in 2050 that will realise the potential of London's environment to support good health and quality of life and to make the city a better place to live, work and do business. Implementation of the strategy is now underway.
- 1.48 The GLA Group has a key role in delivering the actions in the LES and its implementation plan. Chapter 11 of the Strategy sets out the framework for GLA Group action, 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.
- 1.49 All seven constituent bodies (the Mayor and Assembly and the five functional bodies) have ensured their budget proposals include sufficient resourcing and budget necessary for the efficient and effective delivery of the LES. An interim assessment of the environment implications of each component body's budget at this stage of the process is set out in each of their sections.

**Consultation Process**

- 1.50 As part of the Mayor's commitment to transparency and engagement, in previous years the GLA has engaged Londoners proactively in the budget consultation process on Talk London ahead of the formal statutory consultation process. The GLA's Opinion Research team have been conducting pandemic-related research since March this year, focussing on Londoners' immediate and longer-term priorities for the city. This draft budget is therefore informed by a significant level of information on Londoners' current concerns and priorities for the city. In light of this extensive qualitative and quantitative research, it has been concluded that an extended pre-budget consultation is not necessary this year.
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1.51 As in 2020-21, the consultation document on the Mayor's budget proposals, published in December 2020 was hosted on the Talk London website, alongside a blog post written by the Opinion Research Team summarising the opinion research findings conducted by the GLA this year on Londoners' priorities. Talk London members were able to read the document and were asked to comment on the GLA Group Budget Proposals and Precepts 2021-22 within a discussion thread. The consultation on Talk London took place from 6 January to 22 January 2021. The results of this engagement will be considered before the final budget is proposed.

### **Structure of the Draft Budget Document**

1.52 Revenue budget proposals and funding for each constituent body within the GLA Group are presented in Sections 2 to 8 of this document. The GLA's proposals are shown first and the remainder are presented in order of magnitude of their council tax requirement. Section 9 sets out the proposed Capital Strategy for the GLA Group, including the statutory draft capital spending plan. The individual capital spending plans, capital financing budgets and borrowing limits, as well as the revenue budgets at a subjective level, are set out in Appendices A to F. Appendix G provides a summary of the Group's savings and collaboration activities. Appendices H and I address the medium-term financial outlook for the GLA Group and funding assumptions underpinning the budget proposals.

1.53 This Draft Budget reflects the announcements made in the provisional local government and police finance settlements and consequential amendments have been made to the proposals set out in the consultation document on the Mayor's budget proposals, published in December 2020. The Final Draft Budget to be published in February will reflect final council tax and business rates figures submitted by billing authorities having regard to the schemes announced to manage local taxation losses.

1.54 There are also more detailed public documents relating to the budget proposals, including those that have been the subject of individual scrutiny and discussion by the GLA and functional bodies. These are available on the GLA's and functional bodies' websites. Please note that figures in the tables throughout this document may not sum exactly due to roundings.

1.55 For further information on these documents, or in respect of budget proposals, please contact:

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## Greater London Authority: Mayor of London

- 2.1 The GLA is a strategic authority with a London-wide role to design a better future for the capital. The Mayor of London sets a city-wide vision of improvement, develops strategies, policies and investment programmes to realise the vision and provides funding and encouragement to help make it a reality. The London Assembly holds the Mayor to account by examining his decisions and actions to ensure he delivers on his promises to Londoners. The Assembly also has the power to amend the Mayor's proposed council tax allocations.
- 2.2 For the purpose of budget setting the Mayor of London and London Assembly must be treated as separate constituent bodies. The component budget for the Assembly comprises estimates for its direct expenditure and income and is set out at Section 3. The budget for the Mayor is set out below. It includes expenditure incurred on accommodation in relation to the Assembly's business and goods and services provided or procured for the Authority in general.

### Key deliverables

- 2.3 The proposed budget will continue to support the Mayor's ambitions to support London's recovery through the delivery of pan-London Missions agreed with the London Recovery Board, which are as follows:
- **A Green New Deal** – Tackle the climate and ecological emergencies and improve air quality by doubling the size of London's green economy by 2030 to accelerate job creation for all;
  - **A Robust Safety Net** – By 2025, every Londoner is able to access the support they need to prevent financial hardship;
  - **High Streets for All** – Deliver enhanced public spaces and exciting new uses for underused high street buildings in every borough by 2025, working with London's diverse communities;
  - **A New Deal for Young People** – By 2024 all young people in need are entitled to a personal mentor and all young Londoners have access to quality local youth activities;
  - **Helping Londoners into Good Work** – Support Londoners into good jobs with a focus on sectors key to London's recovery;
  - **Mental Health and Wellbeing** – By 2025 London will have a quarter of a million wellbeing ambassadors, supporting Londoners where they live, work and play;
  - **Digital Access for All** – Every Londoner to have access to good connectivity, basic digital skills and the device or support they need to be online by 2025;
  - **Healthy Food, Healthy Weight** – By 2025 every Londoner lives in a healthy food neighbourhood; and
  - **Building Strong Communities** – By 2025, all Londoners will have access to a community hub ensuring they can volunteer, get support and build strong community networks.
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- 2.4 The GLA has developed eight Recovery Foundations that are key areas of GLA investment which support recovery broadly and will underpin the delivery of the Recovery Missions listed above.

**Gross revenue expenditure**

- 2.5 The Mayor is proposing a decrease in gross revenue expenditure for the GLA (excluding group items as set out in Appendix A) of £44.0 million in 2021-22 compared to the revised budget for 2020-21. Total gross expenditure including group items is proposed as £1,669.1 million which is £18 million lower than the forecast outturn for 2020-21.

**Net revenue expenditure and council tax requirement**

- 2.6 After deducting fees, charges, investment income, business rate supplement and Mayoral Community Infrastructure Levy (MCIL) revenues used to finance Crossrail, external contributions towards the financing of the Northern Line Extension and other borrowing, and the use of earmarked reserves, net revenue expenditure for 2021-22 for GLA: Mayor services is proposed as £452.5 million. This excludes transactions shown separately in the GLA Group items budget, including the estimated £844.5 million business rates retention tariff and levy payment to MHCLG, set out in Appendix A. After deducting income from retained business rates and government grants, the statutory council tax requirement for the Mayor is £62.9 million.
- 2.7 The GLA: Mayor's budget on a directorate (i.e. objective) basis is set out in the table overleaf; these figures are indicative.
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| <b>Objective analysis</b>                                    | <b>Revised Budget</b> | <b>Forecast</b> | <b>Budget</b>  | <b>Plan</b>    |
|--|-----------------------|-----------------|----------------|----------------|
| <b>GLA: Mayor services</b>                                   | <b>2020-21</b>        | <b>2020-21</b>  | <b>2021-22</b> | <b>2022-23</b> |
|  | <b>£m</b>             | <b>£m</b>       | <b>£m</b>      | <b>£m</b>      |
| <i>Directorate Expenditure</i>                               |                       |                 |                |                |
| Good Growth  | 95.4                  | 92.6            | 64.2           | 59.9           |
| Housing & Land   | 60.6                  | 56.4            | 16.6           | 16.6           |
| Communities & Skills   | 363.9                 | 355.2           | 387.2          | 380.0          |
| Strategy and Communications                                  | 24.4                  | 23.3            | 18.9           | 18.9           |
| Resources  | 34.5                  | 35.0            | 37.3           | 20.8           |
| Corporate Management Team                                    | 4.7                   | 5.0             | 6.8            | 6.8            |
| Mayor's Office   | 5.3                   | 5.9             | 4.3            | 4.3            |
| Elections  | 20.9                  | 5.7             | 20.9           | 0.0            |
| <b>Directorate expenditure</b>                               | <b>609.7</b>          | <b>579.1</b>    | <b>556.2</b>   | <b>507.3</b>   |
| Strategic investment fund (SIF)                              | 35.3                  | 40.0            | 33.8           | 0.0            |
| Contingency  | 1.0                   | 1.0             | 0.0            | 1.0            |
| <b>Other service expenditure</b>                             | <b>36.3</b>           | <b>41.0</b>     | <b>33.8</b>    | <b>1.0</b>     |
| Financing costs – Crossrail                                  | 132.7                 | 132.7           | 155.0          | 155.0          |
| Financing costs – Northern Line Extension                    | 20.5                  | 20.5            | 22.0           | 22.0           |
| Financing costs – other                                      | 6.3                   | 6.3             | 5.3            | 5.3            |
| Provision for repayment of debt/ other grant payments - LLDC | 11.8                  | 11.8            | 0.0            | 0.0            |
| <b>Financing Costs</b>                                       | <b>171.3</b>          | <b>171.3</b>    | <b>182.3</b>   | <b>182.3</b>   |
| Interest receipts  | -17.3                 | -20.5           | -9.0           | -9.0           |
| Crossrail BRS and MCIL                                       | -132.7                | -132.7          | -155.0         | -155.0         |
| Northern Line Extension contributions                        | -20.5                 | -20.5           | -22.0          | -22.0          |
| Interest receipts GLAP loan                                  | -10.0                 | -10.0           | -10.0          | -10.0          |
| GLAP recharge  | -6.4                  | -6.4            | -6.4           | -6.4           |
| <b>Income</b>  | <b>-186.9</b>         | <b>-190.1</b>   | <b>-202.4</b>  | <b>-202.4</b>  |
| Transfer to/from (-) reserves held for GLA services          | -53.9                 | -20.4           | -85.1          | -38.9          |
| Transfer to/from (-) reserves for GLA Group                  | -51.3                 | -56.0           | -32.3          | 5.3            |
| <b>Net service expenditure after use of reserves</b>         | <b>525.2</b>          | <b>524.7</b>    | <b>452.5</b>   | <b>454.6</b>   |
| Specific grants  | 320.6                 | 320.1           | 345.3          | 345.3          |
| Retained business rates                                      | 130.6                 | 130.6           | 44.8           | 45.8           |
| Council tax collection fund surplus                          | 7.4                   | 7.4             | 0.0            | 0.0            |
| <b>Council tax requirement</b>                               | <b>66.6</b>           | <b>66.6</b>     | <b>62.5</b>    | <b>63.5</b>    |

2.8 Given the orientation of the GLA's resources to London's recovery, from 2021-22 the GLA is also reporting on progress against the Missions and Foundations referred to above. The table below restates the GLA Directorate expenditure line in this new format for 2021-22 and 2022-23.

| Restated Directorate expenditure for 2021-22 and 2022-23 | Gross Expenditure | Gross income | Net Expenditure Budget | Gross Expenditure | Exclude income | Net Expenditure Plan |
|--|-------------------|--------------|------------------------|-------------------|----------------|----------------------|
|  | 2021-22           | 2021-22      | 2021-22                | 2022-23           | 2022-23        | 2022-23              |
|  | £m                | £m           | £m                     | £m                | £m             | £m                   |
| <b>Missions</b>  |                   |              |                        |                   |                |                      |
| A green new deal   | 20.0              | 1.1          | <b>18.9</b>            | 20.0              | 1.1            | <b>18.9</b>          |
| A robust safety net                                      | 17.0              | 1.9          | <b>15.1</b>            | 17.0              | 1.9            | <b>15.1</b>          |
| High streets for all                                     | 7.0               | 0.0          | <b>7.0</b>             | 5.0               | 0.0            | <b>5.0</b>           |
| A new deal for young people                              | 85.3              | 0.5          | <b>84.8</b>            | 77.3              | 0.5            | <b>76.8</b>          |
| Helping Londoners into good work                         | 191.4             | 0.3          | <b>191.1</b>           | 191.5             | 0.3            | <b>191.1</b>         |
| Mental Health & wellbeing                                | 1.5               | 0.0          | <b>1.5</b>             | 1.5               | 0.0            | <b>1.5</b>           |
| Digital access for all                                   | 7.6               | 0.0          | <b>7.6</b>             | 7.6               | 0.0            | <b>7.6</b>           |
| Healthy food, healthy weight                             | 1.5               | 0.0          | <b>1.5</b>             | 1.5               | 0.0            | <b>1.5</b>           |
| Building strong communities                              | 96.1              | 0.0          | <b>96.1</b>            | 94.1              | 0.0            | <b>94.1</b>          |
| <b>Foundations</b>                                       |                   |              |                        |                   |                |                      |
| Engaging Londoners                                       | 3.0               | 0.0          | <b>3.0</b>             | 3.0               | 0.0            | <b>3.0</b>           |
| Public health and Health & care partnerships             | 1.4               | 0.0          | <b>1.4</b>             | 1.4               | 0.0            | <b>1.4</b>           |
| Equality, Diversity & Inclusion                          | 2.0               | 0.0          | <b>2.0</b>             | 2.0               | 0.0            | <b>2.0</b>           |
| Transport & Infrastructure                               | 6.0               | 5.0          | <b>1.0</b>             | 6.0               | 5.0            | <b>1.0</b>           |
| Supporting Businesses, Jobs and growth                   | 20.6              | 2.1          | <b>18.5</b>            | 21.2              | 2.1            | <b>19.1</b>          |
| Spatial Development                                      | 12.7              | 12.1         | <b>0.6</b>             | 12.7              | 12.1           | <b>0.6</b>           |
| Capital investment, including affordable homes programme | 11.3              | 10.0         | <b>1.3</b>             | 11.3              | 10.0           | <b>1.3</b>           |
| Recovery programme support                               | 1.0               | 0.0          | <b>1.0</b>             | 1.0               | 0.0            | <b>1.0</b>           |
| <b>Core</b>  |                   |              |                        |                   |                |                      |
| Finance  | 4.7               | 2.2          | <b>2.5</b>             | 4.7               | 2.2            | <b>2.5</b>           |
| HR   | 3.4               | 0.3          | <b>3.1</b>             | 3.4               | 0.3            | <b>3.1</b>           |
| Technology   | 6.1               | 0.5          | <b>5.6</b>             | 6.1               | 0.5            | <b>5.6</b>           |
| Governance   | 1.0               | 0.6          | <b>0.4</b>             | 1.0               | 0.6            | <b>0.4</b>           |
| Shared services & Corporate                              | 7.6               | 1.8          | <b>5.8</b>             | 7.6               | 1.8            | <b>5.8</b>           |
| Estates  | 28.5              | 3.5          | <b>25.0</b>            | 11.9              | 3.5            | <b>8.4</b>           |
| Analysis & Intelligence                                  | 4.6               | 0.6          | <b>4.0</b>             | 4.6               | 0.6            | <b>4.0</b>           |
| Government Relations                                     | 4.9               | 0.3          | <b>4.6</b>             | 4.9               | 0.3            | <b>4.6</b>           |
| External Relations                                       | 0.6               | 0.1          | <b>0.5</b>             | 0.6               | 0.1            | <b>0.5</b>           |
| Mayor's Office   | 4.3               | 0.0          | <b>4.3</b>             | 4.3               | 0.0            | <b>4.3</b>           |
| CMT  | 4.2               | 0.0          | <b>4.2</b>             | 4.2               | 0.0            | <b>4.2</b>           |
| Statutory Planning                                       | 4.9               | 1.5          | <b>3.4</b>             | 4.9               | 1.5            | <b>3.4</b>           |
| Fire & Resilience  | 0.4               | 0.0          | <b>0.4</b>             | 0.4               | 0.0            | <b>0.4</b>           |
| City Operations  | 0.9               | 0.0          | <b>0.9</b>             | 0.9               | 0.0            | <b>0.9</b>           |
| Museum of London   | 10.6              | 0.0          | <b>10.6</b>            | 10.6              | 0.0            | <b>10.6</b>          |
| Events   | 8.5               | 0.0          | <b>8.5</b>             | 8.5               | 0.0            | <b>8.5</b>           |
| Elections  | 20.9              | 0.0          | <b>20.9</b>            | 0.0               | 0.0            | <b>0.0</b>           |
| Excluding contingency                                    |                   |              | <b>-1.0</b>            |                   |                | <b>-1.0</b>          |
| <b>Total</b>   | <b>601.5</b>      | <b>-44.4</b> | <b>556.2</b>           | <b>552.7</b>      | <b>-44.4</b>   | <b>507.3</b>         |

### Explanation of budget changes

- 2.9 An analysis of the year on year movement in the proposed council tax requirement for the GLA: Mayor compared to the revised budget for 2020-21 is set out below. An explanation of each change is provided in the paragraphs that follow.

| <b>Changes in the council tax requirement</b>             | <b>£m</b>   |
|---|-------------|
| 2020-21 council tax requirement                           | 66.6        |
| <i>Changes due to:</i>                                    |             |
| Savings and efficiencies                                  | -39.8       |
| Change in use of reserves                                 | -32.8       |
| Net change in retained business rates and specific grants | 61.1        |
| Change in council tax collection fund surplus             | 7.4         |
| <b>2021-22 council tax requirement</b>                    | <b>62.5</b> |

### Inflation

- 2.10 The budget includes no provision for inflation, which is mitigated through savings and efficiencies at project and programme level.

### Savings and efficiencies

- 2.11 The draft GLA: Mayor budget proposes £11.6 million of savings from core activities. In addition, a further £27.3 million will be delivered through the Recovery Missions & Foundations budgets being set at a lower level than the corresponding staffing and project budgets in 2020-21. The impact on individual projects is currently being considered and will be set out as appropriate once billing authorities returns are analysed in February and confirmed in the final GLA: Mayor budget in March.

### Change in use of reserves

- 2.12 The budget proposes a net increase in the budgeted use of reserves of £33.8 million, reflecting the planned use of reserves held to fund Mayoral projects and initiatives, including the relocation of City Hall, and costs arising from the postponement of the GLA elections to May 2021.

### Net change in retained business rates and specific grants

- 2.13 There is a £61.6 million net reduction in income from retained business rates and specific grants in 2021-22, compared to the revised 2020-21 budget. This reflects the impact of the reduced allocations from business rates arising from the losses due to the economic impact of the pandemic including the 2020-21 forecast deficit.

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

- 2.14 On 30 November 2020, the GLA, TfL and the DfT agreed a revised funding deal for Crossrail under which the GLA will provide an additional £825 million contribution to allow the completion of the project. It is assumed at this stage in the GLA's capital spending plan that £760 million of this will be transferred to TfL in 2021-22 with the remaining £65 million being paid over in 2022-23. The profile of the application of this funding by TfL for the Crossrail project will be phased on a different basis taking into account the use of other contributions including those met from TfL's own sources including borrowing.
- 2.15 The £825 million aggregate additional contribution will be borrowed from the Government and financed and repaid using revenues from the Crossrail business rate supplement (BRS) and Mayoral Community Infrastructure Levy (MCIL). This agreed deal will not affect the tax or the amounts raised from taxpayers for 2021-22 from MCIL or for the BRS – which in the latter case will be approved by a separate Mayoral Decision – but merely extend the period for which they are required to be used to finance and repay the GLA's Crossrail debt into the late 2030s. Under the agreement £500 million of the GLA's borrowing will be on a recourse basis and repayable in full under an agreed fixed repayment profile. The remaining £325 million is on a non-recourse basis and its repayment is conditional on sufficient BRS and MCIL revenues being available to allow this.
- 2.16 In addition, the GLA is due to make the final instalment in 2021-22 of its £1 billion contribution towards the Northern line extension to Nine Elms and Battersea Power Station which is due to open by the end of 2021. Due to the current economic uncertainty there is a material risk that the revenues from business rates growth and developer contributions from the local designated area could be insufficient to meet the GLA's capital financing costs for both 2020-21 and 2021-22. Plans are being developed to meet this risk until such time as sufficient revenues are received.
- 2.17 The GLA is estimated to incur £182.3 million of capital financing costs in 2021-22 of which £177 million relates to these two schemes. Any changes as a result of updated financing and revenue information relating to these two projects, including specifically the recently announced Crossrail funding deal, will be reflected in the Mayor's final draft budget.

**Equalities**

- 2.18 In line with the Mayor's 'Inclusive London' Equality, Diversity and Inclusion Strategy, the 2020-21 GLA: Mayor budget included a wide range of measures which had positive equalities outcomes, particularly for Londoners who face disadvantage, unfairness or discrimination. The 2020-21 budget process has been conducted with regard for this strategy, the requirements of the Equality Act and the outcomes agreed by the London Recovery Board (which has identified equality, diversity and inclusion as a cross-cutting priority). Accordingly, expenditure which will continue following the savings exercise which has positive impacts on equalities includes:
- significant commitments on affordable housing;
  - continued delivery of an ambitious programme of work on rough sleeping;
  - work with employers and others to ensure that London's economy is fair and inclusive;

- supporting skills development, including through the Adult Education Budget (AEB);
- giving young people the best chances by investing in London's further education sector and supporting a wide range of programmes across London through the Young Londoners Fund;
- programmes specifically aiming to reduce inequality and poverty, and tackle the specific barriers faced by some groups of Londoners;
- work to reduce health inequalities, in line with the Mayor's Health Inequalities Strategy; and
- identifying and implementing actions to make further progress in reducing gender and ethnicity pay gaps within the GLA.

2.19 In accordance with the PSED and the London Equality, Diversity and Inclusion Strategy, officers will continue to assess the likely impacts of the proposals set out in this draft budget on people with a protected characteristic as proposals are further developed and refined.

### **Environmental impact**

2.20 Both the revenue budget proposals and the draft capital strategy and capital spending plan prioritise environmental matters to improve the built and wider environment. This reflects both the Mayor's aim for London to achieve net zero by 2030 and the central role of the environment in London's COVID-19 recovery programme, which incorporates an ambitious Green New Deal mission, as well as embedding environmental sustainability as a cross-cutting principle. The GLA's key environmental projects and initiatives, among others, include:

- tackling London's dangerously polluted air – including working with TfL to implement the extension of the Ultra Low Emission Zone – with the objective of London having the best air quality of any major world city by 2050;
- installing and retrofitting energy efficiency improvements and reducing carbon emissions from London homes, together with promoting clean, integrated, flexible and smart energy systems to decarbonise London more quickly and at lower cost;
- addressing inequalities in access to green space and helping adapt and respond to the climate and ecological emergency by greening London's public realm and built environment;
- delivering green infrastructure, including sustainable drainage, that manages flood risk and reduces urban heat;
- increasing the resilience of new and existing buildings through strong planning policy and water efficiency and ventilation measures;
- support the delivery of increased recycling and progress towards a circular economy;
- accelerating growth in the green economy through increased availability of green finance and wider support for innovation in the clean tech, waste and circular sectors; and supporting job creation, retention and skills development across sectors involved in greening London; and

- ensuring City Hall and all other GLA buildings maintain the highest environmental standards on heating, lighting and waste, and planning for the highest levels of environmental sustainability in the GLA's move to new premises at The Crystal.

### Reserves

- 2.21 The Business Rates Reserve (BRR) is used primarily to manage business rates and council tax income risk and volatility. The new Savings Target Reduction Reserve established under Mayoral Decision (MD) 2695 in September 2020 is intended to provide for the 50 per cent reduction to the previously announced targets for 2020-21 business rates and council tax losses for the GLA: Mayor, Assembly, LFC and MOPAC budgets set out in the Mayor's original budget guidance.
- 2.22 It is estimated that the combined balance held on these two reserves will increase to £251.1 million by 31 March 2021 declining to £67.3 million by 31 March 2023. The closing balance at the end of 2020-21 reflects the transfers approved from the BRR in MD2695 and recent changes in secondary legislation which affect the basis for calculating levy and safety net payments and thus the GLA's retained business rates income for 2020-21. The planned reduction by March 2023 is primarily due to the impact of the three-year spreading required for 2020-21 council tax and business rates collection fund deficits as well as an assessment of the impact of the Government support schemes announced in the Spending Review on 25 November.
- 2.23 There is great uncertainty over the level of retained business rates income the GLA will receive in future years, even allowing for the losses arising from the COVID-19 pandemic, as outlined in section 1 and Appendix I. The Executive Director of Resources considers that the aspiration should be to restore the level of the Business Rates Reserve to a level that reflects the risks to future tax revenues, taking account of the actual level of support from the Government that will be forthcoming. As the precise level of Government support is unknown at the time of writing further advice will be submitted. However, the scale of this likely risk and expected losses in the short- to medium-terms means that the Business Rates Reserve will need to be rebuilt over a number of years.
- 2.24 The Strategic Investment Fund (SIF) reserve was created to manage the timing of the draw down of the additional business rates growth generated for the GLA under the 2018-19 and 2019-20 London business rates pilots. The reserve is forecast to be fully utilised by the end of 2021-22. The balance on the Mayoral Development Corporation Reserve (MDC) will be reduced from £16.5 million at the end of 2020-21 to £10.8 million by 2022-23. This reserve is ringfenced to support LLDC and OPDC, as a contingency held for any unexpected costs.
- 2.25 The GLA's general reserve will be maintained at £10 million until the end of the planning period. Reserves earmarked for GLA: Mayor services are forecast to be £189 million at the close of 2020-21 and reduce to £80 million by the close of 2022-23 reflecting the planned use of the reserves to support Mayoral priorities. The unused earmarked reserves at the end of 2022-23 includes balances relating to the Young Londoners Fund, Right to Buy interest receipts, the new Museum of London, directorate reprofiling, major events and the 2024 GLA elections.
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2.26 The Capital Programme Reserve is forecast to have a balance of £21 million at the close of 2021-21 and reduce to £9 million by the close of 2022-23. The LLDC Capital Funding reserve estimated to be £170 million at the end of 2020-21 will be applied to provide funding to the development of East Bank and other LLDC capital schemes in 2021-22 and later years.

2.27 The table below shows the forecast movement in GLA reserves:

| <b>Movement in reserves during financial year</b> | <b>Outturn<br/>2019-20</b> | <b>Forecast<br/>2020-21</b> | <b>Budget<br/>2021-22</b> | <b>Plan<br/>2022-23</b> |
|---|----------------------------|-----------------------------|---------------------------|-------------------------|
|   | <b>£m</b>                  | <b>£m</b>                   | <b>£m</b>                 | <b>£m</b>               |
| Opening balances                                  | 711.2                      | 736.5                       | 692.2                     | 387.1                   |
| <i>Transfers to/from (-):</i>                     |                            |                             |                           |                         |
| Business Rates Reserve                            | -61.4                      | 82.5                        | -92.6                     | -92.5                   |
| Savings Target Reduction Reserve                  | 0.0                        | 41.7                        | 0.0                       | 0.0                     |
| Mayoral Development Corporation Reserve           | 18.2                       | -4.9                        | -5.7                      | 0.0                     |
| Reserves earmarked for GLA services               | -9.9                       | -28.1                       | -95.6                     | -12.5                   |
| Capital Programme Reserve                         | 0.7                        | -23.7                       | -6.6                      | -5.3                    |
| LLDC Capital Funding Reserve                      | 19.2                       | 24.4                        | -70.0                     | -32.4                   |
| Strategic Investment Fund                         | 59.7                       | -137.0                      | -33.8                     | 0.0                     |
| Assembly Reserve                                  | -1.2                       | 0.8                         | -0.8                      | 0.0                     |
| General Reserve                                   | 0.0                        | 0.0                         | 0.0                       | 0.0                     |
| <b>Closing balances</b>                           | <b>736.5</b>               | <b>692.2</b>                | <b>387.1</b>              | <b>244.4</b>            |

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

| <b>Total reserves at end of financial year</b> | <b>Outturn<br/>2019-20</b> | <b>Forecast<br/>2020-21</b> | <b>Budget<br/>2021-22</b> | <b>Plan<br/>2022-23</b> |
|--|----------------------------|-----------------------------|---------------------------|-------------------------|
|  | <b>£m</b>                  | <b>£m</b>                   | <b>£m</b>                 | <b>£m</b>               |
| Business Rates Reserve                         | 126.7                      | 209.4                       | 116.9                     | 24.4                    |
| Savings Target Reduction Reserve               | 0.0                        | 41.7                        | 41.7                      | 41.7                    |
| Mayoral Development Corporation Reserve        | 21.4                       | 16.5                        | 10.8                      | 10.8                    |
| Reserves earmarked for GLA services            | 216.8                      | 188.6                       | 92.9                      | 80.3                    |
| Capital Programme Reserve                      | 44.9                       | 21.2                        | 14.6                      | 9.4                     |
| LLDC Capital Funding Reserve                   | 145.2                      | 169.6                       | 99.6                      | 67.2                    |
| Strategic Investment Fund                      | 170.9                      | 33.8                        | 0.0                       | 0.0                     |
| Assembly Reserve                               | 0.6                        | 1.4                         | 0.6                       | 0.6                     |
| General Reserve                                | 10.0                       | 10.0                        | 10.0                      | 10.0                    |
| <b>Closing balances</b>                        | <b>736.5</b>               | <b>692.2</b>                | <b>387.1</b>              | <b>244.4</b>            |

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



## Greater London Authority: London Assembly

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

### Key deliverables

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

### Revenue expenditure and council tax requirement

- 3.3 The Mayor is proposing that the Assembly's gross expenditure for 2021-22 is £7.0 million.
- 3.4 Deducting the retained business rates income results in the Mayor proposing a council tax requirement for the Assembly of £2.5 million in 2021-22. The indicative revenue budget for the Assembly, prepared by Assembly officers and finance staff, is set out in the table below on an objective basis.

| Objective analysis<br>Assembly | Revised Budget | Forecast   | Budget     | Plan       |
|--------------------------------|----------------|------------|------------|------------|
|                                | 2020-21        | 2020-21    | 2021-22    | 2022-23    |
|                                | £m             | £m         | £m         | £m         |
| Assembly Members               | 1.9            | 1.7        | 1.7        | 1.7        |
| Member Services                | 2.4            | 2.2        | 2.0        | 2.0        |
| Committee Services             | 0.8            | 0.6        | 0.7        | 0.7        |
| Scrutiny                       | 1.4            | 1.3        | 1.2        | 1.3        |
| Assembly Communications        | 0.5            | 0.4        | 0.4        | 0.4        |
| Director/Business Support      | 0.3            | 0.4        | 0.3        | 0.3        |
| London TravelWatch             | 1.1            | 1.1        | 1.0        | 1.0        |
| <b>Net revenue expenditure</b> | <b>8.4</b>     | <b>7.7</b> | <b>7.3</b> | <b>7.4</b> |
| Transfer to/from (-) reserves  | 0.1            | 0.8        | 0.0        | 0.0        |
| Savings to be identified       | 0.0            | 0.0        | -0.3       | -0.3       |
| <b>Financing requirement</b>   | <b>8.5</b>     | <b>8.5</b> | <b>7.0</b> | <b>7.1</b> |
| Retained business rates        | 5.9            | 5.9        | 4.5        | 4.5        |
| <b>Council tax requirement</b> | <b>2.6</b>     | <b>2.6</b> | <b>2.5</b> | <b>2.6</b> |

### Explanation of budget changes

- 3.5 An analysis of the year on year movement in the Mayor's proposed council tax requirement for the Assembly compared to the revised budget for 2020-21 is set out below. An explanation of each change is provided in the paragraphs that follow.

| <b>Changes in the council tax requirement</b> | <b>£m</b>  |
|---|------------|
| 2020-21 council tax requirement               | 2.6        |
| <i>Changes due to:</i>                        |            |
| Net change in service expenditure             | -1.1       |
| Savings to be identified                      | -0.3       |
| Change in use of reserves                     | -0.1       |
| Decrease in retained business rates           | 1.4        |
| <b>2021-22 council tax requirement</b>        | <b>2.5</b> |

### Net change in service expenditure

- 3.6 Net expenditure is proposed to reduce by £1.4 million in 2021-22, compared to the level budgeted in 2020-21, to meet the financing requirement of £7.0 million. £1.1 million of this reduction will affect the establishment and operations of all units in the Assembly Secretariat and will be the subject of internal consultation processes in early 2021. There is a further £0.3 million savings to be identified.

### Change in use of reserves

- 3.7 The 2020-21 Assembly budget includes a transfer to reserves of £0.1 million. There are no proposed transfers to or from reserves in 2021-22.

### Decrease in retained business rates

- 3.8 The Mayor proposes to reduce the business rates allocation to the Assembly by £1.4 million compared to 2020-21, reflecting the lower level of business rates expected to be available to the Group in 2021-22.

### Equalities and environmental impact

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

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## Mayor's Office for Policing and Crime

4.1 The Mayor's Office for Policing and Crime (MOPAC) works on behalf of Londoners to fund and hold the Metropolitan Police Service (MPS) to account, reduce crime and improve the provision of criminal justice services across the capital. MOPAC's Police and Crime Plan sets out the Mayor's strategy for policing and crime reduction over a two-year period from 2021-22 to 2022-23.

### Key deliverables

4.2 The Mayor's Police and Crime Plan - A Safer City for all Londoners, sets out five top priorities:

- a better police service in London;
- a better criminal justice service for London;
- keeping children and young people safe;
- tackling violence against women and girls; and
- standing together against hatred, extremism and intolerance.

4.3 The Police and Crime Plan was due to be refreshed this year, following the Mayoral elections scheduled for May 2020. However, the Government took the decision to postpone the elections by a year as a result of the COVID-19 pandemic and therefore the existing Police and Crime Plan 2017-21 will remain in force for an additional year.

4.4 Central to this is the Mayor's Equality, Diversity and Inclusion Strategy, 'Inclusive London', which sets out key inequalities affecting the lives of Londoners. This strategy drives work on equality and inclusion, including race equality, with a range of projects, programmes and policies spanning education, health, civil society, as well as policing. Community engagement and advisory functions provide expertise on race equality to bring insight and shape to GLA work. These include the Mayor's Equality, Diversity and Inclusion Advisory Group, the Migrant and Refugee Advisory Panel and civil society partner organisations.

4.5 The Mayor published his Action Plan in November 2020 to improve trust and confidence in the MPS and to address community concerns about disproportionality in the use of certain police powers affecting Black Londoners. The Mayor has committed, as part of the action plan, to invest £1.7 million to develop greater community involvement in police officer training and in the recruitment and progression of Black officers in the MPS. The MOPAC budget for 2021-22 incorporates £1.7 million of activity in relation to this Action Plan.

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- 4.6 The Mayor's number one priority is the safety of Londoners and this is reflected in the apportionment of the savings that the GLA Group have been required to find, with the smallest percentage reductions in funding having been applied to MOPAC and the London Fire Commissioner. In the budget setting process, the Mayor has also recognised the importance of protecting vital work to tackle violence, which is undertaken by the Violence Reduction Unit (VRU), and MOPAC commissioning and these areas of work have been protected from making any of the savings applied across the GLA Group.
- 4.7 Furthermore, the Mayor is committed to delivering the MPS transformation programme. The transformation portfolio aims to deliver:
- for the public – building confidence and tackling the issues that matter to them most;
  - for MPS's people – providing strong leadership and equipping them with the skills and tools which match their commitment to the job;
  - digital transformation – exploiting the digital revolution, new technology and valuing data; and
  - organisational transformation – becoming a flexible and agile organisation.
- 4.8 In February 2020, the Mayor's Violence Reduction Unit (VRU) was allocated an ongoing £5 million from 2020-21 onwards, to ensure that the VRU has the resources to continue leading the public-health approach to tackling the complex causes of crime. In 2020-21, the VRU also received £9 million of one-off growth funding from the Mayor to be profiled across three financial years in recognition of the importance of this area of work and the need for developing a long-term sustainable approach which underpins reducing serious youth violence, and to explore sustainable approaches towards violence reduction.
- 4.9 Since 2019-20, the Home Office have made available grant funding, from which the VRU successfully bid for £7 million over the past two years. As this funding has not yet been confirmed as continuing for future years, it is not included as an assumption in the budget. There is a significant impact on the VRU commissioning plans if Home Office funding is not forthcoming.
- 4.10 In 2020-21 the estimated cost of COVID-19 is c£50 million offset by a grant of £9.9 million in relation to medical grade PPE and expected lost income reimbursements of £7.3 million. The expected net cost for the 2020-21 is c£33 million. There has also been £6.8 million received for COVID-19 enforcement but this is directly attributable to the associated delivery and does not reduce the net costs. In addition to this there were COVID-19 costs of £5 million in 2019-20.

#### **Responding to the London Recovery Board's missions**

- 4.11 Together MOPAC and the MPS are committed to supporting the London Recovery Board's missions, which seek to restore confidence in the city, minimise the impact on London's most vulnerable communities and rebuild the city's economy and society – against the impact of COVID-19.
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4.12 MPS delivery includes increased access to its services online (crime reporting and local information) to ensure it is accessible to Londoners and contactable in the way people prefer to use, in person, by phone or online, responding to the 'Digital Access for All' theme; safeguarding teams on all BCU's (Borough Command Units) and officers across London working directly on public protection, supporting victims of domestic abuse and children, contributing to 'A Robust Safety Net' theme; as well as Dedicated Ward Officers in each of London's wards who provide visible reassurance and an accessible point of contact, responding to the 'High Streets for All' theme.

#### **Gross revenue expenditure**

4.13 The Mayor is proposing a gross revenue expenditure budget for MOPAC of £3,989.8 million in 2021-22. The proposed budget is £123 million higher than the forecast 2020-21 outturn of £3,866.8 million and £93 million greater than the revised 2020-21 budget of £3,896.8 million.

#### **Net revenue expenditure and council tax requirement**

4.14 After deducting fees, charges, and other income, the use of reserves from MOPAC's gross revenue expenditure and its share of the estimated council tax collection fund surplus for 2020-21, the Mayor proposes that MOPAC's financing requirement for 2021-22 will be £3,559.2 million. The Mayor's proposed revenue budget for MOPAC is set out in the table below on an objective basis.

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| <b>Objective analysis</b>                    | <b>Revised Budget</b> | <b>Forecast</b> | <b>Budget</b>  | <b>Plan</b>    |
|--|-----------------------|-----------------|----------------|----------------|
| <b>MOPAC</b>                                 | <b>2020-21</b>        | <b>2020-21</b>  | <b>2021-22</b> | <b>2022-23</b> |
|  | <b>£m</b>             | <b>£m</b>       | <b>£m</b>      | <b>£m</b>      |
| <b>Metropolitan Police Service</b>           |                       |                 |                |                |
| Frontline Policing                           | 1,330.2               | 1,402.4         | 1,384.0        | 1,524.4        |
| Met Operations                               | 839.7                 | 856.9           | 815.0          | 806.1          |
| Specialist operations                        | 449.9                 | 440.6           | 431.2          | 427.9          |
| Corporate services                           | 541.7                 | 554.5           | 511.6          | 477.6          |
| Professionalism                              | 113.8                 | 114.3           | 104.5          | 102.5          |
| <b>Total business groups</b>                 | <b>3,275.3</b>        | <b>3,368.7</b>  | <b>3,246.3</b> | <b>3,338.5</b> |
| Discretionary pension costs                  | 34.6                  | 35.0            | 34.4           | 34.4           |
| Centrally held                               | 103.9                 | 12.5            | 201.8          | 319.6          |
| Capital financing costs                      | 98.4                  | 95.1            | 145.4          | 165.9          |
| <b>Total corporate budgets</b>               | <b>236.9</b>          | <b>142.6</b>    | <b>381.6</b>   | <b>519.9</b>   |
| <b>Mayor's Office for Policing and Crime</b> |                       |                 |                |                |
| Victims Services and Crime Prevention        | 68.7                  | 61.3            | 50.4           | 39.8           |
| Oversight and Accountability*                | 7.1                   | 6.6             | 7.5            | 7.6            |
| Shared audit function                        | 1.6                   | 1.4             | 1.7            | 1.7            |
| <b>Total MOPAC</b>                           | <b>77.4</b>           | <b>69.3</b>     | <b>59.6</b>    | <b>49.1</b>    |
| Violence Reduction Unit (VRU) **             | 19.7                  | 18.8            | 12.1           | 10.2           |
| Additional funding required                  | 0.0                   | 0.0             | 0.0            | -248.6         |
| <b>Net revenue expenditure</b>               | <b>3,609.3</b>        | <b>3,599.4</b>  | <b>3,699.6</b> | <b>3,669.2</b> |
| Transfer to/from (-) reserves                | 25.3                  | 34.2            | -140.4         | -87.5          |
| <b>Financing requirement</b>                 | <b>3,634.6</b>        | <b>3,633.6</b>  | <b>3,559.2</b> | <b>3,581.8</b> |
| Specific grants                              | 690.3                 | 689.3           | 583.1          | 579.1          |
| Retained business rates                      | 118.7                 | 118.7           | 27.9           | 28.5           |
| Council tax collection fund surplus          | 10.0                  | 10.0            | 0.0            | 0.0            |
| Home Office Police Grant                     | 2,048.5               | 2,048.5         | 2,181.3        | 2,181.3        |
| <b>Council tax requirement</b>               | <b>767.1</b>          | <b>767.1</b>    | <b>766.8</b>   | <b>792.9</b>   |

\*Management and oversight of public complaints was legally transferred to MOPAC from MPS in February 2020.

\*\* No confirmation received that the Home Office will again provide grant funding to the VRU in 2021-22.

4.15 The budget for 2021-22 reflects the Mayor's proposed £15 increase in the policing element of the GLA's Band D council tax.

### Explanation of budget changes

- 4.16 An analysis of the year on year movement in the Mayor's proposed council tax requirement for MOPAC compared to the revised budget for 2020-21 is set out below. An explanation of each change is provided in the paragraphs that follow.

| <b>Changes in the council tax requirement</b>                       | <b>£m</b>    |
|---|--------------|
| 2020-21 council tax requirement                                     | 767.1        |
| <i>Changes due to:</i>  |              |
| Inflation   | 36.0         |
| Savings and efficiencies  | -69.3        |
| Net change in existing service expenditure                          | 133.5        |
| Change in use of reserves   | -165.7       |
| Net change in government grants and retained business rates funding | 65.2         |
| <b>2021-22 council tax requirement</b>                              | <b>766.8</b> |

### Inflation

- 4.17 The budget currently includes a provision for inflation of £36.0 million. This includes the full year effect of the 2020-21 pay increase for officers, PCSOs and staff. However, the Chancellor announced in the Spending Review that there would be a public sector pay freeze for 2021-22 and the budget therefore assumes no pay inflation for 2021-22.

### Savings and efficiencies

- 4.18 For the 2021-22 provisional budget, MOPAC/MPS was required to find £131 million of savings and efficiencies, which comprises savings already identified in the February 2020 published budget of £50.2 million and new identified savings of £19.3 million, totalling £69.3 million as shown in the table above. In addition to this further savings of £63.8 million have been achieved during 2020-21, as required by the Mayor's Budget Guidance issued on 26 June 2020. Following the provisional police finance settlement, MOPAC/MPS now has a balanced budget for 2021-22.
- 4.19 In 2022-23 there is estimated to be a structural budget gap of £54.5 million. The Mayor and the Commissioner will continue to seek efficiency improvements and savings but given that around £886 million has already been delivered since 2013-14 it will be extremely difficult to find yet more savings and efficiencies.
- 4.20 For 2022-23, the structural budget gap of £54.5 million, combined with the gap in funding for the Police Officer Uplift programme (as shown at section 4.26 below) of £194.1 million, totals £248.6 million, the figure for the additional funding required as shown in the Objective Analysis table above.

**Net change in service expenditure and income**

- 4.21 The budget for 2021-22 proposes an £18.3 million net increase in service expenditure and income. This reflects a number of net movements, including the impact of increased officer numbers and the expenditure impact of the drawdown from reserves of the additional funding previously provided by the Mayor through retained business rates, to fund an additional 1,000 officers. The Mayor has also provided funding for a further 300 officers locally on an ongoing basis from police precept increases in prior years.

**Change in use of reserves**

- 4.22 In 2021-22 the budget proposes a £140.4 million use of reserves compared to the revised 2020-21 budgeted position at Quarter 2 of a £25.3 million transfer to reserves. The most notable drawdown is £59.3 million from the £118.6 million of retained business rates income paid in advance by the Mayor in 2019-20 to fund the additional 1,000 police officers until at least March 2023. There is also a £13.3 million drawdown to smooth the impact of the 2021-22 savings and £23.1 million for managing police officer numbers.
- 4.23 For 2022-23, there is a further £87.5 million planned use of reserves including the use of the reserves to fund the 1,000 officers outlined above.

**Net change in Government grants and retained business rates**

- 4.24 The Mayor is proposing that MOPAC will receive £27.9 million in funding via retained business rates in 2021-22; the majority of this funding reflects the policing share of historic council tax freeze grant which since 2016-17 has been allocated through retained business rates to the GLA through the local government finance settlement.
- 4.25 In addition, MOPAC is forecast to receive an increase of £132.7 million in Home Office core police grant when comparing the revised 2020-21 budgeted figure at Quarter 2 of £2,048.5 million to the assumed 2021-22 figure of £2,181.3 million. This includes £38.3 million of the total £160 million officer uplift funding received in 2020-21 for the additional 1,369 officers funded by the Home Office, which was previously included in specific grants in 2020-21 but is now expected to be paid through the core police grant.
- 4.26 The increase also includes £94.4 million for London's share of the national Police Officer Uplift programme, which represents approximately 1,370 (1,344 exclusively for the MPS) of the additional 6,000 officers across England and Wales.
- 4.27 The 2022-23 budgeted figures assume the recruitment of the remaining 3,287 officers to achieve the MPS target of 6,000 additional officers by the end of 2022-23 from the national 20,000 officer uplift programme. No amount has been included for additional Home Office funding for these additional officers, as the Government has not yet indicated funding levels for policing in 2022-23. This creates a funding gap of £194.1 million relating to the final tranche of the Police Officer Uplift programme.



4.28 There is a forecast decrease in specific grants of £106 million from £689.3 million in 2020-21 to £583.1 million in 2021-22. This reduction reflects the £38.3 million referred to above, which was previously shown as a specific grant but has now been rolled into core funding, as well as £20.1 million for Home Office surge funding and £7 million in Home Office funding for the VRU, neither of which the Government has confirmed will continue. The remaining movements relate to one-off grants in 2020-21, including £20.5 million for COVID-19 additional funding and £10.3 million for Counter Terrorism Policing Headquarters change programmes.

### **Equalities**

4.29 Inclusive London, the Mayor's equality, diversity and inclusion strategy, includes a chapter on how the Mayor is helping to make London a safe, healthy and enjoyable city. This chapter includes the Mayor's objectives to reduce the disproportionate impact of crime on children and young people and other groups disproportionately likely to be victims of crime; to reduce differences in groups' perceptions of, and confidence in, policing and the criminal justice system (CJS); and to reduce inequality and disproportionate representation in the CJS.

4.30 Equality Impact Assessments (EIAs) have not yet been undertaken for each of the change proposals that are contained within this budget, but such assessments will be provided within each discrete decision. Those assessments will then be published as part of the decision-making process.

### **Environmental impact**

4.31 The MPS Environment and Sustainability Strategy 2019-2021 has a series of objectives. These include ensuring compliance with legislation and managing emissions as well as supporting commitments under the London Environment Strategy. Many MOPAC activities contribute to achieving these objectives. Transforming the estate will lead to fewer buildings and greater energy efficiency. The Digital Policing Strategy will reduce the size of data centres and rationalise IT equipment, reducing energy usage. MOPAC will explore options for green energy providers and is already diverting over 95 per cent of office waste from landfill and aims to increase office waste recycling to the GLA target of a minimum of 65 per cent by 2030.

4.32 MOPAC's commitment to the air quality policies in the London Environment Strategy has ensured that the MPS's fleet based within the Ultra Low Emission Zone (ULEZ) is fully compliant, except for 31 protection vehicles, and will ensure the entire fleet is ULEZ compliant by 2023. These exceptions are agreed between the MPS and the Mayor through a Memorandum of Understanding. The fleet currently includes over 598 electric, hybrid or hydrogen vehicles. By 2025, the entire support fleet of 800 vehicles will be hybrid and from 2025 the MPS will seek to ensure that all new vehicles purchases are hybrid or electric.

### Reserves

4.33 At 31 March 2021, MOPAC's general reserves are expected to total £67.5 million and these are forecast to reduce by £0.9 million in each of the following two financial years. It is forecast that MOPAC will hold £265.3 million of earmarked reserves at the close of 2021-22 and these reserves will fall to £178.7 million by the end of 2022-23. The expected movements in reserves over the planning period are set out in the following table.

| <b>Movement in reserves during financial year</b> | <b>Outturn<br/>2019-20<br/>£m</b> | <b>Forecast<br/>2020-21<br/>£m</b> | <b>Budget<br/>2021-22<br/>£m</b> | <b>Plan<br/>2022-23<br/>£m</b> |
|---|-----------------------------------|------------------------------------|----------------------------------|--------------------------------|
| Opening balances                                  | 230.6                             | 438.1                              | 472.3                            | 331.9                          |
| <i>Transfers to/from (-):</i>                     |                                   |                                    |                                  |                                |
| Earmarked reserves                                | 190.5                             | 30.3                               | -139.5                           | -86.6                          |
| General reserves                                  | 17.0                              | 3.9                                | -0.9                             | -0.9                           |
| <b>Closing balances</b>                           | <b>438.1</b>                      | <b>472.3</b>                       | <b>331.9</b>                     | <b>244.4</b>                   |

4.34 The expected total reserves at the end of each financial year are summarised in the following table. The unused earmarked reserves as at the end of 2022-23 include £178.7 million of funding that was put aside for activities in future years predominantly for Supporting One Met Model and local change as well as property works.

| <b>Total reserves at end of financial year</b> | <b>Outturn<br/>2019-20<br/>£m</b> | <b>Forecast<br/>2020-21<br/>£m</b> | <b>Budget<br/>2021-22<br/>£m</b> | <b>Plan<br/>2022-23<br/>£m</b> |
|--|-----------------------------------|------------------------------------|----------------------------------|--------------------------------|
| Earmarked reserves                             | 374.5                             | 404.8                              | 265.3                            | 178.7                          |
| General reserves                               | 63.6                              | 67.5                               | 66.6                             | 65.7                           |
| <b>Total</b>                                   | <b>438.1</b>                      | <b>472.3</b>                       | <b>331.9</b>                     | <b>244.4</b>                   |

MOPAC's published budget submission to the Mayor can be found [here](#).

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## London Fire Commissioner

- 5.1 The London Fire Commissioner (LFC) is responsible for fire and rescue services in London and supporting the London boroughs in their emergency planning role. It oversees the work of the London Fire Brigade (LFB).
- 5.2 LFC's Integrated Risk Management Plan (IRMP), known as the London Safety Plan, sets out how LFC will contribute to making London the safest global city. In summary, the Plan's key priorities are to:
- use resources in a flexible and efficient way, arriving at incidents as quickly as the Fire Brigade can;
  - develop and train staff to their full potential, at the same time transforming the London Fire Brigade to ensure it is an employer of choice and that staff have the opportunity to influence how the Brigade works; and
  - plan and prepare for emergencies that may happen and making a high quality, effective and resilient response to them.

### Key deliverables

- 5.3 The key headline targets in the London Safety Plan are to:
- achieve fairness and equality of outcomes for Londoners by having all London boroughs below the national (England) average rate for the occurrence of primary fires;
  - dispatch fire engines quickly to emergency incidents after answering a 999 call, with the first and second fire engines arriving quickly at emergency incidents, within six and eight minutes respectively, on average across London; and
  - for the first fire engine to arrive within 10 minutes on 90 per cent of occasions after being dispatched and 12 minutes on 95 per cent of occasions after being dispatched.
- 5.4 The publication of the Grenfell Tower Inquiry stage 1 report in October 2019 and Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service's (HMICFRS) inspection in December 2019, set out a number of recommendations requiring urgent action from the LFB. In January 2020 the Commissioner published his Transformation Delivery Plan, setting out the strategy and priorities for the LFB. A Transformation Director has been appointed and a new Transformation Directorate created. The ongoing transformation of the Brigade will be a key element of the next IRMP.
- 5.5 The Hackitt Review and Grenfell Tower Inquiry have led to a greater understanding of the nature of the built environment in London, and the risks posed by it. Whilst the new legislative and regulatory environment remains under development by the Government, responding to these changes has resulted in a substantial resourcing commitment for the LFB, which is expected to continue in the medium term. This creates a resulting funding pressure, which will need to be addressed both by the Government as part of future Spending Reviews, and by the Brigade as part of the development of the next IRMP.
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- 5.6 The COVID-19 pandemic has also had an unprecedented impact across the public sector in terms of demand, service delivery and economic consequences. Throughout the pandemic the LFB has provided essential services to London including collaborating with partners at the London Ambulance Service. The financial impact of COVID-19 has been closely monitored throughout the 2020-21 financial year and has also been considered during the 2021-22 budget process. COVID-19 continues to provide a level of uncertainty and its ongoing impact is being closely monitored.

#### **Responding to the London Recovery Board's missions**

- 5.7 The budget supports the London Recovery Board's missions, which seek to restore confidence in the city, minimise the impact on London's most vulnerable communities and rebuild the city's economy and society – against the impact of COVID-19 in the city. On a 'New Deal for Young People', the Brigade is helping to address this through engagement with over 200,000 children and young people annually across a range of schemes in all London Boroughs to raise awareness of fire and wider risks such as water and road safety. As part of the Fire Cadets programme, young people are mentored by volunteers who support the delivery. Young people who complete a Fire Cadets course then have the opportunity to come back and support new Fire Cadets.
- 5.8 The Brigade will also support 'Mental Health and Wellbeing' through ensuring that support, information and sources of help are always available to all of its employees so that their mental, physical and workplace health allows them to fulfil their roles in being trusted to serve and protect London. LFB will support 'Helping Londoners into Good Work' by including skills and employment requirements into contracts that exceed the estimate value thresholds for Services and Works, as set out in the skills model developed by TfL and adopted across the GLA Group.

#### **Gross revenue expenditure**

- 5.9 The Mayor is proposing an increase in the LFC's gross revenue expenditure of £10.1 million, from £479.2 million in the revised LFC budget for 2020-21 to £489.3 million in 2021-22, an increase of 2.1 per cent. There is a reduction compared to the forecast outturn for 2020-21 of £3.6 million.

#### **Net revenue expenditure and council tax requirement**

- 5.10 After deducting fees, charges, and other income from LFC's gross revenue expenditure the Mayor proposes that its net expenditure for 2021-22 before the use of reserves will be £448.1 million. Its financing requirement after the use of reserves is £425.1 million.
- 5.11 The Mayor is proposing a 1.99 per cent increase in the non-policing element of the Band D GLA council tax charge in 2021-22. The additional income generated as a result of this increase will be allocated in full to the LFC, reflecting the need to address the additional funding pressures faced by the LFB in future years. Nevertheless, as a result of the expected fall in the council taxbase, the council tax requirement for the LFC is currently expected to decrease from £168.6 million in 2020-21 to £163.7 million in 2021-22.
- 5.12 The Mayor's proposed revenue budget for LFC is set out in the following table on an objective basis.

| <b>Objective analysis</b>                     | <b>Revised Budget</b> | <b>Forecast</b> | <b>Budget</b>  | <b>Plan</b>    |
|---|-----------------------|-----------------|----------------|----------------|
| <b>London Fire Commissioner</b>               | <b>2020-21</b>        | <b>2020-21</b>  | <b>2021-22</b> | <b>2022-23</b> |
|   | <b>£m</b>             | <b>£m</b>       | <b>£m</b>      | <b>£m</b>      |
| Community safety                              | 41.1                  | 41.0            | 39.5           | 38.2           |
| Firefighting and rescue                       | 375.9                 | 374.0           | 376.9          | 377.6          |
| Firefighters' pensions                        | 22.2                  | 22.5            | 22.0           | 22.2           |
| Emergency planning and London Resilience Team | 1.2                   | 1.2             | 1.1            | 1.1            |
| Central services                              | 0.1                   | 0.1             | 0.2            | 0.2            |
| Savings to be identified                      | 0.0                   | 0.0             | 0.0            | -8.2           |
| <b>Net service expenditure</b>                | <b>440.5</b>          | <b>438.8</b>    | <b>439.7</b>   | <b>431.2</b>   |
| Capital financing costs                       | 8.0                   | 8.7             | 9.0            | 11.7           |
| External interest receipts                    | -0.6                  | -0.6            | -0.6           | -0.6           |
| <b>Net revenue expenditure</b>                | <b>447.9</b>          | <b>446.9</b>    | <b>448.1</b>   | <b>442.3</b>   |
| Transfer to/from (-) reserves                 | -13.2                 | -10.3           | -23.0          | -5.5           |
| <b>Financing requirement</b>                  | <b>434.7</b>          | <b>436.6</b>    | <b>425.1</b>   | <b>436.9</b>   |
| Specific grants                               | 33.2                  | 35.1            | 33.3           | 33.3           |
| Retained business rates                       | 232.9                 | 232.9           | 228.1          | 232.7          |
| <b>Council tax requirement</b>                | <b>168.6</b>          | <b>168.6</b>    | <b>163.7</b>   | <b>170.9</b>   |

### Explanation of budget changes

- 5.13 An analysis of the year on year movement in the Mayor's proposed council tax requirement for LFC, compared to the Mayor's revised budget for LFC in 2020-21 is set out below. An explanation of the year-on-year changes is provided in the paragraphs that follow.

| <b>Changes in the council tax requirement</b>      | <b>£m</b>    |
|--|--------------|
| 2020-21 council tax requirement                    | 168.6        |
| <i>Changes due to:</i>                             |              |
| Inflation  | 8.6          |
| Savings and efficiencies                           | -4.2         |
| Net change in service expenditure and income       | -4.2         |
| Change in use of reserves                          | -9.8         |
| Net Change in Government grants and retained rates | 4.7          |
| <b>2021-22 council tax requirement</b>             | <b>163.7</b> |

**Inflation**

- 5.14 The budget includes a provision for inflation of £8.6 million. This includes £2 million of contractual inflation and £6.6 million of inflation relating to budgeted staff pay awards. The latter is to be reviewed in light of the Chancellor's Spending Review announcement on the proposed public sector pay freeze in 2021-22, and developments in national pay negotiations.

**Savings and efficiencies**

- 5.15 The budget incorporates planned savings and efficiencies of £4.2 million.

**Net change in service expenditure and income**

- 5.16 The budget includes an £4.2 million change in service expenditure and income. This includes an increase in capital financing costs of £1 million, pressures and takes account of the additional budget savings required in 2020-21. The increases in service expenditure in 2021-22 will be met from the LFC reserves, with the intention that the budget gap from 2022-23 will be considered as part of the next IRMP.

**Change in use of reserves**

- 5.17 The budget proposes a net increase in the transfer from reserves of £9.8 million, reflecting the additional use of the budget flexibility reserve.

**Net change in Government grants and retained rates**

- 5.18 The Mayor is proposing that LFC will receive £228.1 million in funding via retained business rates in 2021-22; in addition, LFC is forecast to receive £33.3 million of specific government grants. Together this equates to a net £4.7 million decrease in funding received from these two sources. Specific grants are assumed to remain at the same level in 2022-23. The specific grant figure in both years includes firefighters pension grant of £21.7 million, in the absence of clarity from Government about how this will be treated in future funding settlements.

**Equalities**

- 5.19 The London Fire Brigade (LFB) continues to work closely with the GLA Group on the implementation of the Mayor's equality, diversity and inclusion strategy and commitment to economic fairness. Following cross-organisational consultation and engagement, the Brigade launched its new inclusion strategy, the 'Togetherness Strategy' on 1 July 2020. Embedded within this strategy are commitments to increasing capability and capacity of the organisation to embed equality considerations into all elements of decision making.
- 5.20 The requirement for each budget proposal to undergo an Equality Impact Assessment was communicated to all Heads of Department as part of the LFB budget guidance. This included specific instructions setting out the LFB's obligations under the Equality Act and Public Sector Equality Duty, with guidance to support them to complete Equality Impact Assessments (EIAs) on relevant proposals. In addition, an EIA has been undertaken on the proposals which have a direct impact on staff (fewer than 10) who are in positions which are at risk of deletion.
- 5.21 The Inclusion Team has been consulted, and work will continue to ensure EIAs are conducted and reviewed particularly where savings proposals identify impacts which require mitigation or justification.

### Environmental impact

- 5.22 LFC's budget submission has been reviewed for sustainability and environmental implications. The LFC will continue to monitor performance through the ISO 14001-certified Environmental Management System that covers the functions of the LFB and published Sustainable Development Annual Reports. The LFC's budget proposals include allocations and growth proposals that will support the LFC's commitments under the London Environment Strategy. This includes implementing responsible procurement, reducing waste, reducing CO2 emissions, adapting to climate change, improving air quality, and increasing London's green cover.

### Reserves

- 5.23 At 31 March 2021, LFC's general reserves are expected to total £15.6 million and are forecast to remain at the same level until at least March 2023.
- 5.24 It is forecast that LFC will hold £53.4 million of earmarked reserves at the close of 2020-21; these reserves are forecast to reduce to £24.9 million by the end of 2022-23, as the budget flexibility reserve is fully drawn down. The expected movements in reserves over the planning period are set out in the table below.

| Movement in reserves during financial year | Outturn     | Forecast    | Budget      | Plan        |
|--|-------------|-------------|-------------|-------------|
|  | 2019-20     | 2020-21     | 2021-22     | 2022-23     |
|  | £m          | £m          | £m          | £m          |
| Opening balances                           | 75.4        | 79.3        | 69.0        | 46.0        |
| <i>Transfers to/from (-):</i>              |             |             |             |             |
| Earmarked reserves                         | 5.7         | -4.5        | -23.0       | -5.5        |
| General reserves                           | -1.8        | -5.8        | 0.0         | 0.0         |
| <b>Closing balances</b>                    | <b>79.3</b> | <b>69.0</b> | <b>46.0</b> | <b>40.5</b> |

- 5.25 The expected total reserves at the end of each financial year are summarised below. These amounts are expected to be utilised over the medium term, but the exact timing is still to be confirmed. The actual call on these reserves will be reviewed over the planning period.

| Total reserves at end of financial year | Outturn     | Forecast    | Budget      | Plan        |
|---|-------------|-------------|-------------|-------------|
|   | 2019-20     | 2020-21     | 2021-22     | 2022-23     |
|   | £m          | £m          | £m          | £m          |
| Earmarked reserves                      | 57.9        | 53.4        | 30.4        | 24.9        |
| General reserves                        | 21.4        | 15.6        | 15.6        | 15.6        |
| <b>Total</b>                            | <b>79.3</b> | <b>69.0</b> | <b>46.0</b> | <b>40.5</b> |

LFC's published budget submission to the Mayor can be found [here](#).

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## Transport for London

6.1 Transport for London (TfL) is responsible for the planning, delivery and day-to-day operation of the capital's public transport system, including London's buses, London Underground and Overground, the Docklands Light Railway (DLR), London Tram and London River Services. It is also responsible for managing the congestion charge, ultra-low emission zone, low emission zone, maintaining London's main roads and traffic lights, regulating taxis and private hire vehicles, making London's transport more accessible and promoting walking and cycling initiatives.

### Key deliverables

6.2 The key deliverables over the next year include:

- capital investment of £2.8 billion, including renewals, line upgrades and contributions to Crossrail, including Elizabeth line trains and enabling works;
  - investing significant amounts in continuing the extensive cleaning regime introduced at the start of the pandemic to ensure the transport network is cleaner than ever before and keeping customers and staff safe. Other measures to keep people safe include social distancing signage and the mandatory wearing of face coverings. These will continue in line with Government policy;
  - continuing the electrification of London Buses, which with currently 380 zero emission buses is one of the largest electric fleets in Europe, so that all are zero-emission by 2037 at the latest. TfL will also work with bus operators to implement a world-leading Bus Safety Standard, including all new buses purchased from August 2019 requiring Intelligent Speed Assistance as standard;
  - continuing to optimise the bus network in response to changing demand, and TfL and partner authorities' plans for other modes. In outer London, service volume will grow by six million kilometres by 2022-23 compared to pre-pandemic levels in 2019-20. In Inner London, where there are more sustainable alternatives and many instances of bus congestion, TfL will reduce the network in a targeted way by removing excess capacity on some routes;
  - driving forward the Vision Zero action plan to eliminate deaths and serious injuries on London's roads, through the delivery of more Safer Junctions, continued rollout of 20mph speed limits, enhanced policing and enforcement, and ensuring safety is at the heart of all projects undertaken;
  - helping to clean up London's toxic air quality by toughening the Low Emission Zone (LEZ) standards for heavy vehicles in March 2021 and, in October 2021, expanding the ULEZ - the toughest air quality standard of any city in the world - to cover all roads within the North and South Circular roads;
  - delivering a world-leading road incident management system expected to launch in March 2022;
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- a material year-on-year increase in funding for renewal of borough roads and bridges. Following the long-term capital plan review TfL is allocating £40 million to these crucial structures, and will award funding to those structures most in need of repair; and
- borough funding for the Local Implementation Plan (LIP) programme is retained at the same level as agreed in last year's plan, however any future schemes are dependent on TfL's ability to secure a sustainable funding solution.

### **Responding to the London Recovery Board's missions**

- 6.3 Despite the significant operational and financial challenges faced throughout the year, TfL has continued to prioritise investment to ensure it maintains a safe and reliable network. In addition to this, it is progressing a number of schemes which contribute to London's recovery with a particular focus on three of the nine recovery missions: A Green New Deal, High Streets for All and Healthy Food, Healthy Weight. TfL's existing work around active travel, improving connectivity and initiatives such as Low Traffic Neighbourhoods will also support the objectives of the remaining missions.
- 6.4 A large proportion of TfL's core and strategic investment already supports the missions. For example, TfL invested £55 million in the first half of 2020-21 on Active Travel initiatives, including Streetspace which saw the delivery of more than 66km of new cycle lanes, 180 pedestrian spaces, 88 Low Traffic Neighbourhoods and 322 school streets - with a similar amount planned for the second half of 2020-21. This activity enhanced public safety and health, helped to protect against a car led recovery and encouraged more active and healthy lifestyles across London, contributing to the Green New Deal and Healthy Food, Healthy Weight missions. In addition, the London Streetspace Programme has reallocated over 22,500 square metres of highway to pedestrians over 30 sites, including some of London's busiest high streets. These changes are helping Londoners safely visit local high streets and will also help support local economies.
- 6.5 On the Green New Deal, TfL's budget continues the electrification of London buses, already the largest electric fleet in Europe with 380 electric buses, improving London's air quality and promoting a green recovery. TfL's budget includes assumptions for the tightening of the Low Emission Zone standards from March 2021, and the expansion of the Ultra Low Emission Zone in October 2021 which will improve air quality along some of the most polluted routes of London.
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6.6 A safe, reliable, and affordable transport system is at the heart of our city and as a result transport is regarded by the GLA as a Recovery Foundation. While there are clear and explicit programme links to some missions, TfL's work more broadly to provide a good public transport experience, unlock good growth across the city, and enable healthy and active travel will support all of the missions. For example, TfL's budget also continues step-free access schemes across the London Underground network, having recently completed Mill Hill East and Cockfosters station, and with work underway to deliver a further seven step-free stations by the end of 2021, ensuring TfL's network becomes more accessible to more individuals. Another example is TfL's housing programme, which will see progression during 2021-22 including construction commencing at Bollo Lane (850 homes) and an anticipated planning approval for Arnos Grove (162 homes), as part of its plans to deliver 10,000 new homes, 50 per cent of which will be genuinely affordable homes.

#### **Gross revenue expenditure**

6.7 TfL's Gross revenue expenditure in 2021-22 is proposed to increase by £414.6 million to £7,525.8 million compared to the latest forecast outturn for 2020-21 of £7,111.2 million. This is as a result of new initiatives – including ULEZ expansion in October 2021 and activities related to the future opening of the Elizabeth line – and inflationary pressures, as well as non-repeatable savings made from running fewer services at the height of the pandemic. The proposed budget is also £373.5 million higher than the revised budget for 2020-21 of £7,152.3 million.

#### **Net revenue expenditure and council tax requirement**

6.8 The pandemic has exposed TfL's reliance on covering its operating costs from fare revenue (72 per cent) compared to similar transport authorities in other major cities. TfL expect passenger journeys to only return to 80 per cent of pre-pandemic forecasts by the end of 2021-22 and throughout 2022-23. The delay in the opening of the Elizabeth line to the first half of 2022 means the consequent uplift in passenger income will begin later than previously modelled.

6.9 In 2021-22, TfL expect ridership to grow from around 40 per cent to 80 per cent by the end of the year as coronavirus restrictions are slowly lifted. This results in a loss of passenger income of £2,136.4 million compared to last year's plan. Therefore, after deducting passenger and commercial income, fees, charges, other income and its planned use of reserves, the Mayor proposes that TfL's net service expenditure for 2021-22 is £2,983.6 million. An analysis of the revenue budget by service area is summarised on the table below.

6.10 The Mayor proposes, as a result of the pandemic, that TfL's council tax requirement for 2021-22 will increase from £6.0 million to £49.2 million and the revenue element of retained business rates allocated would reduce to £773.7 million from £893.9 million. The balance of its net revenue expenditure is assumed to be financed by £3,023.2 million of extraordinary grant income to come predominantly from the Government.

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- 6.11 The funding agreement for the second half (H2) of 2020-21, reached between the Department for Transport and the Mayor, required the Mayor to raise additional income to meet the 2021-22 costs of London-specific transport concessions. TfL forecasts that the cost of relevant travel concessions for 2021-22 is between £110 million and £130 million. The proposed council tax increase will raise in the region of £43.2 million, leaving between £67 million and £87 million to be covered by projected Congestion Charge income. Temporary changes to the scope and level of the Congestion Charge were brought forward in June 2020 in accordance with the Government funding settlement for TfL in May 2020. TfL continues to keep these temporary changes under review but it seems likely that they will need to be in place for the first six months or so of the 2021-22 financial year owing to the ongoing impact of the pandemic, and to ensure people return to public transport and not the car as restrictions are eased. Any decision to implement these changes on a more permanent basis would be subject to an impact assessment, consultation and mayoral decision.
- 6.12 The nature and extent of the extraordinary grant funding required will depend on Mayoral and Government decisions, as well as how the Government proposes to implement various schemes it has announced to assist local authorities in managing council tax and business rates losses. The extraordinary grants included in the table below are subject to negotiation with the Government, including regarding the Financial Sustainability Plan submitted by TfL to the Department for Transport in January 2021, as required under the Extraordinary Funding and Financing Agreement reached with the Department for Transport on 31 October 2020. Other specific grants are forecast to reduce by £36.1 million in 2021-22 TfL compared to the 2020-21 revised budget due to the loss of one-off benefits in 2020-21 from the Government's Coronavirus Job Retention Scheme.
- 6.13 From January 2021, this plan assumes that fares increase by the July 2020 retail price index plus one per cent (total 2.6 per cent), helping to support vital investment in public transport. Whilst this level of fares rise is assumed to continue throughout the life of the plan, TfL fares are set by the Mayor on an annual basis. The table below sets out TfL's budget on an objective basis.
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| <b>Objective analysis<br/>TfL</b>                     | <b>Revised<br/>Budget<br/>2020-21<br/>£m</b> | <b>Forecast<br/>2020-21<br/>£m</b> | <b>Budget<br/>2021-22<br/>£m</b> | <b>Plan<br/>2022-23<br/>£m</b> |
|---|--|------------------------------------|----------------------------------|--------------------------------|
| <i>Income</i>   |  |                                    |                                  |                                |
| Passenger income                                      | -1,315.3                                     | -1,480.1                           | -3,275.6                         | -4,559.1                       |
| CC, LEZ & ULEZ income                                 | -354.0                                       | -408.0                             | -762.9                           | -1,157.5                       |
| Other income  | -318.4                                       | -325.6                             | -411.3                           | -477.1                         |
| Elizabeth line regulatory income                      | 0.0  | 0.0                                | -69.6                            | -338.4                         |
| Interest income                                       | -4.5   | -5.0                               | -1.2                             | -1.6                           |
| <b>Subtotal income</b>                                | <b>-1,992.2</b>                              | <b>-2,218.7</b>                    | <b>-4,520.6</b>                  | <b>-6,533.7</b>                |
| <i>Operating costs</i>                                |  |                                    |                                  |                                |
| London Underground                                    | 2,071.8                                      | 2,075.3                            | 2,164.9                          | 2,118.4                        |
| Buses/Streets/Other Surfaces                          | 2,804.6                                      | 2,821.7                            | 2,958.3                          | 3,173.1                        |
| Rail  | 476.0  | 465.2                              | 498.2                            | 546.5                          |
| Elizabeth line  | 337.7  | 337.0                              | 432.0                            | 457.6                          |
| Elizabeth line Regulatory charge                      | 0.0  | 0.0                                | 69.6                             | 338.4                          |
| Other Operations                                      | 963.5  | 916.0                              | 847.2                            | 821.5                          |
| Property Development                                  | 38.0   | 38.4                               | 45.1                             | 46.1                           |
| <b>Subtotal operating costs</b>                       | <b>6,691.6</b>                               | <b>6,653.6</b>                     | <b>7,015.3</b>                   | <b>7,501.6</b>                 |
| <i>Other</i>  |  |                                    |                                  |                                |
| Third-party contributions                             | -35.9  | -34.4                              | -22.9                            | -19.2                          |
| Debt servicing  | 460.7  | 462.6                              | 511.8                            | 507.1                          |
| <b>Subtotal other</b>                                 | <b>424.8</b>                                 | <b>428.2</b>                       | <b>488.9</b>                     | <b>487.9</b>                   |
| <b>Net service expenditure</b>                        | <b>5,124.2</b>                               | <b>4,863.1</b>                     | <b>2,983.6</b>                   | <b>1,455.8</b>                 |
| Revenue resources used to support capital investment* | -399.4                                       | -643.9                             | 959.0                            | 776.7                          |
| Transfer to/(from) reserves                           | -911.2                                       | -648.5                             | -83.9                            | 329.5                          |
| <b>Financing requirement</b>                          | <b>3,813.6</b>                               | <b>3,570.7</b>                     | <b>3,858.7</b>                   | <b>2,562.0</b>                 |
| Specific grants                                       | 48.7   | 81.8                               | 12.6                             | 13.8                           |
| Retained business rates                               | 893.9  | 893.9                              | 773.7                            | 787.2                          |
| Extraordinary grant                                   | 2,865.0                                      | 2,589.0                            | 3,023.2                          | 1,711.2                        |
| <b>Council tax requirement</b>                        | <b>6.0</b>                                   | <b>6.0</b>                         | <b>49.2</b>                      | <b>49.8</b>                    |

\*Funded by reserves and extraordinary grant

### Explanation of budget changes

6.14 An analysis of the year-on-year movements in the council tax requirement compared to the revised budget for 2020-21 is set out below. An explanation of each change is provided in the paragraphs that follow.

| <b>Changes in the council tax requirement</b>                       | <b>£m</b>   |
|---|-------------|
| 2020-21 council tax requirement                                     | 6.0         |
| <i>Changes due to:</i>  |             |
| Inflation   | 131.6       |
| Savings   | -100.5      |
| Passenger and commercial revenue and other income                   | -2,528.3    |
| Net change in service expenditure, excluding inflation and savings  | 305.6       |
| Net change in revenue resources used to support capital investments | 1,358.3     |
| Extraordinary grant   | -158.2      |
| Debt Servicing  | 51.1        |
| Government and other revenue funding                                | 156.2       |
| Change in use of reserves   | 827.4       |
| <b>2021-22 council tax requirement</b>                              | <b>49.2</b> |

### Inflation

6.15 The Budget proposes that net costs will increase by £131.6 million as a result of inflation. This represents 2.0 per cent of operating costs and is line with UK inflation forecasts. TfL's savings programme aims to offset the impact of inflation as much as possible, maintaining like-for-like operating costs broadly at the previous year's levels.

### Savings and efficiencies

6.16 The total savings and efficiencies which have been identified by TfL for 2021-22, compared to the 2020-21 budget total £100.5 million and are summarised below. The figures are presented on an incremental basis and do not include any savings still to be identified. These savings, all of which deliver cashable benefits, are embedded in the divisions, as summarised below.

6.17 London Underground are budgeting to deliver additional savings of £73.7 million in 2021-22 through their modernisation plan:

- improving the way maintenance activities are planned, enabling better value from the supply chain; and
- examining how maintenance work is carried out, ensuring that ways of working are safe, as well as more efficient, through better use of data and technology.

6.18 Surface Transport – Buses, Streets and Other Operations, and Rail – are forecast to deliver £24.8 million of new incremental savings in 2021-22:

- commercial savings on the bus network through negotiated revised contracts providing better value; and
- savings on Rail through working up more efficient activity plans and performance with contractors for next year, making savings for both contractor and TfL.

#### **Passenger and commercial revenue and other income**

6.19 Passenger, commercial and other income (including interest income) is estimated to increase by £2,528.4 million, from £1,992.2 million in the revised budget for 2020-21 to £4,520.6 million in 2021-22. To illustrate the uncertainty around how travel patterns may recover to pre-pandemic levels, TfL has developed five different passenger travel models using consistent assumptions which shows a range of +/- £500 million. The central scenario in this plan assumes a winter 2020 lockdown and then a cautious growth in travel in line with the recovery seen through summer 2021, but with no further lockdowns.

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

6.20 The net change in operating expenditure, excluding inflation and savings is an increase of £305.6 million, as a result of new initiatives – including the ULEZ expansion in October 2021 and activities related to the planned opening of the Elizabeth line. The plan for 2021-22 fully covers the cost of debt servicing allowing for the transfer of revenue resources to support the capital plan.

#### **Net change in revenue resources to support capital expenditure**

6.21 Due to the significant COVID-19 impacts on the investment programme in 2020-21, grant funding was in surplus to requirements of the capital programme by £399.4 million in the year, with BRR Capital and Extraordinary Grant utilised to support the operating account. In 2021-22, this position reverses and the operating account provides a level of support to the value of £959 million for the capital programme as a catch up of investments and capital renewals occurs in this year. The overall movement is £1,358 million.

#### **Debt servicing**

6.22 Debt servicing costs are proposed to increase by £51.1 million in 2021-22 compared to the revised 2020-21 Budget owing to a £35.0 million Crossrail borrowing repayment commencing in 2021-22 and £16.1 million interest costs from £1,352 million of net incremental borrowing undertaken in 2020-21, partially offset by lower interest costs on refinanced debt. No new borrowing is planned for 2021-22 and 2022-23.

#### **Other revenue grants and business rates**

6.23 Overall income from other grants is budgeted to decrease by £36.1 million in 2021-22 compared to the revised 2020-21 Budget. This is primarily due to a one-off allocation received from the Government through the Coronavirus Job Retention Scheme in 2020-21.

6.24 Subject to the impact of the billing authority forecasts due in late January 2021 and decisions around funding for concessionary fares, the assumption for the purposes of this Budget is that the Mayor would allocate a total of £1,753.1 million to TfL in 2021-22, comprising of funding from the Mayor's council tax precept of £49.2 million and business rates funding of £1,703.9 million. Of the £1,703.9 million business rates funding the Mayor proposes to allocate £773.7 million to the operating account, as shown in the objective analysis table above and £930.2 million for capital expenditure, shown in the draft capital plan in Appendix D. Funding received under the business rates retention scheme can be used to cover operating and financing costs and capital expenditure at the Mayor's discretion. The business rates allocated in this plan is fully indexed from 2020-21 in line with September CPI.

### **Equalities**

6.25 TfL's obligations in equalities legislation, the Mayor's Transport Strategy and Inclusive London form the basis of TfL's work on inclusion, diversity, equality and accessibility. They set out a bold and ambitious vision for maximising the opportunities available to Londoners, whilst also building stronger, thriving and connected communities by making London more accessible and inclusive.

6.26 TfL's plans are underpinned by a commitment to inclusion, diversity, equality and accessibility, which will be set out in a statement of intent in early 2021.

- this will build on TfL's existing customer facing work and TfL's Action on Equality strategy;
- it will have a short-term focus, recognising current workforce and customer diversity and inclusion challenges;
- it will consider the social impacts of the pandemic, how TfL has responded and ambitions for an inclusive recovery, to enable a conversation with stakeholders and Londoners;
- it will set out how TfL will be actively anti-racist as an organisation and ensure its workforce becomes more representative of Londoners at all levels through diverse recruitment and inclusive leadership, cultures, systems and behaviours; and
- it will ensure considerations around inclusion are at the very heart of decision-making. The statement of intent will be underpinned by a more detailed diversity and inclusion programme plan with metrics focused on closing the gaps in outcomes between minority groups and others.

6.27 The TfL Scorecard provides measures for tracking progress against key priorities including reducing the existing inclusion disparity gap. During 2020-21 TfL has implemented two scorecards – one during the first half of the year and another in the second half. This reflects the rapidly changing environment – but TfL's main focus as always, is the safety of its customers, staff and supply chain.

### **Environmental impact**

6.28 TfL is committed to investing in initiatives which reduce emissions of air pollutants and greenhouse gases from all transport sources in London. They are also undertaking actions to increase the resilience of transport to the impacts of climate change and deliver increased green infrastructure across the transport network.

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- 6.29 The Ultra-Low Emission Zone (ULEZ) came into effect in central London in April 2019 and has had a significant impact in air quality in its first 18 months of operation. From the 1 March 2021, TfL will toughen the Low Emission Zone (LEZ) standards for heavy vehicles so that they are required to meet Euro VI standards to travel in the zone or pay a daily charge.
- 6.30 TfL are committed to reducing air pollution from the bus fleet. By the end of December 2020, 100 per cent of the core bus fleet (excluding additional school buses) was Euro VI compliant. TfL have one of the largest electric bus fleet in Europe, with 380 electric buses. They will introduce more zero-emission buses over the budget period as part of the Mayor's ambition for a zero-emission bus fleet no later than 2037.
- 6.31 TfL will ensure that all new cars and vans (less than 3.5 tonnes) in TfL's support fleet, are zero emission capable (ZEC) from 2025, in line with commitments in the London Environment Strategy for vehicles in the GLA Group fleet.
- 6.32 TfL will also continue to assist taxi owners in making the transition to cleaner vehicles, through ZEC taxi vehicle grants, providing the necessary electric charging infrastructure to support the switch to zero emissions, as well as delicensing payments to reduce the number of polluting vehicles, helping to reduce harmful NOx emissions from the taxi sector.
- 6.33 TfL will reduce operational carbon emissions to meet the carbon budgets set out in the London Environment Strategy, through measures to improve energy efficiency and increasing the volume of renewable energy that TfL consume. As part of the Group-wide collaboration programme on energy, TfL will work alongside the GLA and other Functional Bodies to launch a process to collectively source renewable power via direct contracts with renewable energy developers. TfL is aiming to reduce waste, including single use plastics, and support the LES target of a 65 per cent municipal waste recycling rate.

### **Reserves**

- 6.34 At 31 March 2021, general reserves are expected to total £500.0 million and are budgeted to remain constant at the same level in each of the following financial years.
- 6.35 It is forecast that TfL will hold £348.0 million of earmarked reserves at the close of 2020-21; these reserves will rise to £799.0 million by the end of 2022-23. Earmarked reserves have been established to finance future projects. TfL maintains a general fund to preserve adequate liquidity and protect from short term fluctuations in cash requirements.
- 6.36 The expected movements in reserves over the planning period are set out in the following table.
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| <b>Movement in reserves during financial year</b> | <b>Outturn<br/>2019-20<br/>£m</b> | <b>Forecast<br/>2020-21<br/>£m</b> | <b>Budget<br/>2021-22<br/>£m</b> | <b>Plan<br/>2022-23<br/>£m</b> |
|---|-----------------------------------|------------------------------------|----------------------------------|--------------------------------|
| Opening balances                                  | 1,606.5                           | 1,580.7                            | 848.0                            | 1,120.0                        |
| <i>Transfers to/from (-):</i>                     |                                   |                                    |                                  |                                |
| Earmarked reserves*                               | -375.8                            | -732.7                             | 272.0                            | 179.0                          |
| General reserves                                  | 350.0                             | 0.0                                | 0.0                              | 0.0                            |
| <b>Closing balances</b>                           | <b>1,580.7</b>                    | <b>848.0</b>                       | <b>1,120.0</b>                   | <b>1,299.0</b>                 |

\*The Appendix H movement in reserves reports revenue movements only whereas the table above includes capital drawdowns.

6.37 The expected total reserves at the end of each financial year are summarised in the following table. The unused earmarked reserves as at the end of 2022-23 include funding that is being put aside for TfL's Investment Programme.

| <b>Total reserves at end of financial year</b> | <b>Outturn<br/>2019-20<br/>£m</b> | <b>Forecast<br/>2020-21<br/>£m</b> | <b>Budget<br/>2021-22<br/>£m</b> | <b>Plan<br/>2022-23<br/>£m</b> |
|--|-----------------------------------|------------------------------------|----------------------------------|--------------------------------|
| Earmarked reserves                             | 1,080.7                           | 348.0                              | 620.0                            | 799.0                          |
| General reserves                               | 500.0                             | 500.0                              | 500.0                            | 500.0                          |
| <b>Total</b>                                   | <b>1,580.7</b>                    | <b>848.0</b>                       | <b>1,120.0</b>                   | <b>1,299.0</b>                 |

TfL's published budget submission to the Mayor can be found [here](#)

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## London Legacy Development Corporation

- 7.1 The London Legacy Development Corporation (LLDC) is responsible for promoting and delivering physical, social, economic and environmental regeneration in Queen Elizabeth Olympic Park (QEOP) and surrounding area. LLDC is a Mayoral Development Corporation (MDC). In particular, LLDC aims to maximise the legacy of the Olympic and Paralympic Games, by securing high-quality sustainable development and investment, ensuring the long-term success of the facilities and assets within its direct control and supporting and promoting the aim of increased social mobility in surrounding communities.
- 7.2 Since the London 2012 Olympic and Paralympic Games, LLDC has delivered the transformation of the Park and venues from their Olympic to their legacy configuration. LLDC also works in partnership to bring forward regeneration schemes and housing to further the transformation of east London enabled by the London 2012 Games. Two such housing schemes are under contract and in progress, one at Chobham Manor and one at East Wick and Sweetwater. Further work includes delivering East Bank, a new cultural and educational centre, new social and transport infrastructure, and working with the host boroughs and other partners to create economic opportunity and support local people and businesses, as they seek to access it.

### Key deliverables

- 7.3 During 2021-22 the LLDC's revenue and capital budgets will be deployed to deliver its objectives, which include:
- continuing construction of East Bank Stratford Waterfront cultural and educational buildings to programme;
  - Chobham Manor development construction completed (phases 3 and 4);
  - East Wick and Sweetwater phase 1 construction completed; delivery for later phases agreed and construction commencing;
  - developer selected for Stratford Waterfront and Bridgewater residential development; joint venture established;
  - Hackney Wick Neighbourhood Centre design and Planning completed; commencement of construction;
  - continuing Stadium operations including football, summer concerts and athletics and work towards improving its financial sustainability, including commercial opportunities;
  - managing and maintaining the quality and safety of the Park and venues, including retaining Green Flag status, making adjustments in line with any changes to guidelines relating to COVID-19 and attracting visitors in line with those restrictions;
  - supporting safe delivery of major events including the Rugby League Wheelchair World Cup;
  - continuing to deliver the QEOP 'East Works' jobs and skills programme;
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- successfully operating the Good Growth Hub, the physical facility to consolidate and scale the East Works;
- supporting the Mayor's agenda for ensuring that GLA Group organisations are inclusive and diverse; and
- opening the proposed High Ropes visitor attraction.

### **Responding to the London Recovery Board's missions**

- 7.4 LLDC's work supports the Recovery Board's missions in a number of areas. Its drive to create an inclusive innovation district has seen QEOP host trials for driverless vehicles, e-scooters and cargo-bike deliveries. Its sports programming is aimed at engaging young people in a wide range of physical activities and its skills and employment programmes are helping provide young people with the skills to compete for opportunities in the emerging tech and creative sector. The soon-to-open Good Growth Hub will deliver pre-employment boot camps, technical skills training, higher education bursaries, paid internships and placements as well as business support and inclusive training for employers. The quality parklands provide the space and environment to benefit health and well-being – both physical and mental. Five new neighbourhoods will be created on QEOP, including a new centre in Hackney Wick to provide the hubs to support local groups and cohesive communities. A network of Park volunteers supports all visitors to the Park providing a mobility service alongside advice and information.
- 7.5 The continued investment in local people, creating new homes and jobs is vital to London's response to the pandemic signalling the confidence that exists in London's successful economic recovery. The sporting venues play host to some of the biggest international sports events keeping the world's attention on the capital and attracting international visitors. The new museums, theatres and music studios at East Bank will help to reinforce the Park as a must-visit part of the capital while its universities and businesses will help drive further investment into the emerging innovation sector attracting businesses large and small to locate in this part of London, supported by the large pool of skilled and talented young people that exists in east London. All this activity will support the creation of jobs in an area badly impacted by COVID-19.

### **Gross revenue expenditure**

- 7.6 Gross revenue expenditure in 2021-22 for the LLDC is budgeted to be £58.8 million including estimated capital financing costs of £11.8 million and Stadium funding of £11.8 million. The gross expenditure has decreased by £7.5 million from the 2020-21 revised budget due to savings that have been identified in line with the Mayor's Budget Guidance and is £2 million higher than the forecast outturn for 2020-21.

### **Net revenue budget and council tax requirement**

- 7.7 Net revenue expenditure in 2021-22 is budgeted to be £38.6 million or £31.9 million net of financing costs and reserve transfers. This has decreased by £7.3 million from the 2020-21 revised budget and is summarised on an objective basis in the following table. This analysis includes additional funding towards the net impact arising from LLDC's response to COVID-19.

| <b>Objective analysis</b>       | <b>Revised Budget</b> | <b>Forecast Outturn</b> | <b>Budget</b>  | <b>Plan</b>    |
|---------------------------------|-----------------------|-------------------------|----------------|----------------|
| <b>LLDC</b>                     | <b>2020-21</b>        | <b>2020-21</b>          | <b>2021-22</b> | <b>2022-23</b> |
|                                 | <b>£m</b>             | <b>£m</b>               | <b>£m</b>      | <b>£m</b>      |
| Park Operations and Venues      | 9.8                   | 9.2                     | 9.7            | 9.9            |
| Trading                         | 9.9                   | 9.4                     | 9.3            | 9.3            |
| Developments                    | 0.1                   | 0.0                     | 0.0            | 0.0            |
| Regeneration                    | 2.9                   | 2.5                     | 2.6            | 2.5            |
| Corporate                       | 11.0                  | 9.9                     | 10.1           | 10.8           |
| Planning Authority              | 3.1                   | 3.1                     | 2.8            | 2.4            |
| Stadium                         | 16.6                  | 10.9                    | 11.8           | 11.1           |
| Contingency                     | 1.1                   | 0.9                     | 0.7            | 0.4            |
| Financing costs                 | 11.8                  | 10.9                    | 11.8           | 14.0           |
| Income/savings to be identified | 0.0                   | 0.0                     | 0.0            | -4.3           |
| <b>Total expenditure</b>        | <b>66.3</b>           | <b>56.8</b>             | <b>58.8</b>    | <b>56.1</b>    |
| Park Operations and Venues      | -4.0                  | -3.5                    | -4.7           | -4.7           |
| Trading                         | -9.0                  | -7.4                    | -8.0           | -8.5           |
| Developments                    | -0.2                  | -0.1                    | -0.6           | -0.7           |
| Regeneration                    | -0.1                  | -0.1                    | -0.1           | -0.1           |
| Corporate                       | -0.4                  | -0.4                    | -0.3           | -0.7           |
| Planning Authority              | -1.6                  | -1.7                    | -1.4           | -1.2           |
| <b>Total income</b>             | <b>-15.3</b>          | <b>-13.2</b>            | <b>-15.1</b>   | <b>-15.9</b>   |
| Transfer to/ (from) MDC reserve | -6.6                  | 3.0                     | -5.1           | 0.0            |
| <b>Net expenditure</b>          | <b>44.4</b>           | <b>46.6</b>             | <b>38.6</b>    | <b>40.2</b>    |
| Retained business rates*        | 32.6                  | 35.7                    | 26.8           | 26.2           |
| GLA funding for financing costs | 11.8                  | 10.9                    | 11.8           | 14.0           |
| <b>Council tax requirement</b>  | <b>0.0</b>            | <b>0.0</b>              | <b>0.0</b>     | <b>0.0</b>     |

\*Includes GLA COVID-19 Support

### Explanation of budget changes

- 7.8 Changes to the LLDC's budget predominantly reflect the changing scope of the organisation's work as the Corporation matures, the cost of managing QEOP and venues, the impact of COVID-19 on the Corporation's finances (e.g. increased costs and loss of income) and the resources to manage the business, alongside targeted savings and efficiencies.
- 7.9 An analysis of the year on year movement in the council tax requirement is set out in the following table.

| <b>Changes in the council tax requirement</b> | <b>£m</b>  |
|---|------------|
| 2020-21 council tax requirement               | 0.0        |
| Changes due to:                               |            |
| Inflation                                     | 0.5        |
| Savings and efficiencies                      | -9.5       |
| Net change in existing service expenditure    | 1.7        |
| Net change in GLA funding                     | 7.3        |
| <b>2021-22 council tax requirement</b>        | <b>0.0</b> |

### **Inflation**

7.10 The budget includes an additional £0.5 million reflecting an uplift to contract costs and the payroll costs.

### **Savings and efficiencies**

7.11 LLDC has delivered a significant level of savings and efficiencies in previous years and its core costs for management of its deliverables and the operation and maintenance of the Park are relatively fixed. Significant savings were built into its baseline budgets, particularly in relation to the London Stadium in 2021-22 and beyond. However, in response to the COVID-19 pandemic, further savings have been identified with planned savings and efficiencies of £9.5 million between the Revised Budget 2020-21 and the 2021-22 Budget.

7.12 Budgeted savings are as follows:

- London Stadium: the venue has been closed to spectators and its summer events, which included Major League Baseball, international athletics and the Mega Hella tour, have been cancelled or postponed. As a result, the Stadium is expected to incur significantly lower operating costs in 2020-21, particularly relating to the cost of moving the seating between football and summer events mode.
- Income opportunities: LLDC has identified potential for additional income, mainly from opportunities at 3 Mills Studios and interim uses of the Corporation's remaining development sites.
- Discretionary spend: LLDC's discretionary cost base is very limited, largely due to savings delivered over previous years. However, savings identified include professional fees, IT costs, repairs and maintenance and marketing and communications. All staff vacancies are being reviewed on a case by case basis and staff redeployed to other duties where appropriate. Spending on Inclusion and Diversity has been protected.
- The budget currently reflects a funding gap of £4.3 million in 2022-23 for which LLDC will need to identify additional savings and efficiencies (including commercial opportunities), or source additional funding.

**Net change in existing service expenditure**

- 7.13 The budget proposes a £1.7 million net increase in service expenditure and income (excluding financing costs, reserve transfers and savings and efficiencies), largely due to forecast pressures arising from the COVID-19 pandemic which are funded additionally by the GLA.

**Change in GLA funding**

- 7.14 LLDC receives its revenue funding via the GLA, paid from business rates and funds held in the Mayoral Development Corporation Reserve. Funding towards the net impact arising from LLDC's response to COVID-19 is being provided outside of its core funding control totals. Total core funding in 2021-22, including reserve movements is £7.3 million less than in the revised 2020-21 Budget. The total funding provided for LLDC should be viewed in light of the financial impact from the additional development that has taken place because of the 2012 Games and its legacy. It is estimated that the resulting council tax and business rates in the LLDC area will be in the region of £80 million by 2021-22.

**Equalities**

- 7.15 LLDC was established to deliver the legacy ambitions of the London 2012 Games through 'the regeneration of an entire community for the direct benefit of everyone who lives there'. The host boroughs for the London 2012 Games contained some of London's most deprived neighbourhoods and communities and ambitious plans had long been fostered to regenerate this part of east London: to transform the post-industrial landscape while preserving local heritage and to create stronger economic conditions and better life chances for its residents.
- 7.16 LLDC's mission is 'to use the opportunity of the London 2012 Games and the creation of the Queen Elizabeth Olympic Park to change the lives of people in east London and drive growth and investment in London and the UK, by developing an inspiring and innovative place where people want to – and can afford – to live, work and visit.'
- 7.17 LLDC promotes equality through its objectives to:
- establish successful and integrated neighbourhoods where people want and can afford to live, work, and play;
  - retain, attract and grow a diverse range of high-quality businesses and employers, and maximise employment opportunities for local people and under-represented groups; and
  - create a global, future-ready exemplar for the promotion of cross-sector innovation in technology, sustainability, education, culture, sport, inclusion and participation.
- 7.18 In addition, LLDC is promoting equality by putting in place arrangements to create more affordable housing within the residential developments around QEOP which have yet to be contracted.
- 7.19 Key positive actions being taken by LLDC include:
- reductions in gender and ethnicity pay gaps;
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- increased representation of under-represented groups at senior levels at LLDC and development programmes for employees below the senior levels
- progress in meeting exemplary level across the Mayor's Diversity Standard; and
- successful launch of an Inclusive Culture campaign to focus on six different themes across the next 12 months.

### **Environmental impact**

- 7.20 LLDC's policy is that QEOP will use the best of the Games' infrastructure, innovation and inspiration to provide a pioneering model of urban regeneration promoting sustainable lifestyles through sustainable infrastructure that exceeds requirements under the London Plan. The LLDC commits to implementing the new London Plan environmental policies.
- 7.21 QEOP was conceived as an environmental showcase and LLDC will continue to strive for environmental excellence. The Corporation has set a wide range of environmental performance measures and publishes an annual sustainability report.
- 7.22 The budget for activities promoting environmental sustainability supports the implementation of the London Environment Strategy across QEOP's operation and development. This includes implementing a single-use plastic reduction action plan, implementing the GLA Group Responsible Procurement policy, and developing and implementing a carbon reduction plan that enables LLDC to achieve a 60 per cent reduction in carbon emissions by 2025 from its operations, including plans to retrofit buildings, sourcing more renewable energy, offsetting all flights, and considering the opportunities to support decentralised energy and heat networks.
- 7.23 Additionally, the budget supports working with stakeholder organisations to bring about good environmental outcomes in collaboration with LLDC partners, both existing (e.g. the Smart Mobility Living Lab) and developing e.g. with the GLA and partners to promote CleanTech (environmentally beneficial products and services). The budget will also deliver environmental engagement events (including World Environment Day, Sustainable Events Management and London Climate Action Week).

### **Reserves**

- 7.24 Historic LLDC reserves are subsumed into the GLA. The GLA will provide additional funding in lieu of these, including an estimated £5.1 million carried forward in 2021-22. This includes the planned over-delivery of savings against the Mayor's Budget Guidance in 2020-21. The reserves (held by the GLA on behalf of LLDC) phase out over time, with LLDC estimated to be fully reliant on the GLA for revenue grant funding after 2021-22.

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

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## Old Oak and Park Royal Development Corporation

- 8.1 The Old Oak and Park Royal Development Corporation (OPDC) is the Mayoral Development Corporation (MDC) for the Old Oak and Park Royal area. It came into operation on 1 April 2015 to deliver the strategic regeneration opportunity provided by 134 hectares of brownfield land close to central London, creating an exemplar sustainable and inclusive community.
- 8.2 The new Old Oak Common station will be the UK's largest ever sub-surface station and will be the largest station to be built in the country in a century. When it opens transport connectivity between Old Oak and Central London, Heathrow and the wider UK will be outstanding, offering an interchange between HS2, the Elizabeth line and Great Western services. The OPDC will utilise its planning and regeneration powers to ensure that these benefits are captured and maximised to deliver much-needed homes, jobs and facilities.
- 8.3 The budget has been prepared in the context of OPDC moving towards a new delivery strategy, including a new focus on the regeneration of the 'Western Lands' along Old Oak Common Lane, Old Oak Lane and Victoria Road where key sites are owned by the Department for Transport and Network Rail. This involves developing an evidence base of the benefit of a comprehensive and coordinated approach to land, development and infrastructure funding to optimise the strategic opportunities that the area offers. OPDC will work towards securing the support of major partners including public sector landowners and funders.
- 8.4 OPDC's 2021-22 budget includes the costs of administering its existing statutory planning functions, which spans an area in three boroughs (Hammersmith & Fulham, Brent and Ealing); funding to support a significant increase in their interventions in Park Royal to boost the productivity and sustainability of London's largest industrial estate, including a number of third party funding bids; and support to enable OPDC to work with investors and landowners to bring forward innovative early development sites.

### Key deliverables

- 8.5 The key deliverables for 2021-22 are as follows:
- **Western Lands strategic opportunity:** Developing a funding and delivery strategy for major development in an area dominated by public sector land ownership. OPDC will seek and coordinate political support and investment in land to allow a comprehensive and strategic approach to regeneration.
  - **Accelerated development:** Targeted interventions to address market failure and/or optimise development where land can be unlocked. OPDC will seek to maximise public benefit through a range of investment, public realm, meanwhile use and programming interventions.
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- **Industrial regeneration:** Supporting the intensification of industrial land use, through infrastructure improvements, and economic development and innovation including support for emerging sectors. OPDC will work to accelerate the decarbonisation of industrial land uses through increased efficiency, renewable energy, supporting the adoption of electric vehicles etc. and support access to skills, training and employment; with a targeted emphasis on OPDC's most disadvantaged communities.
- **In the Making:** Empowering local communities through genuine participation and agency in delivery projects. OPDC will increase community ownership of assets and programmes, support sustainable funding and pilot new approaches to design and delivery on the ground for the benefit of OPDC's longer term development.
- **Engaging communities and stakeholders:** Developing and implementing an overarching communications and engagement strategy to support OPDC's Western Lands approach and Local Plan examination, ensuring that stakeholders and community members are consulted, listened to and enabled to help shape our development plans in a collaborative, inclusive and meaningful way.
- **Local Plan:** During 2020-21 OPDC, will be responding to the inspector's interim findings on the draft Local Plan. There will be a further public consultation and possibly additional examination hearings. The inspector will then write his final report, prior to OPDC being able to adopt the Local Plan. Work will also commence on the impacts of COVID-19 on town planning and this will inform future planning policies and guidance that OPDC produces.
- **Infrastructure, housing and vision:** OPDC will progress Planning Obligations and Community Infrastructure Levy (CIL) strategies to devise the optimal way to secure contributions towards infrastructure requirements. OPDC will continue to work with developers to ensure construction is continuing where safe. OPDC has a clear vision and a high-level work programme for the medium-term underpinned by the agreement of a new Corporate Plan reflecting the revised approach to regeneration.

### **Responding to the London Recovery Board's missions**

- 8.6 OPDC is working to understand and determine how the impacts and insights arising from COVID-19 will shape the Corporation's approach over the short and longer term. Four missions have coalesced from this work, which have been heavily influenced by and seek to ensure OPDC's contribution to the London Recovery Board's grand challenge, key outcomes and nine missions.
- 8.7 **Equitable Regeneration:** Contributing to the Recovery Board's outcomes of narrowing social, economic and health inequalities and of supporting communities, OPDC will proactively ensure projects benefit and support local communities, especially those most impacted by COVID-19, including by:
- continuing to support emerging mutual aid groups and local organisations via small grants;
  - continuing to place an emphasis on co-design and participatory projects within OPDC's early delivery projects; and
-

- investigating new approaches to social impact measurement of OPDC's initiatives.

8.8 **Radically Local:** Contributing to the high streets for all London Recovery missions, OPDC will take a Radically Local approach to spatial development, drawing from the best of the 15-minute cities concept, including by:

- supporting new neighbourhood centres at Park Royal Centre, Atlas Junction and Scrubs Lane (in delivery and to be stepped up in 2021 and 2022, subject to external funding);
- strengthening links between Park Royal businesses and local communities; and
- adopting design principles and undertaking public realm improvements to encourage local walking, cycling and safe outdoor activities, with delivery from 2021.

8.9 **An inclusive, sustainable and resilient economic recovery:** Contributing to the Recovery Board's key outcome of reversing rising unemployment and lost economic growth and the helping Londoners into good work mission, OPDC will help build an inclusive, sustainable and resilient economy, including by:

- delivering the Park Royal Employment and Skills Hub, running over the next year;
- upgrading digital connectivity across Park Royal and seeking to put Park Royal at the heart of the '4th Industrial Revolution, for which scoping is underway'; and
- creating a platform to attract the next generation of industrial and commercial sectors to the OPDC area over the next three to five years.

8.10 **Clean and Green:** Contributing to the Recovery Board's cleaner, green outcome and its green new deal mission, OPDC will put Old Oak and Park Royal at the forefront of delivering the UK and London's zero carbon, zero emission targets, including by:

- delivering a Solar Pilot Project in Park Royal, targeting delivery within two years;
- delivering water quality improvement in the Grand Union Canal; and
- developing a long-term local area energy plan to decarbonise Park Royal and Old Oak.

#### **Gross revenue and capital expenditure**

8.11 The Mayor's proposed gross revenue expenditure for the OPDC in 2021-22 is £6.5 million. This is £0.3 million higher than the forecast outturn for 2020-21 and £0.6 million lower than the revised budget.

#### **Net revenue budget and council tax requirement**

8.12 The table overleaf sets out the proposed budget for OPDC on an objective basis.

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| <b>Objective analysis</b>       | <b>Revised Budget</b> | <b>Forecast</b> | <b>Budget</b>  | <b>Plan</b>    |
|---------------------------------|-----------------------|-----------------|----------------|----------------|
| <b>OPDC</b>                     | <b>2020-21</b>        | <b>2020-21</b>  | <b>2021-22</b> | <b>2022-23</b> |
|                                 | <b>£m</b>             | <b>£m</b>       | <b>£m</b>      | <b>£m</b>      |
| CEO Office                      | 1.1                   | 1.0             | 0.9            | 0.9            |
| Planning                        | 1.4                   | 1.3             | 1.5            | 1.5            |
| Delivery                        | 2.2                   | 1.8             | 2.1            | 2.1            |
| Corporate Operations            | 2.4                   | 2.1             | 2.0            | 2.1            |
| <b>Total expenditure</b>        | <b>7.1</b>            | <b>6.2</b>      | <b>6.5</b>     | <b>6.6</b>     |
| Total income                    | -0.3                  | -0.3            | -0.3           | -0.3           |
| Transfer to/ (from) MDC reserve | 1.0                   | 1.9             | 0.0            | 0.0            |
| <b>Net expenditure</b>          | <b>7.8</b>            | <b>7.8</b>      | <b>6.2</b>     | <b>6.3</b>     |
| Retained Business rates         | 7.8                   | 7.8             | 6.2            | 6.3            |
| <b>Council tax requirement</b>  | <b>0.0</b>            | <b>0.0</b>      | <b>0.0</b>     | <b>0.0</b>     |

### Explanation of budget changes

- 8.13 An analysis of the year-on-year movement in the council tax requirement, comparing the revised 2020-21 budget to the proposed 2021-22 budget, is set out below.

| <b>Changes in the council tax requirement</b> | <b>£m</b>  |
|---|------------|
| 2020-21 council tax requirement               | 0.0        |
| <i>Changes due to:</i>                        |            |
| Inflation                                     | 0.0        |
| Savings and efficiencies                      | -1.6       |
| Net change in GLA funding                     | 1.6        |
| <b>2021-22 council tax requirement</b>        | <b>0.0</b> |

### Inflation

- 8.14 The budget does not include a provision for inflation.

### Savings and efficiencies

- 8.15 The budget incorporates planned savings and efficiencies of £0.6 million. These are mainly through a reduction in legal costs, other corporate savings, and adjustments in project and programme spend.

### Net change in GLA funding

- 8.16 The OPDC receives its revenue funding via the GLA, paid from business rates and funds held in the Mayoral Development Corporation Reserve. The funding provided by the GLA will decrease by £1.6 million in 2021-22, compared to the revised 2020-21 Budget.

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**Equalities**

- 8.17 Equality for all is at the centre of the corporate strategy of the OPDC, which is to improve lives through employability, improved homes and exemplar neighbourhoods. OPDC's corporate strategy is being reviewed, and a new Corporate Plan will be developed for 2021-22. The OPDC's approach to inclusion is set out in the Mayor's Inclusive London strategy.
- 8.18 The OPDC will deliver new housing and employment capacity for London in ways that are accessible and inclusive for all sections of new and existing communities. OPDC's Local Plan recognises the importance of this and seeks to deliver 'Lifetime Neighbourhoods' with inclusive design at the heart of development. OPDC is allocating funding for a range of investment, policies and programmes to positively impact equalities outcomes. The OPDC is committed to creating a diverse and inclusive workforce through measures such as the development of a clear action plan to achieve the objective and monitoring, analysing and publishing workforce equalities data. OPDC also promotes regeneration and community engagement through measures such as providing training and skills development for residents and businesses; developing volunteering and mentoring opportunities for residents and communities; and reducing the impact of health inequalities by maximising health and sports facilities in the development area.

**Environmental impact**

- 8.19 OPDC's draft Local Plan includes a range of environmental planning policies that will support the Mayor's target for London to become a zero-carbon city by 2050. This includes policies requiring developments to be air quality and biodiversity positive, reduce and re-use waste materials, minimise energy and source any energy generation needs from low carbon sources, in accordance with the Mayor's Energy Hierarchy. OPDC is developing planning guidance to support the implementation of these policies.
- 8.20 The OPDC area will benefit from a highly-connected network of new and improved streets and open spaces, which will encourage exemplary levels of walking and cycling. Sustainable transport will be embedded at the heart of the future masterplan, with a redesigned and improved local bus network, and a significantly transformed road network. The OPDC commits to implementing the new London Plan environmental policies.
- 8.21 Through its expanded programme for Park Royal, OPDC will be working to develop strategies and pilot implementation of low carbon technologies suitable to support Park Royal's development and reduce its environmental impact. This includes delivering a photovoltaic electricity pilot, working with TfL to implement vehicle charging points and looking for further opportunities to support investment in low carbon generation and energy storage technology.

**Reserves**

- 8.22 The OPDC has no reserves as its operational expenditure is funded by retained business rates and balances held in the GLA's MDC Reserve. The balance of the contingency for activity in the OPDC area, held in the MDC Reserve, is available to meet unexpected operational pressures.

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

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## Capital Strategy including Capital Spending Plan

- 9.1 The Mayor is required to prepare a Capital Spending Plan (CSP) and a long-term capital strategy every year for each of the GLA's functional bodies. Before issuing his final plan, he is required to consult with the Assembly and each functional body under section 123 of the GLA Act 1999. The Mayor is also required to set the borrowing limits for the GLA Group – the proposals for which are set out in Appendices A to E for the GLA and each relevant functional body. In view of OPDC's revised plans for the development of its area, at this stage, no Capital Strategy or Capital Spending Plan can be approved for that body. The London Assembly does not undertake capital expenditure.
- 9.2 The intention of the Capital Strategy is to drive the Mayor's capital investment ambition, whilst ensuring the sustainable long-term delivery of services. The benefits of preparing a Capital Strategy are that it provides a clear framework for investment decisions, aligns capital plans to the Mayor's priorities and promotes transparency and accountability. It sets out a detailed Capital Spending Plan every year for the five years from 2020-21 and then an indicative high-level capital plan for a further fifteen years.
- 9.3 The GLA and its functional bodies have different approaches to the preparation of their own Capital Strategy which reflect their separate governance processes. However, the Mayor's Capital Strategy reflects the Group Investment Syndicate's decisions, where the GLA and all functional bodies, excluding TfL, align their treasury strategies. The Mayor's Capital Strategy is set at outturn, rather than current, prices.
- 9.4 The table below summarises the Mayor's draft Capital Spending Plan (CSP) to 2024-25. Overall the GLA Group will be investing more in 2021-22 than in 2020-21. The majority of this change reflects the GLA's additional contribution to Crossrail, agreed in November 2020.

| <b>Summary of the draft capital plan 2020-21 to 2024-25</b> | <b>2020-21<br/>Forecast<br/>£m</b> | <b>2021-22<br/>Plan<br/>£m</b> | <b>2022-23<br/>Plan<br/>£m</b> | <b>2023-24<br/>Plan<br/>£m</b> | <b>2024-25<br/>Plan<br/>£m</b> | <b>5 year<br/>total<br/>£m</b> |
|---|------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| GLA   | 1,679.7                            | 2,080.7                        | 1,344.7                        | 928.2                          | 1,080.7                        | 7,114.0                        |
| MOPAC   | 333.9                              | 385.1                          | 340.3                          | 304.3                          | 239.4                          | 1,603.0                        |
| LFC   | 32.8                               | 57.6                           | 25.8                           | 15.7                           | 20.4                           | 152.3                          |
| TfL   | 2,080.1                            | 2,821.5                        | 2,519.1                        | 3,478.4                        | 3,837.1                        | 14,736.2                       |
| LLDC  | 171.5                              | 227.4                          | 214.8                          | 137.8                          | 35.8                           | 787.3                          |
| <b>Total capital expenditure</b>                            | <b>4,298.0</b>                     | <b>5,572.3</b>                 | <b>4,444.7</b>                 | <b>4,864.4</b>                 | <b>5,213.4</b>                 | <b>24,392.8</b>                |

- 9.5 Set out overleaf is a summary of the Mayor's Draft Capital Spending Plan for 2021-22 which shows the capital funding sources for the CSP in line with the format required under section 122 of the GLA Act.

**Draft GLA Group statutory capital spending plan 2021-22 under Section 122 of the GLA Act**

| <b>Section</b> |  | <b>GLA</b>     | <b>MOPAC</b> | <b>LFC</b>  | <b>TfL</b>     | <b>LLDC</b>  |
|----------------|--|----------------|--------------|-------------|----------------|--------------|
|                |  | <b>£m</b>      | <b>£m</b>    | <b>£m</b>   | <b>£m</b>      | <b>£m</b>    |
|                | Total external capital grants  | 0.0            | 56.3         | 0.0         | 1,820.2        | 92.6         |
|                | Opening balance of capital receipts  | 0.0            | 0.0          | 0.0         | 0.0            | 0.0          |
|                | Total capital receipts during the year   | 0.0            | 81.2         | 50.8        | 290.9          | 93.1         |
| <b>A</b>       | <b>Total capital grants/ receipts</b>  | <b>0.0</b>     | <b>137.5</b> | <b>50.8</b> | <b>2,111.1</b> | <b>185.7</b> |
|                | Minimum s.120(1) grant   | 0.0            | 0.0          | 0.0         | 0.0            | 0.0          |
|                | Total borrowings during the year   | 833.4          | 244.2        | 6.8         | 0.0            | 41.7         |
|                | Total credit arrangements during the year  | 0.0            | 0.0          | 0.0         | 0.0            | 0.0          |
| <b>B</b>       | <b>Total borrowings and credit arrangements</b>  | <b>833.4</b>   | <b>244.2</b> | <b>6.8</b>  | <b>0.0</b>     | <b>41.7</b>  |
|                | Total capital expenditure anticipated during the year  | 2,080.7        | 385.1        | 57.6        | 2,821.5        | 227.4        |
|                | Total amounts which may be treated as borrowing in the year because of section 8(2) of the Local Government Act 2003 | 0.0            | 0.0          | 0.0         | 0.0            | 0.0          |
| <b>C</b>       | <b>Total capital spending for the year</b>   | <b>2,080.7</b> | <b>385.1</b> | <b>57.6</b> | <b>2,821.5</b> | <b>227.4</b> |
|                | Funding: capital grants and contributions  | 1,137.1        | 56.3         | 0.0         | 1,820.2        | 137.5        |
|                | Funding: capital receipts/reserves   | 2.0            | 81.2         | 50.8        | 201.3          | 48.2         |
|                | Funding: borrowings and credit arrangements  | 833.4          | 244.2        | 6.8         | 0.0            | 41.7         |
|                | Funding: revenue contributions   | 108.2          | 3.4          | 0.0         | 800.0          | 0.0          |
| <b>D</b>       | <b>Total funding</b>   | <b>2,080.7</b> | <b>385.1</b> | <b>57.6</b> | <b>2,821.5</b> | <b>227.4</b> |

9.6 Set out below is a summary table of the GLA and each functional body's high-level capital spending need for the subsequent fifteen years. These estimates are based on many detailed assumptions, set out in the individual Capital Strategies for the GLA and functional bodies. However, it shows that on average over the fifteen-year period, the Mayor has a capital spending need on average of some £8.7 billion every year from 2025-26 onwards. Just under 95 per cent of this spending need arises from housing and transport.

**Capital strategy**

| <b>Outturn prices</b>                      | <b>Years</b>      | <b>Years</b>      | <b>Years</b>      | <b>Total</b>      |
|--|-------------------|-------------------|-------------------|-------------------|
|  | <b>6-10</b>       | <b>11-15</b>      | <b>16-20</b>      | <b>Years 6-20</b> |
|  | <b>2025-26 to</b> | <b>2030-31 to</b> | <b>2035-36 to</b> | <b>2025-26 to</b> |
|  | <b>2029-30</b>    | <b>2034-35</b>    | <b>2039-40</b>    | <b>2039-40</b>    |
|  | <b>£m</b>         | <b>£m</b>         | <b>£m</b>         | <b>£m</b>         |
| <b>GLA: Mayor</b>                          |                   |                   |                   |                   |
| Housing                                    | 17,887.3          | 13,500.0          | 13,500.0          | 44,887.3          |
| Regeneration                               | 356.4             | 261.3             | 147.1             | 764.8             |
| Environment                                | 197.8             | 185.8             | 185.0             | 568.6             |
| Other                                      | 157.6             | 164.9             | 177.8             | 500.3             |
| <b>Subtotal GLA</b>                        | <b>18,599.1</b>   | <b>14,112.0</b>   | <b>14,009.9</b>   | <b>46,721.0</b>   |
| <b>MOPAC</b>                               |                   |                   |                   |                   |
| Transformation                             | 616.8             | 602.4             | 641.3             | 1,860.5           |
| Maintenance                                | 227.7             | 170.0             | 170.0             | 567.7             |
| <b>Subtotal MOPAC</b>                      | <b>844.5</b>      | <b>772.4</b>      | <b>811.3</b>      | <b>2,428.2</b>    |
| <b>LFC</b>                                 |                   |                   |                   |                   |
| Estate, ICT and fleet maintenance          | 264.4             | 193.4             | 144.9             | 602.7             |
| <b>Subtotal LFC</b>                        | <b>264.4</b>      | <b>193.4</b>      | <b>144.9</b>      | <b>602.7</b>      |
| <b>TfL</b>                                 |                   |                   |                   |                   |
| Crossrail 2                                | 0.0               | 0.0               | 12,968.6          | 12,968.6          |
| Line extensions                            | 1,098.8           | 983.5             | 3,592.3           | 5,674.6           |
| Line upgrades                              | 6,848.5           | 7,691.3           | 4,887.8           | 19,427.6          |
| Enhancements                               | 7,820.3           | 8,775.8           | 6,081.6           | 22,677.7          |
| Renewals                                   | 5,848.5           | 6,476.5           | 7,740.6           | 20,065.6          |
| <b>Subtotal TfL</b>                        | <b>21,616.1</b>   | <b>23,927.1</b>   | <b>35,270.9</b>   | <b>80,814.1</b>   |
| <b>LLDC</b>                                |                   |                   |                   |                   |
| Construction, infrastructure and lifecycle | 101.1             | 34.1              | -1.2              | 134.0             |
| <b>Subtotal LLDC</b>                       | <b>101.1</b>      | <b>34.1</b>       | <b>-1.2</b>       | <b>134.0</b>      |
| <b>TOTAL GLA GROUP</b>                     | <b>41,425.2</b>   | <b>39,039.0</b>   | <b>50,235.8</b>   | <b>130,700.0</b>  |

9.7 The table below shows the GLA and each functional body's total spending need over years 5 to 20 against the likely level of capital resources available and illustrates the scale of likely shortfall. Although this analysis is again subject to many assumptions set out in the individual Capital Strategy documents, it shows that the scale of capital need far outweighs the likely level of capital resources that under existing Government policy the Mayor is likely to receive.

| Outturn prices                   | Years           | Years           | Years           | Total           |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                  | 6-10            | 11-15           | 16-20           | Years 6-20      |
|                                  | 2025-26 to      | 2030-31 to      | 2035-36 to      | 2025-26 to      |
|                                  | 2029-30         | 2034-35         | 2039-40         | 2039-40         |
|                                  | £m              | £m              | £m              | £m              |
| <b>GLA: Mayor</b>                |                 |                 |                 |                 |
| Spending need                    | 18,599.1        | 14,112.0        | 14,009.9        | 46,721.0        |
| Likely funding                   | 6,127.7         | 3,775.3         | 3,502.1         | 13,405.1        |
| <b>Subtotal GLA shortfall</b>    | <b>12,471.4</b> | <b>10,336.7</b> | <b>10,507.8</b> | <b>33,315.9</b> |
| <b>MOPAC</b>                     |                 |                 |                 |                 |
| Spending need                    | 844.5           | 772.4           | 811.3           | 2,428.2         |
| Likely funding                   | 409.0           | 319.3           | 438.6           | 1,166.9         |
| <b>Subtotal MOPAC shortfall</b>  | <b>435.5</b>    | <b>453.1</b>    | <b>372.7</b>    | <b>1,261.3</b>  |
| <b>LFC</b>                       |                 |                 |                 |                 |
| Spending need                    | 264.4           | 193.4           | 144.9           | 602.7           |
| Likely funding                   | 48.0            | 37.0            | 37.0            | 122.0           |
| <b>Subtotal LFC shortfall</b>    | <b>216.4</b>    | <b>156.4</b>    | <b>107.9</b>    | <b>480.7</b>    |
| <b>TfL</b>                       |                 |                 |                 |                 |
| Spending need                    | 21,616.1        | 23,927.1        | 35,270.9        | 80,814.1        |
| Likely funding                   | 16,723.6        | 13,859.4        | 23,044.1        | 53,627.1        |
| <b>Subtotal TfL shortfall</b>    | <b>4,892.5</b>  | <b>10,067.7</b> | <b>12,226.8</b> | <b>27,187.0</b> |
| <b>LLDC</b>                      |                 |                 |                 |                 |
| Spending need                    | 101.1           | 34.1            | -1.2            | 134.0           |
| Likely funding                   | 101.1           | 34.1            | -1.2            | 134.0           |
| <b>Subtotal LLDC shortfall</b>   | <b>0.0</b>      | <b>0.0</b>      | <b>0.0</b>      | <b>0.0</b>      |
| <b>Total GLA Group shortfall</b> | <b>18,015.8</b> | <b>21,013.9</b> | <b>23,215.2</b> | <b>62,244.9</b> |

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

### Greater London Authority

9.9 The GLA's detailed five-year CSP of £7.114 billion over 2020-25 can be summarised, as follows:

- housing expenditure of £4.432 billion which is principally to allow 116,000 affordable homes starts within London by 2023 and an additional 35,000 affordable homes starts by 2026 and an additional 130,000 affordable homes starts by 2026;
- the balance of the GLA's additional contribution to Crossrail of £0.866 billion over the 2020-2022 period, of which £0.825 billion relates to the additional agreement announced on 30 November;



- regeneration expenditure of £0.923 billion which includes the Building Safety Fund, Further Education programme, Skills for Londoners, the Growing Places Fund and the Good Growth Fund, and Environment programmes, such as Warmer Homes and drinking fountains; and
- other capital expenditure of around £0.893 billion principally for the Northern Line Extension and the LLDC for East Bank.

- 9.10 The detailed GLA CSP for the period 2020-25 reflects the current levels of availability of Government capital funding, which acts a constraint on the Mayor's ambitions for London. The Mayor will continue to press for additional capital funding from the Government, in particular given the climate and ecological emergency.
- 9.11 The GLA's shortfall between spending need and likely level of resource is on average over £2 billion per annum from 2025-26 onwards. This principally results from the level of affordable housing to achieve the aim set out in the London Plan of half of all new homes built to be genuinely affordable, after allowing for only the existing level of Government grant being maintained rather than increased to the levels needed. In addition, the gap arises from the bold ambitions for London set out in the Mayor's London Environment Strategy and the assumption that there will be a continued need to invest in regeneration and skills at least at current levels, but presently there are no confirmed resources for such programmes.
- 9.12 The GLA's draft CSP, and authorised and operating borrowing limits, are set out at Appendix A.

### **MOPAC**

- 9.13 MOPAC's detailed five-year CSP of £1.603 billion over 2020-25, can be summarised, as follows:
- £739 million on core capital essential asset maintenance activities including: £119.9 million on property lifecycle works; £125.4 million on fleet; £312.7 million on the core costs of IT equipment including for frontline officers, and £177.6 million in National Counter Terrorism Policing Headquarters (NCTPHQ) (fully funded from grant) investments; and
  - £864 million on development and modernisation to ensure the MPS is modern and fit-for-purpose for the 21<sup>st</sup> century. Activities include £387.6 million on developing the estate; £192.4 million on Counter Terrorism Operations Centre; £83.7 million on transforming investigations and prosecution and £115.1 million on optimising contact and response (including Command and Control).
- 9.14 MOPAC's has a shortfall between anticipated expenditure and likely level of resource of £1.3 billion over the fifteen-year period from 2025-26 onwards. This shows the scale of capital investment far outweighs the likely level of capital resources that, under existing Government policy, the Mayor is likely to receive.
- 9.15 There are many uncertainties over this longer time horizon on both the funding and expenditure side. Therefore, it is assumed that the capital forecast will largely be that which is necessary to maintain and replace existing assets. When considering future innovation and transformation funding, there will be a need for MOPAC and the MPS to find a balance between capital and revenue funding. This is not foreseeable at this stage.

9.16 MOPAC's draft CSP, and authorised and operating borrowing limits, are set out at Appendix B.

### **LFC**

9.17 LFC's detailed five-year CSP of £152 million over 2020-25 allows for maintenance and replacement of the Commissioner's building, fleet and IT assets and some limited sustainability works and new developments, such as the new training centre.

9.18 LFC's shortfall between spending need and likely level of resource is on average some £30 million per annum from 2025-26 onwards, after allowing for an assumed level of borrowing. This shortfall principally results from the need to continue to invest and maintain assets, such as the LFC's estate, IT and fleet. The programme includes the capital investment requirements to ensure that the LFC's fleet meets the ULEZ and replacement of vehicles as they come to the end of their useful life.

9.19 LFC's draft CSP, and authorised and operating borrowing limits, are set out at Appendix C.

### **Transport for London**

9.20 TfL's five-year CSP of £14.736 billion over 2020-25 can be summarised, as follows:

- renewals of £4.293 billion;
- line upgrades of £3.402 billion;
- streets, buses and other surface expenditure of £2.131 billion;
- other corporate expenditure, including on rail, of £1.777 billion;
- Crossrail, including Elizabeth line trains and enabling works of £1.628 billion;
- expenditure on London underground of £1.212 billion; and
- line extensions of £0.412 billion.

9.21 The first five years of the capital plan are fully balanced on the assumption of further grant funding, but this remains subject to future agreements with the GLA and the Government. Both costs and funding within this period will be subject to these agreements. The total estimated capital expenditure required for the 15 years from 2025-26 is £80.8 billion, of which Crossrail 2 costs are £13.0 billion. This represents an average spending need of £4.5 billion every year from 2025-26 onwards for TfL and £0.9 billion per annum for Crossrail 2. The level of transport investment suggested reflects the Mayor's and TfL's assessment of future needs as set out in the Mayor's Transport Strategy (MTS). It is also very close to the National Infrastructure Commission's assessment of London's transport infrastructure requirements. As is normal, not all the funding for future transport infrastructure schemes has yet been identified. TfL will continue to develop potential funding packages for a number of major schemes, although these are subject to review.

- 9.22 These packages could include funding from a number of different sources, including additional Government funding, tax increment financing or local sources, such as workplace parking levies. This will help reduce the current additional funding requirement of some £5.4 billion a year on average that will be needed from 2025-26 onwards (assuming no additional borrowing). It is also important for TfL to have certainty around future funding to enable it commit to long-term projects and the Mayor will be making the case to Government for confirmed capital funding to support investment as part of the Spending Review in 2021.
- 9.23 TfL's draft CSP, and authorised and operating borrowing limits, are set out at Appendix D.
- 9.24 It is also necessary to amend TfL's in year approved borrowing limits for 2020-21 to reflect the accounting implications of International Financial Reporting Standard 16 (IFRS 16) relating to leases. The proposed amendment only affects the long-term liabilities element of the limit and not the actual borrowing element. This is a technical change, but before the limits can be amended by the Mayor, he must first consult with the London Assembly on this change as required under section 3 of the Local Government Act 2003. This requirement was met through the wider consultation on the draft capital spending plan. The current approved and proposed revised limits for 2020-21 are set out and compared in tables 6 and 7 in Appendix D.

### **LLDC**

- 9.25 LLDC's detailed five-year CSP of £787 million over 2020-25 can be summarised as follows:
- construction and completion of the East Bank educational and cultural district in the Queen Elizabeth Olympic Park, including required equity to invest in the Stratford Waterfront residential development joint venture of £512 million;
  - repayable loans to BBC/UAL towards the cost of their east bank buildings of £76 million;
  - section 106 infrastructure works and planning and design costs to deliver housing developments of £100 million; and
  - stadium, park and venue life-cycle and improvement projects, including to the stadium's current seating system, of £48 million.
- 9.26 LLDC has no shortfall between its spending need and likely level of resource over the fifteen-year period from 2025-26. This is because, after allowing for the GLA direct capital grants to LLDC, it is anticipated that capital receipts will be received to repay the GLA's investment in the park, a surplus currently estimated in excess of £100 million.
- 9.27 LLDC's draft CSP, and authorised and operating borrowing limits, are set out at Appendix E. The current approved maximum borrowing limit of £520 million has been increased in 2023-24 to £550 million. This is due to further movements in the expected quantum and timing of capital receipts and expenditure (including from the impact of COVID-19 and other market changes). The 2021-22 borrowing requirement is well within the current £520 million limit and this will be reviewed again during the 2022-23 budget process.

## Greater London Authority: Mayor and London Assembly

The GLA: Mayor and GLA: Assembly subjective analysis will be included in the Draft Consolidated Budget.

### GLA Group items

The table below sets out the budget for GLA Group related items. The budget for these items is controlled by the Mayor. These GLA Group items are managed through resources that are held within the GLA: Mayor but are distinct from the service-related items that are set out in the GLA: Mayor objective and subjective tables.

**Table 1: GLA: Mayor - GLA Group items**

| GLA Group Items                                 | Revised      | Forecast     | Budget       | Plan         |
|---|--------------|--------------|--------------|--------------|
|   | Budget       |              |              |              |
|   | 2020-21      | 2020-21      | 2021-22      | 2022-23      |
|   | £m           | £m           | £m           | £m           |
| Group collaborative and responsible procurement | 0.9          | 0.9          | 0.9          | 0.9          |
| Borough income maximisation projects            | 6.0          | 6.0          | 5.0          | 5.0          |
| <i>Development Corporations</i>                 |              |              |              |              |
| LLDC expenditure funded from Group items        | 4.9          | 4.9          | 1.0          | 0.0          |
| Tariff and levy payments to central government  | 905.6        | 839.5        | 844.5        | 861.4        |
| <b>Total GLA Group item expenditure</b>         | <b>917.4</b> | <b>851.3</b> | <b>851.4</b> | <b>867.3</b> |
| Transfer to/from (-) MDC reserve                | -4.9         | -4.9         | -1.0         | 0.0          |
| Transfer to/from (-) BRR reserve                | 53.0         | 53.0         | 25.0         | 0.0          |
| <b>Financing requirement</b>                    | <b>965.5</b> | <b>899.4</b> | <b>850.4</b> | <b>867.3</b> |
| Retained business rates                         | 965.5        | 899.4        | 850.4        | 867.3        |
| LCTS Grant                                      | 0.0          | 0.0          | 25.0         | 0.0          |
| <b>Council tax requirement</b>                  | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   |

'BRR reserve' - Business Rates Retention reserve. 'MDC reserve' is the Mayoral Development Corporation reserve. LCTS - Local Council Tax Support

**Table 2: GLA: Mayor - Draft capital spending plan**

| Draft capital plan                           | Forecast       | Budget         | Plan           | Plan         | Plan           |
|--|----------------|----------------|----------------|--------------|----------------|
|  | Outturn        |                |                |              |                |
|  | 2020-21        | 2021-22        | 2022-23        | 2023-24      | 2024-25        |
|  | £m             | £m             | £m             | £m           | £m             |
| <i>Expenditure</i>                           |                |                |                |              |                |
| Affordable Homes Programme (2016-23)         | 386.6          | 300.0          | 674.0          | 633.0        | 757.7          |
| Affordable Homes Programme (2021-26)         | 0.0            | 10.0           | 10.0           | 10.0         | 200.0          |
| Cladding – Social sector                     | 87.4           | 26.7           | 0.0            | 0.0          | 0.0            |
| Cladding – Private sector                    | 55.0           | 50.0           | 45.0           | 0.0          | 0.0            |
| Housing Zone loans                           | 63.8           | 0.0            | 0.0            | 0.0          | 0.0            |
| Housing Zone grants                          | 110.8          | 25.5           | 0.0            | 40.4         | 29.8           |
| Care and Support Specialised Housing         | 31.1           | 2.4            | 0.0            | 0.0          | 0.0            |
| Community Housing Fund                       | 5.0            | 12.0           | 13.0           | 0.0          | 0.0            |
| Move-On                                      | 18.7           | 11.2           | 2.1            | 0.0          | 0.0            |
| Land and Property programme (GLAP)           | 22.2           | 2.0            | 9.0            | 15.0         | 0.0            |
| Marginal Viability Fund                      | 35.0           | 38.9           | 8.4            | 0.0          | 0.0            |
| GLAP Land Fund                               | 158.4          | 0.0            | 62.5           | 0.0          | 0.0            |
| MHLG Land Fund                               | 230.8          | 0.0            | 97.1           | 39.1         | 1.5            |
| Enterprise Zone – Royal Docks                | 3.3            | 17.9           | 22.1           | 25.1         | 20.8           |
| Further Education Capital                    | 17.0           | 18.0           | 11.8           | 5.3          | 1.0            |
| Skills for Londoners                         | 13.6           | 15.1           | 24.9           | 11.1         | 20.0           |
| Good Growth Fund                             | 12.2           | 10.8           | 10.6           | 9.4          | 0.0            |
| Building Safety Fund                         | 18.0           | 532.0          | 100.0          | 50.0         | 0.0            |
| Getting Building Fund                        | 11.1           | 11.1           | 0.0            | 0.0          | 0.0            |
| Elephant & Castle                            | 12.5           | 12.5           | 0.0            | 0.0          | 0.0            |
| Northern Line Extension                      | 136.0          | 14.0           | 0.0            | 0.0          | 22.4           |
| Crossrail                                    | 41.0           | 760.0          | 65.0           | 0.0          | 0.0            |
| LLDC Loan Funding                            | 17.3           | 41.5           | 106.2          | 23.1         | 14.0           |
| UCL Cultural and Education District          | 55.0           | 30.0           | 0.0            | 0.0          | 0.0            |
| LLDC East Bank and Direct Grant Funding      | 75.8           | 91.6           | 58.2           | 48.9         | 0.0            |
| Other Projects (< £10m p.a.)                 | 62.1           | 47.5           | 24.8           | 17.8         | 13.5           |
| <b>Total expenditure</b>                     | <b>1,679.7</b> | <b>2,080.7</b> | <b>1,344.7</b> | <b>928.2</b> | <b>1,080.7</b> |
| <i>Funding</i>                               |                |                |                |              |                |
| Borrowing                                    | 194.3          | 833.4          | 188.2          | 37.6         | 39.0           |
| Capital grants and third-party contributions | 1,184.1        | 1,137.1        | 1,038.1        | 808.5        | 1,014.8        |
| Capital receipts                             | 187.4          | 2.0            | 76.6           | 25.6         | 13.7           |
| Revenue contributions                        | 113.9          | 108.2          | 41.8           | 56.5         | 13.2           |
| <b>Total funding</b>                         | <b>1,679.7</b> | <b>2,080.7</b> | <b>1,344.7</b> | <b>928.2</b> | <b>1,080.7</b> |

**Table 3: GLA: Mayor - Capital financing costs**

| <b>Capital financing costs</b>  | <b>2021-22</b> | <b>2022-23</b> |
|---------------------------------|----------------|----------------|
|                                 | <b>£m</b>      | <b>£m</b>      |
| <b>GLA: Mayor</b>               |                |                |
| Provision for repayment of debt | 340.5          | 347            |
| External interest               | 175.0          | 170.0          |
| <b>GLA: Mayor Total</b>         | <b>515.5</b>   | <b>515.5</b>   |

**Tables 4 and 5: GLA: Mayor - Borrowing limits**

| <b>Authorised limit for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|
|   | <b>2020-21</b>          | <b>2020-21</b>          | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>GLA: Mayor</b>                         |                         |                         |                 |                 |                 |
| Borrowing                                 | 6,100.0                 | 6,100.0                 | 7,200.0         | 7,200.0         | 7,200.0         |
| <b>GLA: Mayor Total</b>                   | <b>6,100.0</b>          | <b>6,100.0</b>          | <b>7,200.0</b>  | <b>7,200.0</b>  | <b>7,200.0</b>  |

| <b>Operational boundary for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|
|   | <b>2020-21</b>          | <b>2020-21</b>          | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>GLA: Mayor</b>                             |                         |                         |                 |                 |                 |
| Borrowing                                     | 5,700.0                 | 5,700.0                 | 6,800.0         | 6,800.0         | 6,800.0         |
| <b>GLA: Mayor Total</b>                       | <b>5,700.0</b>          | <b>5,700.0</b>          | <b>6,800.0</b>  | <b>6,800.0</b>  | <b>6,800.0</b>  |

## Mayor's Office for Policing and Crime

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

| Subjective analysis                 | Revised<br>Budget<br>2020-21<br>£m | Forecast<br>Outturn<br>2020-21<br>£m | Budget<br>2021-22<br>£m | Plan<br>2022-23<br>£m |
|-------------------------------------|------------------------------------|--------------------------------------|-------------------------|-----------------------|
| Police officer pay                  | 2,040.8                            | 2,053.4                              | 2,113.7                 | 2,302.5               |
| Police staff pay                    | 577.2                              | 571.1                                | 566.8                   | 570.1                 |
| PCSO pay                            | 56.0                               | 54.6                                 | 56.1                    | 56.1                  |
| <b>Total pay</b>                    | <b>2,674.0</b>                     | <b>2,679.1</b>                       | <b>2,736.6</b>          | <b>2,928.7</b>        |
| Police officer overtime             | 125.4                              | 137.0                                | 102.0                   | 100.3                 |
| Police staff overtime               | 21.7                               | 33.1                                 | 21.5                    | 21.4                  |
| PCSO overtime                       | 0.1                                | 0.2                                  | 0.1                     | 0.1                   |
| <b>Total overtime</b>               | <b>147.2</b>                       | <b>170.3</b>                         | <b>123.6</b>            | <b>122.8</b>          |
| Employee-related expenditure        | 21.6                               | 21.4                                 | 12.2                    | 10.7                  |
| Premises costs                      | 164.7                              | 165.0                                | 157.3                   | 141.3                 |
| Transport costs                     | 78.8                               | 74.3                                 | 78.2                    | 78.2                  |
| Supplies and services               | 677.5                              | 626.6                                | 710.7                   | 727.6                 |
| <b>Total running expenses</b>       | <b>942.6</b>                       | <b>887.3</b>                         | <b>958.4</b>            | <b>957.8</b>          |
| Capital financing costs             | 98.4                               | 95.1                                 | 136.7                   | 169.0                 |
| <b>Total expenditure</b>            | <b>3,862.2</b>                     | <b>3,831.8</b>                       | <b>3,955.3</b>          | <b>4,177.4</b>        |
| Other income                        | -287.5                             | -267.4                               | -290.2                  | -294.1                |
| <b>Total income</b>                 | <b>-287.5</b>                      | <b>-267.4</b>                        | <b>-290.2</b>           | <b>-294.1</b>         |
| Discretionary pension costs         | 34.6                               | 35.0                                 | 34.4                    | 34.4                  |
| Additional funding required         | 0.0                                | 0.0                                  | 0.0                     | -248.6                |
| <b>Net expenditure</b>              | <b>3,609.3</b>                     | <b>3,599.4</b>                       | <b>3,699.6</b>          | <b>3,669.2</b>        |
| Transfer to/from (-) reserves       | 25.3                               | 34.2                                 | -140.4                  | -87.5                 |
| <b>Net financing requirement</b>    | <b>3,634.6</b>                     | <b>3,633.6</b>                       | <b>3,559.2</b>          | <b>3,581.8</b>        |
| Specific grants                     | 690.3                              | 689.3                                | 583.1                   | 579.1                 |
| Retained business rates             | 118.7                              | 118.7                                | 27.9                    | 28.5                  |
| Council tax collection fund surplus | 10.0                               | 10.0                                 | 0.0                     | 0.0                   |
| Home Office Police Grant            | 2,048.5                            | 2,048.5                              | 2181.3                  | 2,181.3               |
| <b>Council tax requirement</b>      | <b>767.1</b>                       | <b>767.1</b>                         | <b>766.8</b>            | <b>792.9</b>          |

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

| Draft capital plan                          | Forecast     | Budget       | Plan         | Plan         | Plan         |
|---|--------------|--------------|--------------|--------------|--------------|
|   | Outturn      |              |              |              |              |
|   | 2020-21      | 2021-22      | 2022-23      | 2023-24      | 2024-25      |
|   | £m           | £m           | £m           | £m           | £m           |
| <i>Expenditure</i>                          |              |              |              |              |              |
| PSD - Lifecycle work                        | 12.6         | 15.5         | 17.9         | 31.5         | 42.3         |
| Fleet                                       | 31.2         | 22.7         | 23.8         | 25.1         | 22.6         |
| Digital Policing                            | 32.7         | 82.1         | 102.2        | 56.5         | 39.2         |
| NCTPHQ                                      | 24.9         | 46.9         | 43.9         | 40.8         | 21.2         |
| Optimising Contact and Response             | 55.4         | 43.8         | 10.0         | 6.0          | 0.0          |
| Transforming Investigation and Prosecution  | 38.8         | 30.9         | 11.7         | 2.3          | 0.0          |
| Strengthening Armed Policing                | 0.4          | 3.1          | 21.2         | 0.0          | 0.0          |
| Operational Support Services                | 0.0          | 6.8          | 6.8          | 0.0          | 0.0          |
| Fortress and EBACS                          | 3.6          | 0.0          | 0.0          | 0.0          | 0.0          |
| Local Investigation Capability              | 0.5          | 0.0          | 0.0          | 0.0          | 0.0          |
| Learning and Professionalism Transformation | 1.5          | 1.2          | 0.0          | 0.0          | 0.0          |
| Information Futures                         | 3.7          | 5.9          | 2.7          | 0.0          | 0.0          |
| PSD- Property Forward Works                 | 43.2         | 22.4         | 22.7         | 23.1         | 81.0         |
| PSD- Transforming the MPS Estate            | 82.1         | 103.9        | 77.4         | 108.0        | 16.1         |
| Met Operations                              | 3.3          | 0.0          | 0.0          | 0.0          | 0.0          |
| Transformation - long term estimate         | 0.0          | 0.0          | 0.0          | 11.0         | 17.0         |
| <b>Total Expenditure</b>                    | <b>333.9</b> | <b>385.2</b> | <b>340.3</b> | <b>304.3</b> | <b>239.4</b> |
| <i>Funding</i>                              |              |              |              |              |              |
| Capital Grants and Receipts                 | 70.0         | 88.0         | 48.2         | 47.4         | 67.7         |
| CTPHQ and Fleet funded                      | 34.7         | 53.0         | 49.8         | 48.3         | 27.1         |
| Borrowing                                   | 229.2        | 244.2        | 242.3        | 208.6        | 144.6        |
| <b>Total funding</b>                        | <b>333.9</b> | <b>385.2</b> | <b>340.3</b> | <b>304.3</b> | <b>239.4</b> |

PSD – Property Services Directorate

NCTPHQ – National Counter Terrorism Policing Headquarters



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

| <b>Capital financing costs</b>  | <b>2021-22</b> | <b>2022-23</b> |
|---------------------------------|----------------|----------------|
|                                 | <b>£m</b>      | <b>£m</b>      |
| Provision for repayment of debt | 63.4           | 79.2           |
| External interest               | 32.1           | 36.9           |
| <b>MOPAC Total</b>              | <b>95.5</b>    | <b>116.1</b>   |

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

| <b>Authorised limit for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|
|   | <b>2020-21</b>          | <b>2020-21</b>          | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>MOPAC</b>                              |                         |                         |                 |                 |                 |
| Borrowing                                 | 1,151.1                 | 1,108.3                 | 1,352.5         | 1,594.8         | 1,803.4         |
| Long term liabilities                     | 64.9                    | 64.9                    | 58.4            | 52.2            | 47.4            |
| <b>MOPAC Total</b>                        | <b>1,216.0</b>          | <b>1,173.1</b>          | <b>1,410.8</b>  | <b>1,646.9</b>  | <b>1,850.8</b>  |

| <b>Operational boundary for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|
|   | <b>2020-21</b>          | <b>2020-21</b>          | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>MOPAC</b>                                  |                         |                         |                 |                 |                 |
| Borrowing                                     | 1,026.1                 | 983.3                   | 1,227.5         | 1,469.8         | 1,678.4         |
| Long term liabilities                         | 64.9                    | 64.9                    | 58.4            | 52.2            | 47.4            |
| <b>MOPAC Total</b>                            | <b>1,091.0</b>          | <b>1,048.1</b>          | <b>1,285.8</b>  | <b>1,521.9</b>  | <b>1,725.8</b>  |

## London Fire Commissioner

**Table 1: LFC - Subjective analysis**

| Subjective analysis            | Revised<br>Budget<br>2020-21<br>£m | Forecast<br>Outturn<br>2020-21<br>£m | Budget<br>2021-22<br>£m | Plan<br>2022-23<br>£m |
|--------------------------------|------------------------------------|--------------------------------------|-------------------------|-----------------------|
| Operational staff              | 278.4                              | 285.2                                | 275.5                   | 270.9                 |
| Other staff                    | 60.6                               | 59.7                                 | 59.6                    | 60.8                  |
| Employee-related               | 24.4                               | 24.0                                 | 27.5                    | 27.9                  |
| Pensions                       | 21.3                               | 21.0                                 | 21.6                    | 21.8                  |
| Premises                       | 40.2                               | 42.4                                 | 45.3                    | 46.3                  |
| Transport                      | 17.0                               | 17.0                                 | 18.1                    | 18.4                  |
| Supplies and services          | 28.0                               | 33.6                                 | 31.2                    | 35.1                  |
| Third party payments           | 1.3                                | 1.4                                  | 1.5                     | 1.5                   |
| Capital financing costs        | 8.0                                | 8.6                                  | 9.0                     | 12.1                  |
| Savings to be identified       | 0.0                                | 0.0                                  | 0.0                     | -8.2                  |
| <b>Total expenditure</b>       | <b>479.2</b>                       | <b>492.9</b>                         | <b>489.3</b>            | <b>486.60</b>         |
| Total income                   | -39.6                              | -46.0                                | -41.2                   | -44.2                 |
| <b>Net expenditure</b>         | <b>439.6</b>                       | <b>446.9</b>                         | <b>448.1</b>            | <b>442.4</b>          |
| Transfer to/from (-) reserves  | -4.9                               | -10.3                                | -23.0                   | -5.5                  |
| <b>Financing requirement</b>   | <b>434.7</b>                       | <b>436.6</b>                         | <b>425.1</b>            | <b>436.9</b>          |
| Specific grants                | 33.2                               | 35.1                                 | 33.3                    | 33.3                  |
| Retained business rates        | 232.9                              | 232.9                                | 228.1                   | 232.7                 |
| <b>Council tax requirement</b> | <b>168.6</b>                       | <b>168.6</b>                         | <b>163.7</b>            | <b>170.9</b>          |

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

| Draft capital plan                | Forecast    | Budget      | Plan        | Plan        | Plan        |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                   | Outturn     |             |             |             |             |
|                                   | 2020-21     | 2021-22     | 2022-23     | 2023-24     | 2024-25     |
|                                   | £m          | £m          | £m          | £m          | £m          |
| <i>Expenditure</i>                |             |             |             |             |             |
| IT projects                       | 2.1         | 3.8         | 2.9         | 1.7         | 2.5         |
| Major refurbishments              | 1.7         | 3.9         | 3.5         | 3.4         | 4.1         |
| New developments                  | 1.6         | 14.1        | 9.7         | 1.3         | 1.6         |
| Minor works                       | 4.3         | 5.2         | 4.0         | 5.4         | 4.1         |
| Sustainability works              | 2.3         | 4.1         | 2.9         | 2.4         | 4.2         |
| Appliance Bay doors               | 1.0         | 1.0         | 0.4         | 0.4         | 0.5         |
| Fire Brigade fleet re-procurement | 19.7        | 17.3        | 1.3         | 0.0         | 3.4         |
| Operational Equipment             | 0.0         | 8.2         | 0.0         | 0.0         | 0.0         |
| Other Property Projects           | 0.1         | 0.0         | 1.1         | 1.1         | 0.0         |
| <b>Total expenditure</b>          | <b>32.8</b> | <b>57.6</b> | <b>25.8</b> | <b>15.7</b> | <b>20.4</b> |
| <i>Funding</i>                    |             |             |             |             |             |
| Capital receipts                  | 1.5         | 50.8        | 23.0        | 0.0         | 0.0         |
| Capital grants                    | 1.9         | 0.0         | 0.0         | 0.0         | 0.0         |
| Borrowing                         | 29.4        | 6.8         | 2.8         | 15.7        | 20.4        |
| <b>Total funding</b>              | <b>32.8</b> | <b>57.6</b> | <b>25.8</b> | <b>15.7</b> | <b>20.4</b> |

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

| Capital financing costs         | 2021-22    | 2022-23    |
|---------------------------------|------------|------------|
|                                 | £m         | £m         |
| <b>LFC</b>                      |            |            |
| Provision for repayment of debt | 5.8        | 5.8        |
| External interest               | 2.6        | 2.4        |
| <b>LFC Total</b>                | <b>8.4</b> | <b>8.2</b> |

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

| <b>Authorised limit for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|
|   | <b>2020-21</b>          | <b>2020-21</b>          | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>LFC</b>                                |                         |                         |                 |                 |                 |
| Borrowing                                 | 155.0                   | 155.0                   | 175.0           | 175.0           | 175.0           |
| Long term liabilities                     | 70.0                    | 70.0                    | 70.0            | 70.0            | 70.0            |
| <b>LFC Total</b>                          | <b>225.0</b>            | <b>225.0</b>            | <b>245.0</b>    | <b>245.0</b>    | <b>245.0</b>    |

| <b>Operational boundary for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|
|   | <b>2020-21</b>          | <b>2020-21</b>          | <b>2021-22</b>  | <b>2022-23</b>  | <b>2022-23</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>LFC</b>                                    |                         |                         |                 |                 |                 |
| Borrowing                                     | 150.0                   | 150.0                   | 170.0           | 170.0           | 170.0           |
| Long term liabilities                         | 70.0                    | 70.0                    | 70.0            | 70.0            | 70.0            |
| <b>LFC Total</b>                              | <b>220.0</b>            | <b>220.0</b>            | <b>240.0</b>    | <b>240.0</b>    | <b>240.0</b>    |

## Transport for London

**Table 1: TfL - Subjective analysis**

| <b>Subjective analysis</b>                            | <b>Revised<br/>Budget<br/>2020-21<br/>£m</b> | <b>Forecast<br/>Outturn<br/>2020-21<br/>£m</b> | <b>Budget<br/>2021-22<br/>£m</b> | <b>Plan<br/>2022-23<br/>£m</b> |
|---|--|--|----------------------------------|--------------------------------|
| <i>Income</i>   |  |  |                                  |                                |
| Passenger income                                      | -1,315.3                                     | -1,480.1                                       | -3,275.6                         | -4,559.1                       |
| CC, LEZ & ULEZ income                                 | -354.0                                       | -408.0   | -762.9                           | -1,157.5                       |
| Media income  | -45.8  | -49.1  | -111.4                           | -125.8                         |
| Rental income   | -49.5  | -49.5  | -76.6                            | -94.9                          |
| Elizabeth line regulatory income                      | 0.0  | 0.0  | -69.6                            | -338.4                         |
| Other income  | -259.1                                       | -261.4   | -246.1                           | -275.6                         |
| <b>Total Income</b>                                   | <b>-2,023.7</b>                              | <b>-2,248.1</b>                                | <b>-4,542.2</b>                  | <b>-6,551.3</b>                |
| <i>Operating Expenditure</i>                          |  |  |                                  |                                |
| Employee expenses                                     | 2,236.9                                      | 2,218.5  | 2,168.6                          | 2,029.9                        |
| Premises  | 287.9  | 288.7  | 321.9                            | 335.5                          |
| Bus contract payments                                 | 2,007.4                                      | 2,040.3  | 2,083.5                          | 2,128.8                        |
| CCS Income & other road contracted services           | 428.5  | 369.7  | 398.1                            | 403.9                          |
| Asset maintenance and LA payments                     | 425.6  | 412.4  | 548.8                            | 639.4                          |
| Professional and consultancy                          | 134.6  | 118.5  | 109.3                            | 107.0                          |
| Franchise payments                                    | 326.7  | 423.1  | 474.9                            | 492.6                          |
| Elizabeth line regulatory                             | 0.0  | 0.0  | 69.6                             | 338.4                          |
| ICT   | 225.4  | 223.4  | 234.1                            | 241.8                          |
| Traction current                                      | 131.3  | 132.0  | 162.8                            | 164.1                          |
| Other operating expenses                              | 656.2  | 649.4  | 645.0                            | 712.8                          |
| Capital resources and other recharges                 | -262.8                                       | -325.1   | -360.6                           | -382.9                         |
| Bad debt provision                                    | 94.0   | 102.7  | 159.3                            | 290.3                          |
| <b>Total operating expenditure</b>                    | <b>6,691.7</b>                               | <b>6,653.6</b>                                 | <b>7,015.3</b>                   | <b>7,501.6</b>                 |
| <b>Net operating expenditure</b>                      | <b>4,668.0</b>                               | <b>4,405.5</b>                                 | <b>2,473.1</b>                   | <b>950.3</b>                   |
| Group items   | 456.2  | 457.6  | 510.5                            | 505.5                          |
| Revenue resources used to support capital investment* | -399.4                                       | -643.9   | 959.0                            | 776.7                          |
| Transfer to/(from) reserves                           | -911.2                                       | -648.5   | -83.9                            | 329.5                          |
| <b>Financing requirement</b>                          | <b>3,813.6</b>                               | <b>3,570.7</b>                                 | <b>3,858.7</b>                   | <b>2,562.0</b>                 |
| Specific grants                                       | 48.7   | 81.8   | 12.6                             | 13.8                           |
| Retained business rates                               | 893.9  | 893.9  | 773.7                            | 787.2                          |
| Extraordinary Grant                                   | 2,865.0                                      | 2,589.0  | 3,023.2                          | 1,711.2                        |
| <b>Council tax requirement</b>                        | <b>6.0</b>                                   | <b>6.0</b>                                     | <b>49.2</b>                      | <b>49.8</b>                    |

\*Funded by reserves and extraordinary grant  
CCS - Congestion charging scheme.

**Table 2 TfL - Draft capital plan**

| Draft capital plan                       | Forecast       | Budget         | Plan           | Plan           | Plan           |
|--|----------------|----------------|----------------|----------------|----------------|
|  | Outturn        |                |                |                |                |
|  | 2020-21        | 2021-22        | 2022-23        | 2023-24        | 2024-25        |
|  | £m             | £m             | £m             | £m             | £m             |
| <i>Expenditure</i>                       |                |                |                |                |                |
| Crossrail contributions                  | 800.5          | 651.4          | 114.0          | 13.0           | 0.0            |
| Elizabeth line trains and enabling works | 38.1           | 10.7           | 0.0            | 0.0            | 0.0            |
| Line extensions                          | 150.9          | 102.1          | 6.0            | 72.1           | 80.4           |
| Line upgrades                            | 266.1          | 478.0          | 610.3          | 932.8          | 1,114.7        |
| London Underground enhancements          | 113.1          | 151.4          | 151.9          | 385.5          | 409.8          |
| Buses enhancements                       | 9.3            | 22.7           | 32.0           | 122.4          | 157.6          |
| Streets enhancements                     | 132.6          | 195.2          | 176.5          | 234.4          | 234.2          |
| Rail enhancements                        | 24.9           | 23.8           | 52.4           | 53.5           | 54.5           |
| Other surface operations enhancements    | 49.2           | 70.5           | 44.4           | 244.6          | 288.0          |
| Corporate projects enhancements          | 129.1          | 311.1          | 459.3          | 302.0          | 365.9          |
| Renewals                                 | 366.3          | 804.6          | 872.3          | 1,118.1        | 1,132.0        |
| <b>Total expenditure</b>                 | <b>2,080.1</b> | <b>2,821.5</b> | <b>2,519.1</b> | <b>3,478.4</b> | <b>3,837.1</b> |
| <i>Funding</i>                           |                |                |                |                |                |
| Capital receipts                         | 110.4          | 290.9          | 320.1          | 199.0          | 248.0          |
| Retained business rates                  | 910.0          | 930.2          | 950.8          | 1,071.8        | 1,093.3        |
| Grants to support capital expenditure    | 128.2          | 125.0          | 134.0          | 1,289.5        | 1,563.8        |
| Borrowing                                | 1,352.0        | 0.0            | 0.0            | 0.0            | 0.0            |
| Crossrail funding sources – non-OSD      | 70.4           | 765.0          | 69.0           | 0.0            | 0.0            |
| Revenue contributions                    | -1,217.3       | 800.0          | 1,106.2        | 918.1          | 932.0          |
| Working capital and reserves movements   | 726.4          | -89.6          | -61.0          | 0.0            | 0.0            |
| <b>Total funding</b>                     | <b>2,080.1</b> | <b>2,821.5</b> | <b>2,519.1</b> | <b>3,478.4</b> | <b>3,837.1</b> |

OSD - Over Station Development

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

| Capital financing costs         | 2021-22      | 2022-23      |
|---------------------------------|--------------|--------------|
|                                 | £m           | £m           |
| <b>TfL</b>                      |              |              |
| Provision for repayment of debt | 56.1         | 56.1         |
| External interest               | 541.7        | 537.6        |
| <b>TfL Total</b>                | <b>597.8</b> | <b>593.7</b> |

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

| <b>Authorised limit for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|
|   | <b>2020-21</b>          | <b>2020-21</b>          | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>TfL</b>                                |                         |                         |                 |                 |                 |
| Borrowing                                 | 14,029.3                | 14,029.3                | 13,994.8        | 13,994.8        | 13,994.8        |
| Long term liabilities                     | 209.0                   | 862.5                   | 820.8           | 778.9           | 733.5           |
| <b>TfL Total</b>                          | <b>14,238.3</b>         | <b>14,891.8</b>         | <b>14,815.6</b> | <b>14,773.7</b> | <b>14,728.3</b> |

| <b>Operational boundary for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|
|   | <b>2020-21</b>          | <b>2020-21</b>          | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>TfL</b>                                    |                         |                         |                 |                 |                 |
| Borrowing                                     | 13,164.3                | 13,164.3                | 13,127.5        | 13,092.5        | 13,022.5        |
| Long term liabilities                         | 209.0                   | 612.5                   | 570.8           | 528.9           | 483.5           |
| <b>TfL Total</b>                              | <b>13,373.3</b>         | <b>13,776.8</b>         | <b>13,698.3</b> | <b>13,621.4</b> | <b>13,506.0</b> |

**Tables 6 and 7: Revisions to TfL's in year Borrowing limits for 2020-21 being consulted on**

| <b>Authorised limit for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Change</b>  |
|---|-------------------------|-------------------------|----------------|
|   | <b>2020-21</b>          | <b>2020-21</b>          | <b>2020-21</b> |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>      |
| <b>TfL</b>                                |                         |                         |                |
| Borrowing                                 | 14,029.3                | 14,029.3                | 0.0            |
| Long term liabilities                     | 209.0                   | 862.5                   | 653.5          |
| <b>TfL Total</b>                          | <b>14,238.3</b>         | <b>14,891.8</b>         | <b>653.5</b>   |

| <b>Operational boundary for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|
|   | <b>2020-21</b>          | <b>2020-21</b>          | <b>2021-22</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       |
| <b>TfL</b>                                    |                         |                         |                 |
| Borrowing                                     | 13,164.3                | 13,164.3                | 0.0             |
| Long term liabilities                         | 209.0                   | 612.5                   | 403.5           |
| <b>TfL Total</b>                              | <b>13,373.3</b>         | <b>13,776.8</b>         | <b>403.5</b>    |

## London Legacy Development Corporation

**Table 1: LLDC - Subjective analysis**

| Subjective analysis             | Revised<br>Budget<br>2020-21<br>£m | Forecast<br>Outturn<br>2020-21<br>£m | Budget<br>2021-22<br>£m | Plan<br>2022-23<br>£m |
|---------------------------------|------------------------------------|--------------------------------------|-------------------------|-----------------------|
| Employee expenses               | 9.2                                | 8.5                                  | 9.0                     | 9.1                   |
| Premises costs                  | 1.2                                | 1.2                                  | 1.2                     | 1.6                   |
| Supplies and services           | 44.1                               | 36.2                                 | 36.8                    | 35.7                  |
| Income/savings to be identified | 0.0                                | 0.0                                  | 0.0                     | -4.3                  |
| Financing costs                 | 11.8                               | 10.9                                 | 11.8                    | 14.0                  |
| <b>Total expenditure</b>        | <b>66.3</b>                        | <b>56.8</b>                          | <b>58.8</b>             | <b>56.1</b>           |
| Total income                    | -15.3                              | -13.2                                | -15.1                   | -15.9                 |
| Transfer to/ (from) MDC reserve | -6.6                               | 3.0                                  | -5.1                    | 0.0                   |
| <b>Net expenditure</b>          | <b>44.4</b>                        | <b>46.6</b>                          | <b>38.6</b>             | <b>40.2</b>           |
| Retained business rates*        | 32.6                               | 35.7                                 | 26.8                    | 26.2                  |
| GLA funding for financing costs | 11.8                               | 10.9                                 | 11.8                    | 14.0                  |
| <b>Council tax requirement</b>  | <b>0.0</b>                         | <b>0.0</b>                           | <b>0.0</b>              | <b>0.0</b>            |

\*Includes GLA COVID-19 Support



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

| Draft capital plan                           | Forecast     | Budget       | Plan         | Plan         | Plan        |
|--|--------------|--------------|--------------|--------------|-------------|
|  | Outturn      |              |              |              |             |
|  | 2020-21      | 2021-22      | 2022-23      | 2023-24      | 2024-25     |
|  | £m           | £m           | £m           | £m           | £m          |
| <i>Expenditure</i>                           |              |              |              |              |             |
| East Bank                                    | 89.0         | 178.4        | 167.5        | 62.3         | 14.3        |
| Development                                  | 24.5         | 8.8          | 20.5         | 28.7         | 17.1        |
| Stadium                                      | 15.9         | 3.5          | 2.9          | 2.9          | 3.0         |
| Park and Venues                              | 9.4          | 3.0          | 3.9          | 2.3          | 1.4         |
| Regeneration                                 | 0.6          | 0.2          | 0.3          | 0.2          | 0.2         |
| Finance, Commercial and Corporate Services   | 3.1          | 2.0          | 1.7          | 1.7          | 1.5         |
| Corporation Tax and Contingency              | 11.2         | 8.5          | 0.9          | 0.7          | 1.7         |
| BBC/UAL loan*                                | 0.0          | 22.9         | 17.1         | 39.0         | -3.4        |
| Other  | 17.6         | 0.0          | 0.0          | 0.0          | 0.0         |
| <b>Total expenditure</b>                     | <b>171.3</b> | <b>227.3</b> | <b>214.8</b> | <b>137.8</b> | <b>35.8</b> |
| <i>Funding</i>                               |              |              |              |              |             |
| Capital receipts                             | 10.9         | 48.2         | 11.6         | 10.5         | 13.9        |
| Capital grants and third-party contributions | 67.3         | 45.9         | 38.8         | 55.3         | 7.9         |
| Borrowing                                    | 17.3         | 41.6         | 106.2        | 23.1         | 14.0        |
| GLA grant                                    | 75.8         | 91.6         | 58.2         | 48.9         | 0.0         |
| <b>Total funding</b>                         | <b>171.3</b> | <b>227.3</b> | <b>214.8</b> | <b>137.8</b> | <b>35.8</b> |

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

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

| Capital financing costs         | 2021-22     | 2022-23     |
|---------------------------------|-------------|-------------|
|                                 | £m          | £m          |
| <b>LLDC</b>                     |             |             |
| Provision for repayment of debt | 11.8        | 14.0        |
| <b>LLDC Total</b>               | <b>11.8</b> | <b>14.0</b> |

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

| Authorised limit for external debt | Current Approval | Revised Approval | Proposed     | Proposed     | Proposed     |
|------------------------------------|------------------|------------------|--------------|--------------|--------------|
|                                    | 2020-21          | 2020-21          | 2021-22      | 2022-23      | 2023-24      |
|                                    | £m               | £m               | £m           | £m           | £m           |
| <b>LLDC</b>                        |                  |                  |              |              |              |
| Borrowing                          | 520.0            | 520.0            | 520.0        | 520.0        | 550.0        |
| <b>LLDC Total</b>                  | <b>520.0</b>     | <b>520.0</b>     | <b>520.0</b> | <b>520.0</b> | <b>550.0</b> |

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| <b>Operational boundary for external debt</b> | <b>Current Approval</b> | <b>Revised Approval</b> | <b>Proposed</b> | <b>Proposed</b> | <b>Proposed</b> |
|---|-------------------------|-------------------------|-----------------|-----------------|-----------------|
|   | <b>2020-21</b>          | <b>2020-21</b>          | <b>2021-22</b>  | <b>2022-23</b>  | <b>2023-24</b>  |
|   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>       | <b>£m</b>       | <b>£m</b>       |
| <b>LLDC</b>                                   |                         |                         |                 |                 |                 |
| Borrowing                                     | 520.0                   | 520.0                   | 520.0           | 520.0           | 550.0           |
| <b>LLDC Total</b>                             | <b>520.0</b>            | <b>520.0</b>            | <b>520.0</b>    | <b>520.0</b>    | <b>550.0</b>    |

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## Old Oak and Park Royal Development Corporation

**Table 1: OPDC - Subjective analysis**

| Subjective analysis                     | Revised Budget | Forecast Outturn | Budget     | Plan       |
|---|----------------|------------------|------------|------------|
|   | 2020-21        | 2020-21          | 2021-22    | 2022-23    |
|   | £m             | £m               | £m         | £m         |
| Employee expenses                       | 4.1            | 3.6              | 4.0        | 4.0        |
| Supplies and services                   | 3.0            | 2.6              | 2.5        | 2.6        |
| <b>Total expenditure</b>                | <b>7.1</b>     | <b>6.2</b>       | <b>6.5</b> | <b>6.6</b> |
| Total income                            | -0.3           | -0.3             | -0.3       | -0.3       |
| Transfer to/ (from) MDC Reserve         | 1.0            | 1.9              | 0.0        | 0.0        |
| <b>Net expenditure</b>                  | <b>7.8</b>     | <b>7.8</b>       | <b>6.2</b> | <b>6.3</b> |
| Retained Business rates                 | 7.8            | 7.8              | 6.2        | 6.3        |
| Mayoral Development Corporation Reserve | 0.0            | 0.0              | 0.0        | 0.0        |
| <b>Council tax requirement</b>          | <b>0.0</b>     | <b>0.0</b>       | <b>0.0</b> | <b>0.0</b> |

## GLA Group Savings and Collaboration

### Shared services and collaboration across the GLA Group and with external partners

The GLA has set a clear strategic direction to deliver efficiency and value through collaboration for all organisations in the GLA Group. Currently, there are many shared service and collaborative arrangements between members of the GLA Group. These include formal contractual relationships that have been established such as in the transport policing arrangement between MOPAC and TfL. Each arrangement is led by a member of the Group and some of the arrangements include a collaborative procurement programme; shared services such as treasury management, audit and financial services; and shared location arrangements. All are expected to deliver efficiency gains and/or cashable savings.

A collaboration programme is in place, overseen by the GLA Group Collaboration Board, in order to identify and deliver further efficiencies across the GLA Group in back office and policy and delivery areas. The Board has senior executive representatives from across the GLA Group and from the London Ambulance Service. At present the Board oversees, and gives strategic direction, to a range of collaboration projects and the following strategic collaboration committees: Information Technology; Estate and Facilities Management; Procurement; Human Resources; and Finance and other Professional Services.

Key current collaboration projects include:

- the **Group-wide longer-term accommodation strategy** which will co-ordinate the most efficient use of the office estate (further details below);
- the **pan-GLA talent management and redeployment initiative** which will explore how we can best attract, manage and retain talent across the GLA Group. This has the potential to bring efficiencies and cost savings directly through reduced redundancy costs and indirectly through increased retention and reduced recruitment costs;
- The **commercial energy project** which can help the GLA Group to save costs, manage risks and generate a revenue stream by optimising its energy demand through integrating it with its investment strategy and deploying electric vehicle (EV) infrastructure on its estate. Analysis indicates that if successful this could deliver benefits to the Group of the order of the low tens of millions of pounds per year over the coming decade in addition to helping to drive decarbonisation.
- a review of the **GLA and TfL Spatial Planning functions** to understand the synergies across both teams;
- developing a common set of principles and policies to underpin the Group approach to **grants management** which is expected to provide efficiencies in stakeholder management and administration processes, and;
- as part of its Chief Officer's transformation programme, the GLA is considering the feasibility and benefits of the potential delivery of GLA HR and IT services through shared service arrangements with TfL. The GLA currently provides a range of these services to both itself and to other GLA Group members.

### Summary of other key shared service arrangements

The GLA and functional bodies have existing shared services arrangements, and all deliver cashable savings and/or efficiency gains. The key arrangements are set out below:

- Tfl Legal Services: Tfl Legal provides the full suite of legal services to the GLA, MOPAC, LLDC and OPDC;
- MOPAC Audit Function: MOPAC provide internal audit services to the GLA, LFC, LLDC and OPDC;
- GLA Shared HR: The GLA provides HR services for MOPAC and OPDC;
- GLA Shared IT: The GLA Technology Group provides the IT Service for MOPAC and OPDC;
- GLA Committee Services: The GLA provides a full committee support service for the boards and committees of LFC, Tfl, LLDC and OPDC; and
- LFC Accommodation: LFC shares part of its Union Street office space with the London Pensions Fund Authority, the GLA and OPDC.

It is also important to recognise collaboration and the sharing of services beyond the Group. Examples include collaboration between Tfl and London boroughs, the MPS and other police forces and between the GLA and the City of Westminster in respect of facilities management.

### The GLA Group accommodation strategy

The GLA Group accommodation strategy is a strategic approach to non-operational space, that sets a direction of travel for greater estates collaboration among the GLA Group and Family Members. The principles include but are not limited to:

- delivering a shared hubs model;
- a long-term preference for holding freehold over leasehold assets; and
- optimising underutilised space within the GLA Group and Family Members.

Most member bodies are already on a journey to achieve savings in their estate's portfolios. The accommodation strategy presents a GLA Group approach which is designed to help deliver additional benefits at the group level while enabling member body plans. The programme focuses on the Net GLA Family Benefit across all member bodies on an incremental basis, rather than an individual Member or Property perspective. Savings identified for 2021-22 are £4.6 million, for 2022-23 are £17.1 million, and for the period up to 2030 savings exceed £100 million. These figures do not include any transfers from reserves and only reflect net savings to the GLA Group.

In addition to the above, the Metropolitan Police Service will deliver £49 million per annum of annual estate savings by 2024-25 through rationalising its estate based on changing the way police officers and staff use the estate; this will be supported by the refurbishment of a number of retained buildings to create modern working environments and the continued implementation of mobile and collaborative technology.

**The GLA Group collaborative procurement function**

The GLA Group Collaborative Procurement Team (CPT) manages the common and low complexity procurement expenditure of indirect categories (i.e. goods and services purchased for internal use) for the GLA and its functional bodies. Between 2015-16 and 2018-19 spend in categories in scope (for GLA, LFB, LLDC, OPDC and TfL) was reduced by £200m (36 per cent), with the greatest reduction (19 per cent) between 2017-18 and 2018-19. In 2019-20 total spend across GLA Group for in scope categories was circa £443 million. In December 2019 a detailed business case was approved by the GLA Group Collaboration Board, which outlined a three-phased approach to deliver greater value from collaborative procurement, this included working towards a further 20 per cent cost reduction. Phase one includes improving the service, ways of working and Functional Body engagement. Activity to support the delivery of phase one has been ongoing throughout 2020. Phase two will include expanding the scope of categories managed by the CPT.

**The GLA Group Treasury and the Group Investment Syndicate (GIS)**

The GLA has established a shared treasury management function across the whole of the GLA Group (excluding TfL but including the London Pensions Fund Authority). GLA Group Treasury manages the participating bodies' c.£5 billion of investments and c£5.5 billion of borrowings. The GIS is a collective investment arrangement to pool the participants' cash balances. The shared function has been able to generate significant additional income from investments, without undertaking greater risk, and optimise borrowing decisions across the Group through economies of scale. It also provides a more resilient function for the Group, than was available individually. The shared service together with the GIS and a new fund for core reserves, the London Strategic Reserve (LSR), is being developed to enable other parts of London government to enjoy these benefits.

**Business rates and council tax maximisation programmes**

The GLA seeks to maximise income from council tax, business rates revenues – including the Crossrail business rate supplement – in partnership with the 33 local billing authorities which collectively are expected to generate around £3.3 billion of revenues for GLA services, capital spending or to finance borrowing across the GLA Group in 2021-22. This has become even more critical in light of the economic impact of COVID-19 on these key revenue streams. The Mayor approved £16 million for this work in March 2020 through Mayoral Decision 2618 across the 2020-21, 2021-22 and 2022-23 financial years, including £5 million in 2021-22, and all 33 London billing authorities have been awarded funding for revenue maximisation projects.

This initiative demonstrates the GLA's commitment to working with boroughs and the Corporation of London for London's benefit, as nearly £14 billion is expected to be collected in 2021-22, in council tax, non-domestic rates and the Crossrail business rates supplement across the capital assuming the retail, leisure, hospitality and childcare rate relief business rates schemes in place for 2020-21 which reduced revenues by just over £3 billion do not continue.

### Savings and efficiencies across the GLA Group

In light of the likely reductions in business rates and council tax income available to the GLA Group as a result of the Covid-19 pandemic, the Mayor's Budget Guidance for 2021-22, published in June 2020 set out savings targets for the constituent bodies of the Group. The savings targets identified for 2020-21 and 2021-22 in Scenario 3 of the Budget Guidance are shown in the table below, as amended by Mayoral Decision 2695 to allow some savings to be deferred given the flexibilities announced by the Government in July 2020.

| <b>Mayor's Budget Guidance 2021-22:</b>   | <b>2020-21</b> | <b>2021-22</b> |
|---|----------------|----------------|
| <b>Scenario 3 savings targets</b>   | <b>£m</b>      | <b>£m</b>      |
| GLA: Mayor  | 13.5           | 30.0           |
| GLA: London Assembly  | 0.5            | 1.4            |
| MOPAC   | 22.75          | 63.8           |
| LFC   | 5.0            | 15.0           |
| TfL   | 75.5           | 211.9          |
| LLDC  | 7.4            | 2.1            |
| OPDC  | 1.0            | 1.6            |
| Savings reserve (reduces savings targets form Scenario 3 for Mayor, Assembly, MOPAC, LFC) | 41.7           | 0.0            |
| <b>Total</b>  | <b>167.3</b>   | <b>325.8</b>   |

The total savings and efficiencies which have been presented in the 2021-22 budget process across the Group are summarised, on a year-by-year basis, below for the years 2020-21 to 2022-23.

| <b>Savings and efficiencies identified</b> | <b>2020-21</b> | <b>Forecast 2021-22</b> | <b>Forecast 2022-23</b> |
|--|----------------|-------------------------|-------------------------|
|  | <b>£m</b>      | <b>£m</b>               | <b>£m</b>               |
| GLA: Mayor                                 | 13.5           | 38.9                    | 0.0                     |
| GLA: London Assembly                       | 0.8            | 1.1                     | 0.0                     |
| MOPAC                                      | 23.3           | 69.3                    | 30.7                    |
| LFC  | 1.0            | 4.2                     | 8.2                     |
| TfL  | 323.6          | 100.5                   | 143.3                   |
| LLDC                                       | 9.5            | 0.1                     | 0.0                     |
| OPDC                                       | 1.0            | 0.6                     | 0.5                     |
| <b>Total</b>                               | <b>372.7</b>   | <b>214.7</b>            | <b>182.7</b>            |

## Summary of Revenue Expenditure and Financing

### Introduction

The tables below summarise how the net expenditure (financing requirement) and council tax requirement is calculated for the GLA and each functional body in 2021-22.

|                             | Gross expenditure | Fares income    | Other General income | Net Expenditure before use of reserves | Use of reserves | Net Expenditure after use of reserves |
|-----------------------------|-------------------|-----------------|----------------------|--|-----------------|---------------------------------------|
|                             | £m                | £m              | £m                   | £m                                     | £m              | £m                                    |
| <b>MOPAC</b>                | <b>3,989.7</b>    | <b>0.0</b>      | <b>-290.2</b>        | <b>3,699.5</b>                         | <b>-140.4</b>   | <b>3,559.1</b>                        |
| GLA Mayor                   | 1,668.1           | 0.0             | -246.8               | 1,421.3                                | -93.4           | 1,327.9                               |
| GLA Assembly                | 7.0               | 0.0             | 0.0                  | 7.0                                    | 0.0             | 7.0                                   |
| LFC                         | 489.3             | 0.0             | -41.2                | 448.1                                  | -23.0           | 425.1                                 |
| TfL                         | 7,525.8           | -3,275.6        | -1,266.6             | 2,983.6                                | 875.1           | 3,858.7                               |
| LLDC                        | 58.8              | 0.0             | -32.0                | 26.8                                   | 0.0             | 26.8                                  |
| OPDC                        | 6.5               | 0.0             | -0.3                 | 6.2                                    | 0.0             | 6.2                                   |
| <b>Total other services</b> | <b>9,755.5</b>    | <b>-3,275.6</b> | <b>-1,586.9</b>      | <b>4,893.0</b>                         | <b>758.7</b>    | <b>5,651.7</b>                        |
| <b>Total GLA Group</b>      | <b>13,745.2</b>   | <b>-3,275.6</b> | <b>-1,877.1</b>      | <b>8,592.5</b>                         | <b>618.3</b>    | <b>9,210.8</b>                        |

Note: Above figures for GLA: Mayor include forecast business rates levy and tariff payments to MHCLG of £844.5 million which will not be confirmed until the final local government finance settlement and billing authority forecasts are received in late January. GLA: Mayor figures also include £6.9 million of budgeted expenditure on other group items.



**Council tax requirement and Band D council tax**

|                             | Net<br>Expenditure<br>after use of<br>reserves<br>£m | Specific<br>Government<br>grants<br>£m | General<br>Governm<br>ent<br>grants<br>£m | Extraordi<br>nary<br>Grant<br>£m | Business<br>rates<br>£m | Council<br>tax<br>requirem<br>ent<br>£m | Band D<br>amount<br>£ |
|-----------------------------|--|--|---|----------------------------------|-------------------------|---|-----------------------|
| <b>MOPAC</b>                | <b>3,559.1</b>                                       | <b>583.1</b>                           | <b>2,181.3</b>                            | <b>0.0</b>                       | <b>27.9</b>             | <b>766.8</b>                            | <b>267.13</b>         |
| GLA Mayor                   | 1,327.9  | 345.3                                  | 25.0                                      | 0.0                              | 895.2                   | 62.5                                    | 21.70                 |
| GLA Assembly                | 7.0  | 0.0                                    | 0.0                                       | 0.0                              | 4.5                     | 2.5                                     | 0.87                  |
| LFC                         | 425.1  | 33.3                                   | 0.0                                       | 0.0                              | 228.1                   | 163.7                                   | 56.87                 |
| TfL                         | 3,858.7  | 12.6                                   | 0.0                                       | 3,023.2                          | 773.7                   | 49.2                                    | 17.09                 |
| LLDC                        | 26.8   | 0.0                                    | 0.0                                       | 0.0                              | 26.8                    | 0.0                                     | 0.00                  |
| OPDC                        | 6.2  | 0.0                                    | 0.0                                       | 0.0                              | 6.2                     | 0.0                                     | 0.00                  |
| <b>Total other services</b> | <b>5,651.7</b>                                       | <b>391.2</b>                           | <b>25.0</b>                               | <b>3,023.2</b>                   | <b>1,934.5</b>          | <b>277.8</b>                            | <b>96.53</b>          |
| <b>Total GLA Group</b>      | <b>9,210.8</b>                                       | <b>974.3</b>                           | <b>2,206.3</b>                            | <b>3,023.2</b>                   | <b>1,962.4</b>          | <b>1,044.7</b>                          | <b>363.66</b>         |

**Net revenue expenditure**

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

- revenue grants from the Government. These include general government grants (principally Home Office police grant and the TfL extraordinary grant) and specific grants (including, for example, Home Office police funding for counter-terrorism and fire revenue grants);
- retained business rates, including any related section 31 grants to fund rates reliefs; and
- each body's share of the council tax precept.

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

| Net revenue expenditure (financing requirement) | Revised        | Budget         | Plan           |
|---|----------------|----------------|----------------|
|   | Budget         |                |                |
|   | 2020-21        | 2021-22        | 2022-23        |
|   | £m             | £m             | £m             |
| GLA Mayor                                       | 1,543.2        | 1,327.9        | 1,321.9        |
| GLA Assembly                                    | 7.7            | 7.0            | 7.1            |
| MOPAC   | 3,633.6        | 3,559.1        | 3,582.8        |
| LFC   | 436.6          | 425.1          | 436.9          |
| TfL   | 3,570.7        | 3,858.7        | 2,562.0        |
| LLDC  | 46.6           | 26.8           | 26.2           |
| OPDC  | 7.8            | 6.2            | 6.3            |
| <b>Net revenue expenditure</b>                  | <b>9,246.2</b> | <b>9,210.8</b> | <b>7,944.1</b> |

Note: GLA Mayor figure includes £850.4 million of budgeted expenditure on group items.

### Retained business rates funding

The table below sets out the provisional allocation of retained business rates by the Mayor across the GLA Group for 2021-22, reflecting current assumptions on the financial impact of the 67 per cent business rates retention GLA partial pilot. It also includes the estimated tariff and levy payments the GLA will make to the Government either directly or, if it continues, through the London pool which cannot be confirmed until the final local government finance settlement is published. The allocations for 2021-22 are indicative and will be reviewed before the Mayor's final draft budget to take into account the returns submitted by the 33 London billing authorities in late January 2021; adjusted to reflect any final distribution mechanism agreed between the GLA and the 33 London billing authorities for the 67 per cent business rates retention pool - if it proceeds - as well as the impact of the schemes for the spreading of 2020-21 collection fund deficits over three years and the Government's compensation for 2020-21 irrecoverable losses. The Mayor will initially seek to manage any volatility arising from these forecasts through the GLA's business rates reserve. Appendix I outlines the assumptions made in more detail for 2021-22 and subsequent years, having regard to the uncertainty associated with the structure of the business rates retention system beyond 2021-22.

### Proposed allocation of retained business rates income (including section 31 grants) in 2021-22

|   | GLA<br>Mayor<br>£m | GLA<br>Assembly<br>£m | TfL<br>£m      | LFC<br>£m    | MOPAC<br>£m | LLDC<br>£m  | OPDC<br>£m | Group<br>Items<br>£m | Total<br>£m    |
|---|--------------------|-----------------------|----------------|--------------|-------------|-------------|------------|----------------------|----------------|
| Total funding allocated to GLA and functional bodies for revenue services | 44.8               | 4.5                   | 773.7          | 228.1        | 27.9        | 27.9        | 6.2        | 5.9                  | 1,117.9        |
| Total funding allocated to GLA and functional bodies for capital spending | 0.0                | 0.0                   | 930.2          | 0.0          | 0.0         | 0.0         | 0.0        | 0.0                  | 930.2          |
| Total Tariff/levy payment to MHCLG  | 0.0                | 0.0                   | 0.0            | 0.0          | 0.0         | 0.0         | 0.0        | 844.5                | 844.5          |
| <b>Total</b>  | <b>44.8</b>        | <b>4.5</b>            | <b>1,703.9</b> | <b>228.1</b> | <b>27.9</b> | <b>27.9</b> | <b>6.2</b> | <b>850.4</b>         | <b>2,892.6</b> |

### Council tax calculations

The difference between net revenue expenditure and the sum of grant funding from the Government and retained business rates from the Mayor represents the amount to be raised from council tax. As outlined in Section 1, this sum is recovered by issuing precepts on the City of London and the 32 London boroughs (i.e. the council tax requirement) which are the statutory billing authorities for council tax, national non-domestic rates and the Crossrail business rate supplement in the capital. The council tax calculations in this budget also take account of the expected collection fund deficit in respect of council tax for 2020-21 of which one third is expected to be paid to billing authorities through an adjustment to their 2021-22 payment instalments to the GLA with the remainder being repaid in equal amounts in 2022-23 and 2023-24 under the three-year deficit spreading scheme.

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

### Council tax requirement for police services

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

| Council tax requirement for police services                        | Revised Budget<br>2020-21<br>£m | Budget<br>2021-22<br>£m | Plan<br>2022-23<br>£m |
|--|---------------------------------|-------------------------|-----------------------|
| Net financing requirement  | 3,633.6                         | 3,559.1                 | 3,582.8               |
| Government grants, council tax surplus and retained business rates | -2,866.5                        | -2,792.3                | -2,788.9              |
| <b>Amount for police services</b>                                  | <b>767.1</b>                    | <b>766.8</b>            | <b>793.9</b>          |

This is equivalent to a Band D element for police services of £267.13 for 2021-22 in the 32 London boroughs (£252.13 for 2020-21) reflecting the current proposed £15 or 5.9 per cent increase, as permitted in the provisional police settlement for 2021-22 and draft council tax referendum principles.

### Council tax requirement for other services

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

| Council tax requirement for other services   | Revised Budget<br>2020-21<br>£m | Budget<br>2021-22<br>£m | Plan 2022-23<br>£m |
|--|---------------------------------|-------------------------|--------------------|
| GLA, LFC, LLDC, OPDC and TfL net expenditure   | 5,612.6                         | 5,651.7                 | 4,361.3            |
| Government grants, council tax surplus, retained business rates and use of MDC reserve | -5,368.8                        | -5,373.8                | -4,073.6           |
| <b>Amount for other services</b>   | <b>243.8</b>                    | <b>277.8</b>            | <b>287.7</b>       |

This is equivalent to a Band D element for other services of £96.53 for 2021-22 in the 32 London boroughs (£79.94 for 2020-21). In the City of London this is the full Band D council tax amount for GLA services. The additional income generated as a result of increasing the Band D charge will be allocated to Transport for London and the London Fire Commissioner, as set out in the Section 1 of this draft budget.

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

The proposed adjusted basic amount of council tax is therefore £363.66 for a Band D property (i.e. £267.13 for the Mayor's Office of Policing and Crime plus £96.53 for non-police services) – this applies to taxpayers in the 32 London boroughs.

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

| <b>Band</b>   | <b>2021-22</b> | <b>2020-21</b> | <b>Change</b> |
|---------------|----------------|----------------|---------------|
| Band A        | £242.44        | £221.38        | £21.06        |
| Band B        | £282.85        | £258.28        | £24.57        |
| Band C        | £323.25        | £295.17        | £28.08        |
| <b>Band D</b> | <b>£363.66</b> | <b>£332.07</b> | <b>£31.59</b> |
| Band E        | £444.47        | £405.86        | £38.61        |
| Band F        | £525.29        | £479.66        | £45.63        |
| Band G        | £606.10        | £553.45        | £52.65        |
| Band H        | £727.32        | £664.14        | £63.18        |

The proposed unadjusted basic amount of council tax is £96.53 – this is the sum paid by Band D council taxpayers in the City of London. Council taxpayers in the City of London, which is outside the Metropolitan Police District, contribute towards the costs of the City of London Police.

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

| <b>Band</b>   | <b>2021-22</b> | <b>2020-21</b> | <b>Change</b> |
|---------------|----------------|----------------|---------------|
| Band A        | £64.35         | £53.29         | £11.06        |
| Band B        | £75.08         | £62.17         | £12.91        |
| Band C        | £85.80         | £71.06         | £14.74        |
| <b>Band D</b> | <b>£96.53</b>  | <b>£79.94</b>  | <b>£16.59</b> |
| Band E        | £117.98        | £97.70         | £20.28        |
| Band F        | £139.43        | £115.47        | £23.96        |
| Band G        | £160.88        | £133.23        | £27.65        |
| Band H        | £193.06        | £159.88        | £33.18        |

**Council tax referendum thresholds**

On 17 December 2020, MHCLG published the draft 2021-22 council tax referendum principles thresholds including those for the GLA as part of the local government finance settlement. The draft published referendum limit for the GLA's unadjusted basic amount of council tax for non-police services was an increase of 2 per cent or more in the Band D council tax. The draft published referendum limit for the GLA's adjusted basic amount of council tax for all services was an increase of more than £16.59 in the Band D council tax – reflecting the additional £15 permitted for policing.

Under those draft principles, the adjusted and unadjusted amounts of council tax proposed in this draft budget would be deemed excessive. However, as set out in Section 1, the Government invited the Mayor to propose how he would fund the cost of London-specific travel concessions for under 18s and the 60+ Oyster photocard, including through council tax, with the Government taking the necessary steps to allow the required precept increase without a referendum needing to be held. The Mayor has proposed that part of the cost of these concessions is met from council tax through an additional increase in the Band D amount by £15 for TfL compared to the amount proposed in the consultation budget proposals published in December 2020.

A final decision on the proposed precept levels for 2021-22 will be taken by the Mayor once the final referendum principles for the GLA have been published by the Government alongside the final local government finance settlement. The final excessiveness principles for the GLA and other English local authority, police and fire bodies will be subject then to a vote in the House of Commons. The Mayor's final draft budget proposals in February will contain a formal determination by the Mayor regarding his compliance with the council tax referendum thresholds, as required by the relevant legislation, reflecting the implications of the wording of the final approved referendum principles report.

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## Funding Assumptions

### Introduction

This Appendix sets out the assumptions underpinning the main funding sources for the 2021-22 budget, including any impacts arising from the expected reductions in revenues for 2020-21. It also highlights the lack of certainty for the years beyond 2021-22 ahead of the multi-year spending review expected to take place in late 2021, the implementation of the local government fair funding review and reset of business rates growth expected no earlier than April 2022 and the outcome of the Government's fundamental review of business rates as a tax, which is expected to conclude in Spring 2021. In addition, there is significant uncertainty about the ongoing effect on the business rates and council taxbase as a result of the economic impact of the COVID-19 pandemic.

### 2021-22 Local Government and Fire Finance Settlements

The Ministry of Housing, Communities and Local Government published the provisional local government and fire finance settlement on 17 December 2020. The estimates in this budget have regard, where possible, to the announcements made in the provisional settlement.

Since 2017-18 all former fire and rescue and GLA general funding as well TfL's former DfT general and investment grants, together with MOPAC's share of prior year council tax freeze grants, has been provided to the Mayor through locally retained business rates. Core Home Office policing grant is provided separately as set out below.

As announced in the Spending Review on 25 November, the Government is proposing to increase overall core funding levels in 2021-22 (i.e. settlement funding baselines) on average in line with the 0.5 per cent increase in September 2020 CPI. This uplift will be met for the GLA – which no longer receives revenue support grant – via additional section 31 grant, as the business rates multiplier for 2021-22 which would normally be increased by this percentage will be frozen. The GLA's settlement baseline funding level for 2021-22 is £2,220.7 million, albeit this figure is only notional as the actual revenue which will be received is determined by retained business rates income, subject to any safety net guarantee provided within the rates retention system. It does, however, form part of the calculation which determines the minimum guaranteed funding level the GLA would receive under the safety net mechanism provided by the Government irrespective of any losses in business rates income.

Since 2018-19 the Mayor has also allocated additional retained business rates income to fund policing, significantly above the baseline level set out in the Government's funding settlement – including the equivalent of just under £60 million annually to fund an additional 1,000 police officers since 2019-20. In 2021-22 and 2022-23 it is proposed that this amount be funded from MOPAC's reserves, reflecting the sums paid to MOPAC in advance for this purpose in 2019-20.

### 2021-22 Home Office Police Grant Settlement

The Home Office also published the provisional police settlement on 17 December 2020; this budget reflects the announcements in that settlement on grant allocations and the council tax referendum threshold for policing bodies. The provisional settlement includes allocations for the Home Office Police Grant and police formula grant (formerly paid by MHCLG), along with council tax support funding for local policing bodies and, for both MOPAC and the City of London Police, their National International and Capital City (NICC) allocations.

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In the Spending Review on 25 November the Government announced an additional £400 million in funding for 2021-22, to support the recruitment of up to 6,000 police officers in England and Wales. This supplements the funding for the first tranche of 6,000 officers for 2020-21 – out of which the MPS was allocated 1,369 – alongside £45 million allocated in 2019-20 to kickstart recruitment nationally. In the provisional settlement the Government announced the allocation of the additional 6,000 officers between forces, of which London has been allocated approximately 1,344 in the supporting tables. Further funding is expected in 2022-23 to allow recruitment of additional officers so the Government can meet its 20,000 national target.

In his 2019-20 budget the Mayor allocated £118.6 million in business rates to MOPAC in order to secure funding for 1,000 more officers than would otherwise be affordable in 2020-21 and 2021-22; equivalent to £59.3 million in each year. This decision was based on the assumption that there could be a two-year lag in the GLA receiving income relating to business rates growth for future financial years from April 2020 onwards, based on proposals for potential reforms to the business rates retention system being considered by the Government. Although the reforms have been delayed until at least 2022-23, MOPAC has already received the £59.3 million of funding needed to fund the 1,000 officers for 2021-22 and 2022-23, currently held within its earmarked reserves, consequently there is no need to allocate additional funding for these officers within the planning period set out in this draft budget.

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

Following an agreement between the Mayor and the Secretary of State in March 2017, all former TfL general and investment grant support has been funded since 2017-18 through retained business rates. At the time, Department for Transport (DfT) set out their expectation that funding at levels equivalent to the investment grant set out in the 2015 Spending Review settlement should continue to be spent on capital projects.

In 2021-22, the GLA's retained business rates funding baseline as set out in the MHCLG settlement includes an estimated notional £1,016 million in respect of the investment grant formerly paid by the DfT and a further £0.8 billion of residual former DfT operating grant. The Government has not yet confirmed any funding levels for TfL – including for capital investment – within the rates retention system beyond April 2022, as is the case for local government and fire services generally.

The £27 million grant previously paid to TfL for London Overground Rail Operations Ltd (LOROL) ceased from April 2020. TfL receives other revenue and capital specific grants for specific programmes and projects which are agreed and paid separately.

Following the reduction in fare revenues due to the COVID-19 pandemic, the Mayor and the Secretary of State for Transport agreed a £1.6 billion funding support package with DfT for the first half (H1) of 2020-21 and up to an additional £1.8 billion for the second half (H2). Of this support just over £2.8 billion is being met by direct grant and the balance via increased borrowing approvals. This is being paid via the GLA as GLA transport grant under s101 of the GLA Act. Negotiations are ongoing regarding the level of support required by TfL over the next two years, and arrangements thereafter based on the Financial Sustainability Plan which was submitted to DfT by TfL on 11 January 2021.

For this reason, the TfL budget includes an indicative funding assumption reflecting the sums it considers are required to deliver a balanced budget for 2021-22 and 2022-23.

### **Funding assumptions for retained business rates in 2021-22**

The Government confirmed in the Spending Review that the GLA's 67 per cent retention partial pilot – reinstated in 2020-21 following the end of the 75 per cent London wide pilot in 2019-20 – would continue in 2021-22.

All of the GLA's core general grant funding for non-police services from central government has been replaced by retained business rates since April 2017 when the GLA's residual revenue support grant – the majority of which relates to funding for fire and rescue services – and TfL's capital investment grant were also rolled into its funding baseline. The GLA will again receive 37 per cent of business rates income in 2021-22 and the 33 London billing authorities 30 per cent, prior to the tariff or top up adjustment (i.e. the amount by which the estimated business rates baseline excluding growth exceeds or is below the settlement funding baseline for each authority) and levy on growth payments due to or from the Government.

The GLA is a tariff authority in 2021-22 and will make a forecast contribution of over £812 million to MHCLG to subsidise local services elsewhere in England based on its share of revenues assumed to be collected from London's business ratepayers. The remaining 33 per cent of business rates income not retained locally will be paid directly to central government by the 33 local authorities via the central share. In the event its business rates income exceeds its baseline it would also pay a levy on any growth to MHCLG.

Due to the additional significant risks associated with a potential downturn in business rates revenues, which could require some pool members to contribute towards the cost of the safety net guarantee for others rather than the entire burden falling on the Government, it has been agreed that the London business rates pool will be suspended for 2021-22. The Mayor, the Chair of London Councils and the Chairman of the Corporation of London's Policy and Resources Committee (in its role as lead authority) wrote to the Secretary of State on 12 January confirming this decision. The joint working and policy and administrative support to member authorities through the pool will continue, however, even though formal legal pooling infrastructure will not. The suspension of the pool means that – as was the case before 2018-19 – the GLA and the 33 billing authorities will operate independently within the business rates retention system in 2021-22. The GLA will pay its tariff and levy payments directly therefore to MHCLG rather than through the pool.

The actual combined tariff and levy payable by the GLA will not be able to be confirmed until the final local government settlement is published, and the 33 billing authorities have confirmed their forecast business rates revenues in late January. At this stage the total forecast combined tariff and levy payment estimated to be payable by the GLA to MHCLG for 2021-22 is £844.5 million.

The table below shows the statutory shares of retained business rates for the GLA, the 33 billing authorities in London and central government in each year since the business rates retention system was introduced in April 2013, along with a statement as to whether a levy was payable on growth to the Government and a London-wide pool was in place.



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

Local authorities including the GLA will continue to receive section 31 grants in respect of Government initiatives and policy changes which reduce the level of business rates income, such as the change to the annual uprating of the NNDR multiplier from RPI to CPI introduced in 2017, the increased thresholds for, and the continued doubling of, small business rate relief and any continuation in full or in part of the retail, leisure, hospitality (RLH) and childcare provider relief schemes in place in 2020-21. These section 31 grants will continue to be paid directly to the GLA. The Chancellor is expected to announce in the Budget on 3 March what additional business rates relief schemes will be funded, if any, by the Government on a sectoral basis for 2021-22. At this stage, however, authorities have been requested by MHCLG to assume purely for planning and budgeting purposes that the current retail, leisure, hospitality (RLH) and childcare provider relief schemes will not continue.

In 2020-21 the GLA is expected to receive around £1.15 billion in section 31 grant from MHCLG to compensate for its share of the £3 billion cost of the RLH and childcare provider relief schemes in London. The recent announcement by several supermarket and retail chains that they will repay their 2020-21 relief to central government will not affect these assumptions as these represent voluntary repayments made to Government – the statutory relief applied to rates bills which will be compensated by section 31 grant remains in place. It will be for the Government to determine how it wishes to use these repayments, albeit noting that a proportion in London will include elements relating to relief granted for the Mayor's Crossrail business rate supplement.

The GLA's forecast retained rates income in 2021-22 as well as its combined tariff and levy payment to MHCLG will be set out in the Mayor's final draft budget taking into account the statutory forecasts of business rates income provided by the 33 local authorities at the end of January 2021.

### **Council tax assumptions**

Each London billing authority is required to determine its council tax base for 2021-22 by 31 January 2021, reflecting council tax support arrangements and discounts. The taxbases of the 33 billing authorities together make up the taxbase used by the GLA for setting the council tax. The Mayor's draft budget assumes a reduction in the council taxbase of 5.65 per cent in 2021-22 at this stage, compared to the original budgeted 2020-21 taxbase.

This assumption reflects an estimated 7 per cent drop in collection levels and additional claims for council tax support from working age households offset by assumed growth in the property base and the compensation provided to billing authorities for council tax support costs by the Government. Billing authorities are also required to provide an estimated collection fund surplus or deficit outturn calculation for 2020-21 for council tax, taking into account expected collection rates, changes in the valuation list due to new properties being added and other changes since their original taxbases were set in January 2020.

The Mayor is proposing in this draft budget that the overall (adjusted) Band D council tax charge for the GLA will increase by £31.59 or 9.5 per cent in 2021-22, compared to the 2020-21 level. This level of increase applies to the precept for the 32 London Boroughs (the adjusted basic amount of council tax). An increase of £16.59, equivalent to a 20.8 per cent increase, is proposed to apply to the separate Band D charge for the City of London (the unadjusted amount of council tax) which is outside the Metropolitan Police District.

At this stage, the proposed increases would be deemed as 'excessive', according to the draft council tax referendum principles published by MHCLG on 17 December 2020. The Government has stated it will review the principles for the GLA in light of proposals from the Mayor to use council tax income to fund existing non-statutory concessions for under 18s and 60+ Oyster photocard recipients (noting that London boroughs fund the statutory freedom pass on off-peak services for those above state pension age as well as for disabled Londoners). The proposed council tax increases will be reviewed in the final budget in light of the final council tax referendum principles, which are expected to be published by MHCLG and approved by the House of Commons before the middle of February 2021.

**Managing the impact of 2020-21 and 2021-22 business rates and council tax losses including Government schemes to allow local authorities to spread their 2020-21 council tax and business rates deficits over the following three budget years and the proposed compensation for up to 75 per cent of 'irrecoverable' 2020-21 losses.**

The Mayor's budget guidance issued in June 2020 outlined expected council tax and business rates losses in the core scenario totalling £493 million for 2020-21 and 2021-22 compared to the allocations for those years in the Mayor's 2020-21 Budget approved in February 2020. This was on the basis that council tax losses would be in the region of 7 per cent and business rates losses around 11 per cent – with a higher monetary impact for the latter in 2021-22 due to the impact of the expected ending of retail, leisure and hospitality relief, reductions in rateable values being made by the Valuation Office Agency under material change of circumstances grounds arising from the impact of the pandemic and, as was expected at that time, a potential reset of business rates growth by the Government.

The most recent returns submitted to MHCLG by billing authorities in aggregate do not depart materially from these Budget guidance estimates although there are significant variations between individual authorities, generally reflecting relative deprivation levels and council tax support claimant counts for council tax, and the proportion of their taxbase accounted for retail, leisure and hospitality businesses in respect of business rates. These figures remain estimates, however, and the GLA will not have clarity on the deficits for 2020-21 and reduced taxbases for 2021-22 until all 33 local authorities submit their statutory returns and confirm their council taxbases by the end of January.

There remains further potential downside due to the potential longer term erosion to the business rates taxbase arising from the economic impact of the COVID-19 pandemic and thus the capacity of this revenue stream to meet the spending needs of local government in England in future. This includes an immediate risk through 'Material Change of Circumstances' (MCC) appeals currently being submitted by ratepayers that could lead to the Valuation Office Agency (VOA) introducing blanket, locality or sectoral based reductions to rateable values to reflect the impact of reduced rental levels in respect of offices and retailers and reduced turnover levels for leisure and hospitality businesses.

Speculative coverage in the media has suggested that an average 25 per cent reduction could be made to the rateable values of offices backdated to the start of the pandemic in March 2020, although this has not been confirmed by the VOA. Following the 2008 financial crash the VOA reduced rateable values on offices in the City of London and Canary Wharf in 2009 by an average of 10 per cent so there is precedence for such a scenario. As an illustration, a 10 per cent reduction in 2021-22 in rateable values in the City of London and Westminster alone would potentially reduce business rates income by up to £350 million before levy payments and safety net support – of which the GLA's notional 37 per cent share would be around £130 million – a loss which could persist at least until the planned national revaluation in 2023-24. However, the GLA would be protected by the Government's safety net mechanism – assuming this guarantee continues in its current form – if there was a wholesale reduction in the taxbase.

In order to allow local authorities to manage their 2020-21 deficits, the Government has laid the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) regulations which allow all English local authorities to spread their council tax and business rates deficits for 2020-21 over the next three budget years (i.e. 2021-22, 2022-23 and 2023-24).

The Government also confirmed in the provisional local government finance settlement that it would provide funding to cover up to 75 per cent of 'irrecoverable' losses for 2020-21. The indicative monetary value of this compensation will not be able to be calculated accurately until billing authorities provide their council tax and business rates returns to the GLA at the end of January and the associated final guidance and methodology is published by MHCLG. An estimate will be made in the final draft budget of the compensation which the GLA might expect to receive. The actual compensation from MHCLG will not be known with any certainty, however, until the outturn business rates and council tax income is confirmed by billing authorities in the summer or autumn 2021 through their statutory accounts and statistical year end reporting for 2020-21.

The estimates in this document also reflect the estimated impact of the Non-Domestic Rating (Rates Retention, Levy and Safety Net and Levy Account: Basis of Distribution) (Amendment) Regulations 2020 which alter the methodology for calculating retained rates income, levy and safety net payments for major preceptors which apply from 1 April 2020.

The Government has also announced £670 million of additional funding for council tax support costs in 2021-22 to meet the impact of increased caseloads arising from the economic impact of the pandemic including higher numbers of universal credit claimants. The provisional settlement proposed an allocation of £25.0 million for the GLA.

The Mayor – in Mayoral Decision 2695 – has already halved the savings requirement outlined in the Mayor’s Budget Guidance for MOPAC, LFC, GLA: Mayor and GLA: Assembly budgets for 2020-21 by 50 per cent, compared to their share of the expected losses, reflecting an initial assessment of the potential impact of the deficit spreading scheme. The vast majority of business rates losses, however, are apportioned in the funding reductions announced to TfL reflecting their 75 per cent share of the GLA’s business rates funding and their impact needs to be considered as part of their wider funding arrangements. The Government’s schemes to date do not provide any additional support for business rates losses for 2021-22 or future years where our expected losses are greater due to the valuation risks outlined above.

Updated estimates of the impact of the Government’s schemes will be provided in the final draft budget once the council tax and business rates taxbases for 2021-22 and the deficits for 2020-21 are reported by billing authorities and the final details of how those schemes will operate in practice are confirmed by MHCLG.

### **Funding levels from 2022-23 onwards**

As a result of the one-year Spending Review for 2021-22, the Government has announced it will delay the previously planned implementation of reforms to local government finance until at least 2022-23, including the planned full reset of business rates retention baselines and the fair funding review of needs and distribution for local and fire and rescue authorities. The reset is expected to remove much of the business rates growth achieved locally since 2013-14 and redistribute this in line with the Government’s revised estimates of spending need, taking into account the impact of the multi-year spending review and fair funding review. The fair funding review, if implemented, will also alter baseline funding levels, tariff and top up payments and levy rates on growth.

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

There is also expected to be a revaluation of all non-domestic premises in England introduced from April 2023 – delayed from April 2021 – which will replace the existing April 2017 rating list. The revaluation will affect the business rates baselines and levy rates payable on growth by individual authorities. It is possible that the revaluation could create significant turbulence in business rates bills across the country as it will reflect estimated rental values at 1 April 2021 which could vary significantly from those in April 2015 which were used to compile the current rating list.

The Government is also undertaking a fundamental review of business rates as a tax with the stated objective of reducing the overall burden on ratepayers which is due to conclude in Spring 2021 although it is unclear when any recommendations arising from this will be implemented.

The delay to both the multi-year spending review and the local government finance reforms as well as the risk of a downturn in the business rates taxbase means there is significant uncertainty on the likely level of funding the GLA will receive through retained business rates and – in respect of MOPAC, Home Office policing grants – from 2022-23 onwards.

**Conclusion**

The decision of the Government for the second year running to only announce a one-year settlement alongside uncertainty around council tax and business rates revenues as well as lack of clarity about how the Government's proposed schemes to ameliorate the impact of losses for these revenue streams will operate in practice means there is currently considerable uncertainty around the revenue estimates set out in this budget for 2021-22 and beyond. Allocations of retained business rates and council tax are based on prudent forecasts of income for 2020-21 and 2021-22, but actual levels will not be confirmed until the returns estimating their forecast revenues for 2021-22 – including estimated 2020-21 collection fund deficits – are received from the 33 local billing authorities at the end of January 2021.

The long-term funding position beyond April 2022 is even more uncertain due the delay to the multi-year spending review and the implementation of planned reforms to local government finance including the fair funding review and business rates reset as well as the implications of the Government's fundamental review of business rates as a tax. It is unclear whether a multi-year settlement will be introduced in 2022-23 and when these other reforms will be implemented, if at all. This combined with the medium to long term risks to taxbases arising from the economic impact of the COVID-19 pandemic make forward planning with any degree of certainty extremely challenging.

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## Budget timetable and key dates

| <b>Date</b>      | <b>Description</b>   |
|------------------|--|
| 27 January 2021  | Mayor to present his draft consolidated budget (this document) to the London Assembly.   |
| 25 February 2021 | Mayor to present his final draft consolidated budget to the London Assembly.   |
| 28 February 2021 | Statutory deadline for the Mayor to approve the final Capital Spending Plan for 2021-22 and notify the Secretary of State for Housing, Communities and Local Government.   |
| 31 March 2021    | Statutory deadline for the Mayor to approve the Authorised Limit for external debt (borrowing) for the functional bodies and the GLA alongside the Prudential Indicators and Capital Financing Requirements required by statute. |

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## Summary of changes compared to the Consultation Budget

This list addresses material changes to this Budget compared to the consultation document, published in December 2020. It does not include minor typographical or wording changes, to improve clarity, which do not affect the substance of the budget proposals. Consequential changes in summary tables made as a result of the substantive changes identified below are not set out separately. Paragraph references relate to the numbering in this document, not the budget consultation document.

### Throughout the document

Text revised to reflect impact of the provisional settlements for police and for local government and fire, including the draft referendum principles, details of which were announced after the Budget Consultation document was published in December 2020.

### Mayor's Foreword

Deleted – superseded by Mayor's Background Statement in Part 1.

### Section 2: Greater London Authority – Mayor of London

Council tax and business rates figures for 2021-22 and 2022-23 amended but the overall financing requirement total for GLA Mayor of London is maintained (see further explanation below).

Paragraph 2.7 - objective table forecasted outturn for 2020-21 updated and budgeted contingency figure for 2021-22 removed.

### Section 3: Greater London Authority – London Assembly

As above, council tax and business rates figures for 2021-22 and 2022-23 amended to maintain overall control total but to increase the Assembly's share of council tax income. The council tax requirement for Assembly has increased by £0.46 million in 2021-22, offset by a reduction in its business rates allocation albeit retaining the same overall financing requirement. This is intended to provide greater certainty in funding moving forward for the Assembly in recognition of their high level of fixed costs as council tax revenues are subject to a lower level of volatility and risk in the current economic environment than retained business rates income. This share is maintained in 2022-23.

### Section 5: Mayor's Office for Police and Crime

In addition to the overall changes outlined above, paragraph 4.17 has been updated to reflect the impact of the Chancellor's announcement of a public sector pay freeze for 2021-22.

### Section 6: Transport for London

Council tax figures updated for 2021-22 to reflect Mayor's proposed increase to fund non-statutory travel concessions for under 18s and over 60s. Consequential amendments to figures for extraordinary grant and council tax income in 2022-23.

### Section 7: London Legacy Development Corporation

Change made to objective table layout; GLA funding for COVID-19 costs now included.

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**Section 8: Old Oak Park Development Corporation (and Appendix F)**

Business rates totals for 2019-20 amended to reflect original budget allocations.

**Section 9: Capital Strategy**

Change made to GLA: Mayor capital financing sources.

**Appendix A: GLA: Mayor of London and London Assembly**

Table 1 – Updated to reflect LCTS grant announced in local government provisional finance settlement for 2021-22.

Table 2 - Change made to capital financing sources and forecasted outturn for 2020-21.

**Appendix E: London Legacy Development Corporation**

Tables 4 and 5 updated to reflect correct revised approval for 2020-21.

**Appendix I: Funding Assumptions**

Text on funding assumptions for retained business rates for 2021-22 revised, to confirm London pool will no longer operate in 2021-22.

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### Vietnamese

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

### Greek

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

### Turkish

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

### Punjabi

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

### Hindi

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

### Bengali

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

### Urdu

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

### Arabic

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

### Gujarati

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