

Part 2

Final Draft

Consolidated

Budget 2019-20

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 This document sets out the Mayor's proposed Revenue Budget and Final Draft Capital Spending Plan for 2019-20.
- 1.3 For the Mayor's proposed Revenue Budget, the seven "constituent bodies" (the Mayor, Assembly and the five functional bodies), put forward their own separate "component budgets" relating to the amount needed to balance their 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 further success, entrepreneurial spirit, thriving economy, extraordinary diversity and creativity, tolerance and openness to the world. The key deliverables in this Budget are set out in Part 1.

GLA Group Capital Strategy

- 1.5 The Mayor has requested that all of the functional bodies produce a Capital Strategy, setting out capital expenditure and funding plans for the next twenty years. In accordance with the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), this is the first year that such a document has been required. 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 final draft statutory capital spending plan, as required under the GLA Act 1999.

Overall gross revenue and capital expenditure of the GLA Group

- 1.6 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 and other sources of income, such as specific government grants and fares income.
- 1.7 Overall gross revenue and capital expenditure has increased by just under £1.9 billion in 2019-20 compared to 2018-19. This primarily reflects the impact of the GLA's additional contribution towards Crossrail announced on 10 December 2018, alongside increased investment by the Mayor in fire and policing.

- 1.8 After allowing for fares, charges, other income and use of reserves, gross revenue expenditure of £12,232.6 million for 2019-20 translates into net revenue expenditure to be financed from government grants, retained business rates and the council tax precept of £5,715.1 million.
- 1.9 Set out below is a summary of the planned total revenue and capital expenditure of the GLA Group in 2019-20 compared to 2018-19. These figures, and others in this document, reflect the inclusion of the devolution of the Adult Education Budget to the GLA, following confirmation of funding levels from the Government.

Total gross revenue and capital expenditure	2018-19 £m	2019-20 £m	Change £m	Change %
<i>Revenue:</i>				
GLA: Mayor	391.7	708.1	316.4	81%
GLA: Assembly	7.8	8.0	0.2	3%
MOPAC	3,357.3	3,556.7	199.4	6%
LFC	437.8	450.3	12.5	3%
TfL	7,147.1	7,452.7	305.6	4%
LLDC	45.6	45.8	0.2	0%
OPDC	9.2	11.0	1.8	19%
Total revenue	11,396.5	12,232.6	836.1	7%
<i>Capital:</i>				
GLA: Mayor	1,528.6	2,419.0	890.4	58%
MOPAC	232.9	388.0	155.1	67%
LFC	14.0	40.0	26.0	186%
TfL	3,302.4	3,168.6	-133.8	-4%
LLDC	105.4	152.0	46.6	44%
OPDC	0.0	55.0	55.0	n/a
Total capital	5,183.3	6,222.6	1,039.3	20%
Grand total capital and revenue	16,579.8	18,455.2	1,875.4	11%

Note: GLA: Mayor total includes the Strategic Investment Fund and financing costs for Group projects including Crossrail.

Council tax precept

- 1.10 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.
- 1.11 A different council tax charge for GLA Group's services applies to the City of London, compared to the 32 London boroughs. A separate police force exists in the City of London, therefore council tax payers in the City are not required to contribute to the costs of the Mayor's Office for Policing and Crime (MOPAC).

- 1.12 Council tax payers in the City of London pay the ‘unadjusted’ basic amount of council tax (also known as the non-police precept). Council tax payers in the 32 London boroughs pay the ‘adjusted’ amount of council tax, which is made up of the unadjusted amount, for non-police services, and a separate element for policing services.
- 1.13 The Mayor proposes to increase the adjusted Band D council tax charge paid by taxpayers in the 32 London Boroughs by £26.28 in 2019-20 to £320.51 in order to provide additional resources to support frontline policing and fire and rescue services. This is made up of a £2.28 increase in the unadjusted basic amount (non-police precept) and a £24.00 increase in the policing element. The £2.28 increase in the unadjusted council tax charge means the Band D charge for council tax payers in the City of London will increase from £76.10 to £78.38.
- 1.14 These increases represent the maximum increases permitted under the council tax principles for the GLA without requiring a referendum to be held. These principles were set out in the council tax referendum principles report for 2019-20, published by the Ministry of Housing, Communities and Local Government (MHCLG) and approved by the House of Commons on 5 February 2019. More detailed information about the precept and its calculation are included in Appendix H.
- 1.15 The forecast consolidated council tax requirement for 2019-20 based on these council tax figures is £960.6 million. Details of the component council tax requirements for each constituent body of the GLA Group for 2019-20, and indicative figures for the following three years, are set out in the table below.

Component council tax requirements	Approved 2018-19 £m	Proposed 2019-20 £m	Plan 2020-21 £m	Plan 2021-22 £m	Plan 2022-23 £m
GLA (Mayor)	67.7	67.6	68.9	70.3	71.7
GLA (Assembly)	2.6	2.6	2.6	2.7	2.8
MOPAC	641.4	725.2	754.5	785.0	816.7
LFC	148.0	159.2	167.2	175.7	184.5
TfL	6.0	6.0	6.0	6.0	6.0
LLDC	0.0	0.0	0.0	0.0	0.0
OPDC	0.0	0.0	0.0	0.0	0.0
Consolidated council tax requirement	865.7	960.6	999.4	1,039.7	1,081.7
<i>Total Band D council tax charge payable in:</i>					
32 London Boroughs (adjusted amount)	£294.23	£320.51	£326.92	£333.45	£340.11
City of London (unadjusted amount)	£76.10	£78.38	£79.94	£81.53	£83.16

Note: The GLA Mayor and MOPAC component council tax requirements exclude the forecast council tax collection fund surpluses

- 1.16 The adjusted Band D council tax charge, payable by taxpayers in the 32 London boroughs, is assumed at this stage to increase by 1.99 per cent each year from 2020-21 to 2022-23. The Mayor will consider his council tax policy for 2020-21 and subsequent years once greater clarity is available from the Home Office on its overall funding proposals for policing, including future council tax referendum thresholds, following the Government's Spending Review, expected later in 2019.
- 1.17 The increase in the unadjusted Band D council tax charge for non-police services is 2.996 per cent in 2019-20 which is below the referendum threshold of 3 per cent approved by the House of Commons alongside the final local government finance settlement. The assumed increase in the non-police precept for 2020-21 onwards remains at the referendum threshold in place prior to 2018-19 of 1.99 per cent for planning purposes.
- 1.18 The above table reflects the 1.9 per cent increase in the aggregate council tax base for 2019-20, following receipt of this data from the 33 London billing authorities at the end of January 2019 which is marginally lower than the 2 per cent figure assumed in the draft budget. Business rates allocations for the Mayor and the Assembly, as well as MOPAC and LFC have been increased from the amounts outlined in the Draft Budget, for 2019-20 and future years, to maintain the aggregate totals for business rates and council tax set out previously to offset the impact of the confirmed taxbase.
- 1.19 This results in the level of funding provided for policing via the council tax requirement being £83.8 million (13.1 per cent) higher in 2019-20 compared to 2018-19. MOPAC's business rates funding has been increased by £1 million to offset the impact of applying the final taxbase data.
- 1.20 The proposed council tax requirement for the London Fire Commissioner in 2019-20 is now £11.2 million (7.6 per cent) higher compared to 2018-19 with a £0.2 million adjustment made to its business rates allocation to deliver the equivalent of a 2 per cent council taxbase increase.
- 1.21 This budget assumes that the council taxbase will grow by 2 per cent from 2020-21 and at the same rate in subsequent years which is below the average over the last five years. However, this assumption will be reviewed prior to the setting of next year's budget.
- 1.22 The estimated council tax collection fund surplus for 2018-19 reported by the 33 London billing authorities which is receivable in 2019-20 totals £22.1 million. This is £9.9 million higher than assumed in the draft budget and this additional sum has been allocated in the budget as outlined in Part 1. Surpluses of £12.2 million are forecast for the following three financial years.
- 1.23 In future years of the budget period, it is assumed that all of the additional income from increases in the Band D charge will be allocated to policing and fire and rescue services. The elements of the Band D charge attributable to the Mayor, Assembly and TfL are planned to remain at the same cash level in future years, although the assumed 2 per cent growth in the taxbase is expected to provide additional funding to the Mayor and Assembly.
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Business rates retention and London 75 per cent retention pilot

- 1.24 The Government has approved a 75 per cent business rates retention pilot involving the GLA and the 33 London billing authorities for the 2019-20 financial year, as confirmed in the final local government finance settlement. This pilot will allow London government to share 75 per cent of the additional business rates growth generated through the pool as it will be subject to no levy on any additional growth in revenues generated excluding the impact of the 2017 revaluation. All core general funding for the GLA, LFC and the residual former TfL grants, as well as an element for London policing, is provided through retained business rates. This combined funding supported through retained business rates in this budget totals over £2.5 billion.
- 1.25 London government has agreed an internal 'no detriment' guarantee to ensure that no authority can be worse off as a result of participating in the pilot, although, unlike in 2018-19, this will not be backed by a Government guarantee. It has been agreed by the Mayor that the GLA's incremental revenue arising from the pilot over what it would have received if this had not proceeded will be applied to fund strategic investment projects as in 2018-19.
- 1.26 Since the publication of the draft budget the final outturn data for 2017-18 has been confirmed by MHCLG and revised estimates for 2018-19 alongside forecasts of business rates income for 2019-20 have been received from the 33 London billing authorities. Part 1 of this final draft budget sets out how the additional business rates income available to the Mayor compared to the assumptions made in the draft budget has been allocated. Further details on the 75 per cent pilot are set out in Appendix I and the distribution of business rates revenues for the GLA and each functional body are summarised in Appendix H.
- 1.27 There remain ongoing uncertainties in relation to the impact of business rates appeals in respect of both the 2010 and the new 2017 rating lists as well as planned reforms to the funding system for the GLA and its functional bodies by the Government from April 2020 alongside the Spending Review and potential changes to the wider business rates retention system. In light of the degree of uncertainty outlined above and in Appendix I, the allocations of retained business rates identified in the budget for the GLA and functional bodies are based on prudent income forecasts.

Funding allocations from sources over which the Mayor has direct control

- 1.28 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 2019-20 compared to the revised 2018-19 budget. 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.

Allocation of funding sources over which the Mayor has direct control

2019-20 (£m)	Mayor	Assembly	MOPAC	LFC	TfL	LLDC	OPDC	Total
Council tax	67.6	2.6	725.2	159.2	6.0	0.0	0.0	960.6
Collection fund surplus (Ctax)	3.7	0.0	18.4	0.0	0.0	0.0	0.0	22.1
Business rates	63.3	5.2	220.0	233.2	1,907.3	20.7	9.5	2,459.1
Strategic investment Fund	60.7	0.0	0.0	0.0	0.0	0.0	0.0	60.7
Group Items	3.5	0.0	0.0	0.0	0.0	0.0	0.0	3.5
MDC Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Mayoral funding	198.8	7.8	963.6	392.4	1,913.3	20.7	9.5	3,506.0

2018-19 (£m)	Mayor	Assembly	MOPAC	LFC	TFL	LLDC	OPDC	Total
Council tax	67.7	2.6	641.4	148.0	6.0	0.0	0.0	865.7
Collection fund surplus (Ctax)	23.9	0.0	0.0	0.0	0.0	0.0	0.0	23.9
Business rates	103.1	5.2	92.0	238.7	1,905.3	3.6	5.1	2,353.0
Strategic investment fund	112.0	0.0	0.0	0.0	0.0	0.0	0.0	112.0
Group Items	5.5	0.0	0.0	0.0	0.0	0.0	0.0	5.5
MDC Reserve	0.0	0.0	0.0	0.0	0.0	16.2	1.7	17.9
Total Mayoral funding	312.2	7.8	733.4	386.7	1,911.3	19.8	6.8	3,378.0
Change	-113.4	0.0	230.2	5.7	2.0	0.9	2.7	+128.0

Notes

1. Figures for 2019-20 include the council tax collection fund surplus and allocated business rates income from the London business rates retention pool.
2. Group Items relate to allocations funded by business rates in the Mayor's Group Items budget, including funding allocated to London boroughs to increase collection rates for council tax and business rates.
3. The 2018-19 business rates allocation for TfL includes a one-off payment of £75 million to compensate TfL for the equivalent reduction in its business rates income in 2015-16 in respect of prior year deficits. For LFC it includes a one-off amount of £11.8 million to compensate for lower than previously forecast capital receipts.

Summary of spending plans and council tax requirement calculation

- 1.29 Forecast council tax precept income (the 'consolidated council tax requirement') and the other sources of finance for 2019-20, including government grants and fare revenues, are summarised overleaf.

Spending plans and council tax requirements	2019-20	2019-20
	£m	%
Spending plans	12,232.6	100%
<i>Less:</i>		
Passenger income	-4,820.9	-39%
Home Office Police General and Formula Grant	-1,927.1	-16%
Other general income	-1,701.3	-14%
Retained business rates	-2,071.0	-17%
Home Office specific grants	-509.3	-4%
Other specific Government grants	-247.1	-2%
Use of reserves	4.6	0%
Consolidated council tax requirement for GLA Group	960.6	8%

1.30 Appendix H sets out a summary and detailed breakdown of the revenue expenditure, Government grants and retained rates allocations proposed by the Mayor.

Equalities

1.31 Promoting equality, diversity, inclusion, social mobility and social integration are all high priorities for the Mayor. In March 2018 the Mayor published his social integration strategy, 'All of Us' and his equality, diversity and inclusion strategy, 'Inclusive London' in May 2018.

1.32 The Mayor's social integration and equality, diversity and inclusion strategies set out his priorities and objectives for creating a fairer, more equal, socially integrated city, where all people feel welcome, build meaningful and lasting relationships with each other and are able to fulfil their potential. They provide the evidence for identifying the different issues faced by particular groups of Londoners and the role the work of the GLA Group has to play in helping to tackle the barriers to social integration and equality, as well as addressing the discrimination and disadvantage groups of Londoners face. Implementation of both strategies is now underway.

1.33 All seven component 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.

1.34 The component 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 the relevant sections.

Structure of Part 2

- 1.35 Revenue budget proposals and funding for each constituent body within the GLA Group is presented in organisational terms 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 final draft capital spending plan. The individual capital spending plans, capital financing budgets and borrowing limits as well as the revenue budgets at 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.
- 1.36 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 functional bodies. These are available on the GLA's and functional bodies' websites. Please note that figures in the tables throughout the document may not sum exactly due to roundings. For further information on these documents, or generally in respect of the budget proposals, please contact:
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- 1.37 The London Assembly was sent summary of responses to the formal consultation on the Budget for its meeting on 24 January 2019. A separate report on the public engagement exercise, hosted on the Talk London website, will be circulated to Assembly members in advance of their meeting on 25 February 2019 to consider alongside the final draft budget.
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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 budget.
- 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 support the Mayor's ambitions to:
- support starts on site for at least 17,000 genuinely affordable homes by 31 March 2020 within the context of a further extension of the Affordable Housing Programme to 116,000 starts (from 90,000) by 2022;
 - ensure at least 15 land acquisition/assembly interventions to be funded are considered by the Housing & Land Investment Committee by 31 March 2020 to support affordable land building;
 - expand GLA rough sleeping services in 2019-20 with the objective of locating and engaging a further 1,200 rough sleepers and assisting an additional 630 people to leave the street;
 - launch the Ultra Low Emission Zone in central London in April 2019;
 - launch the Energy for Londoners supply company in 2019;
 - deliver at least 100 new drinking fountains by March 2021, of which the first tranche will start to be delivered from Spring 2019;
 - continue with the major tree planting programmes and improving green spaces, to help deliver the Mayor's commitment to ensure London is declared a National Park City in summer 2019;
 - work with the London Economic Action Partnership to fully commit the £324 million Local Growth Deal Funds through the Good Growth Fund and other funds by March 2020;
 - allocate the £306 million Adult Education Budget in line with Mayoral policies to meet the needs of London's businesses;
 - reach 100,000 European Londoners via the online portal to ensure that they are able to access the information they need to secure their immigration status quickly post-Brexit, and work to ensure that a post-Brexit immigration system works for London;
 - support other Londoners with insecure migration status including young Londoners and those affected by the Windrush scandal;
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- deliver the second round of the Young Londoners Fund;
- support 25,000 instances of volunteering through Team London programmes;
- deliver London's EURO 2020 host city commitments; and
- deliver increased diverse participation in culture via the inaugural London Borough of Culture programme in Waltham Forest, engaging 85 per cent of residents and an additional 500,000 visitors.

Gross revenue expenditure

- 2.4. The Mayor is proposing an increase in gross revenue expenditure of £316.4 million in 2019-20 compared to the revised budget for 2018-19. This reflects the impact of higher financing costs for Crossrail, financed from the business rates supplement and Mayoral Community Infrastructure Levy (MCIL) revenues, the profiled spend of the centrally-held Mayor's Strategic Investment Fund (SIF) and, most significantly, the devolution of £306 million of funding for Adult Education to the GLA, of which £192 million is in 2019-20. This income and the associated expenditure have been added to the final draft budget following confirmation of the funding levels from Government. The SIF is funded from the additional growth arising from the London business rates retention pilot and the contribution towards this in 2019-20 is assumed at this stage to be applied in full in year.

Net revenue expenditure and council tax requirement

- 2.5. After deducting fees, charges, investment income, business rate supplement and MCIL revenues used to finance Crossrail borrowing, and use of earmarked reserves, net expenditure for 2019-20 for GLA Mayor services is proposed to be £387.3 million. After deducting income from retained business rates, the net council tax and business rates collection fund surplus, the statutory council tax requirement for the Mayor is £67.6 million.
- 2.6. The figures above include the allocation of the additional council tax and business rates income available to the Mayor in 2018-19 and 2019-20, as outlined in Part 1. These one-off allocations have been included within the relevant budget lines and therefore 2019-20 totals are not directly comparable with future years on a like-for-like basis.
- 2.7. The GLA: Mayor's budget on a directorate (i.e. objective) basis is set out in the table overleaf. The increase in directorate expenditure for Development, Enterprise and Environment is largely due to spending on the Adult Education Budget, following confirmation from Government, as outlined above.

Objective analysis	Revised Budget	Forecast	Budget	Plan	Plan	Plan
GLA: Mayor services	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
<i>Directorate Expenditure</i>						
Development, Enterprise & Environment	59.6	51.1	223.9	330.4	330.2	329.8
Housing & Land	39.2	33.5	44.3	39.4	38.0	38.2
Communities & Intelligence	47.7	42.9	58.5	62.6	41.4	34.9
Resources	31.8	33.8	32.1	32.4	32.7	33.0
Corporate Management Team	0.6	0.7	2.7	2.7	2.7	2.7
Mayor's Office	6.0	5.8	6.0	5.9	6.0	6.1
Elections	0.8	0.2	3.7	20.9	0.1	0.5
Directorate expenditure	185.7	168.1	371.2	494.3	451.1	445.2
Museum of London	11.6	11.6	11.6	11.6	11.6	11.6
London and Partners	13.7	13.7	13.1	13.1	13.1	13.1
Contingency	0.9	0.9	1.0	1.0	1.0	1.0
Strategic investment fund (SIF)	12.6	12.6	108.3	51.3	0.5	0.0
Other service expenditure	38.7	38.7	134.0	77.0	26.2	25.7
Financing costs – Crossrail	115.5	115.5	124.7	131.2	129.5	122.7
Financing costs – NLE	11.7	11.7	19.6	23.3	23.3	23.3
Financing costs – other	6.5	6.5	6.1	6.1	5.7	5.7
Provision for repayment of debt/grant payments LLDC	14.9	14.9	12.8	11.8	11.8	11.8
Financing Costs	148.6	148.6	163.2	172.4	170.3	163.5
Interest receipts	-9.8	-15.1	-13.7	-13.7	-13.7	-13.7
Crossrail BRS and MCIL	-115.6	-115.6	-124.7	-131.2	-129.5	-122.7
NLE contributions	-11.7	-11.7	-19.6	-23.3	-23.3	-23.3
Interest receipts GLAP loan	-8.8	-8.8	-9.9	-9.9	-9.9	-9.9
Adjustment for direct net GLAP expenditure	-17.2	-14.6	-17.4	-18.4	-18.4	-18.4
GLAP recharge	-4.3	-4.3	-4.4	-4.6	-4.6	-4.6
Income	-167.5	-170.1	-189.7	-201.1	-199.4	-192.6
Transfer of resource to MDC reserve held in GLA Group items budget	0.0	0.0	1.9	0.0	0.0	0.0
Transfer to/from (-) reserves held for GLA: Mayor services	1.9	51.0	-45.8	-54.9	-0.6	5.3
Transfer to/from (-) SIF reserve	99.3	99.3	-47.6	-51.3	-0.5	0.0
Net service expenditure after use of reserves	306.7	335.5	387.3	436.4	447.2	447.2
AEB specific grant	0.0	0.0	192.0	306.0	306.0	306.0
Retained business rates	215.1	243.9	124.0	61.5	70.9	69.5
Council tax collection fund surplus	23.9	23.9	3.7	0.0	0.0	0.0
Council tax requirement	67.7	67.7	67.6	68.9	70.3	71.7

Abbreviations: AEB – Adult Education Budget, BRS – Business Rate Supplement, MCIL – Mayoral Community Infrastructure Levy, GLAP – GLA Land and Property, MDC – Mayoral Development Corporation, NLE – Northern line extension

Explanation of budget changes

- 2.8. An analysis of the year on year movement in the proposed council tax requirement for the GLA: Mayor compared to the revised budget for 2018-19 is set out below. An explanation of each change is provided in the paragraphs that follow.

Changes in the council tax requirement	£m
2018-19 council tax requirement	67.7
<i>Changes due to:</i>	
Inflation	1.9
Savings and efficiencies	-3.0
Net change in service expenditure and income	113.0
Change in use of reserves	-192.7
Net change in retained business rates and specific grants	100.9
Net change in council tax surplus	-20.2
2019-20 council tax requirement	67.6

Inflation

- 2.9. The budget includes a provision for inflation of £1.9 million. This includes inflation for pay and contractual increases relating to utilities and other related services.

Savings and efficiencies

- 2.10. The budget incorporates planned savings and efficiencies £3.0 million, reflecting savings from Directorate programme budgets.

Net change in service expenditure and income

- 2.11. There is an increase of £113.0 million from 2018-19 in service expenditure and income. This reflects primarily the impact of the inclusion of the Adult Education Budget, changes in the profile of expenditure on the strategic investment fund, revised interest payments for Crossrail, and increased interest receipts in 2019-20.

Change in use of reserves

- 2.12. The budget proposes a net change in the budgeted use of reserves of £192.7 million reflecting the planned use of reserves held to fund mayoral projects and initiatives, including the profiled spending of the SIF.

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

- 2.13. Retained business rates funding allocated to the GLA is £91.1 million lower than the revised budget for 2018-19, however, this is offset by the new £192 million of specific grant funding for the Adult Education Budget. In addition, the share of the council tax collection fund surplus allocated by the Mayor to the GLA for 2019-20 is £20.2 million lower than in 2018-19, as the funding from this source for 2019-20 has been applied primarily to the MOPAC budget.

Crossrail

2.14. In light of the GLA's additional £1.4 billion contribution to Crossrail, of which £1.3 billion is funded from borrowing, its capital financing costs will increase from 2019-20 as a result. This expenditure will be funded using a combination of Business Rate Supplement (BRS) and Mayoral Community Infrastructure Levy (MCIL) revenues. This will not affect the tax policies for the BRS in 2019-20 (i.e. the sums ratepayers pay) which were approved in Mayoral Decision 2430 on 12 February 2019. The figures for Crossrail capital financing costs have been updated since the draft budget, reflecting reduced interest costs, as a result of the agreement with the Government on borrowing arrangements for the GLA's new £1.3 billion loan from the Department for Transport.

Equalities

- 2.15. In line with the Mayor's equality, diversity and inclusion strategy, the GLA budget proposals include provision for a wide range of measures which will have positive equalities outcomes, including:
- significant commitments on affordable and family-sized housing;
 - work with employers and others to ensure that London's economy is fair and inclusive including through the Good Work Standard and promotion of the London Living Wage, as outlined in the Mayor's Economic Development Strategy;
 - a social integration programme that includes reducing inequality as a key component;
 - the promotion of volunteering as a path to acquiring skills and accessing new employment opportunities;
 - supporting skills development, including apprenticeships;
 - giving young people the best chances by investing in London's further education sector and support for a wide range of programmes through the Young Londoners Fund; and
 - work to reduce health inequalities, in line with the Mayor's Health Inequalities Strategy.
- 2.16. Inclusive London is the Mayor's equality, diversity and inclusion strategy and includes relevant evidence and long-term strategic objectives that set out what the GLA Group is aiming to achieve in relation to equality, diversity and inclusion. This includes specific evidence of inequalities that has informed the delivery of the measures outlined above. Action plans are being developed for each of the objectives. These will be published in the Mayor's Annual Equality Report, due in early 2019.
- 2.17. Equalities impacts will continue to be considered when individual programmes and project specifications are developed and approved through the Authority's decision-making processes.

Environmental impact

- 2.18. The budget prioritises environmental issues and includes the following initiatives, among others:
- tackling London's dangerously polluted air by leading on the delivery of the Mayor's statutory air quality duties;

- delivering Energy for Londoners to decarbonise London's homes and workplaces, while protecting the most vulnerable by tackling fuel poverty and improving energy efficiency;
- helping make London a National Park City to ensure London is greener in 2050 than it is today, including investing in improving green space, greening the built environment and planting trees to increase tree cover;
- ensuring City Hall and all other GLA buildings maintain the highest environmental standards on heating, lighting and waste, including securing funds for energy switching to green tariffs and cutting unnecessary use of plastic bottles and disposables across our estate;
- ensuring new developments have a minimal impact on the environment and helping make London and Londoners resilient to severe weather and longer-term climate change impacts; and
- implementing the London Environment Strategy, informing policies in other strategies and supporting the impact assessments of all new Mayoral strategies being issued.

2.19. The Mayor's budget builds on the existing budget for his environment programmes, which already includes £34 million for the Energy for Londoners programme which aims to make London's homes warm, healthy and affordable, its workplaces more energy efficient, and to supply the capital with more local clean energy. Over the next three years, alongside other funding, £2.5 million of funding (allocated to help reduce plastic bottle waste and increase access to tap water) is being used to leverage match funding from Thames Water, creating a £5 million fund to install over 100 drinking fountains across London.

Reserves

- 2.20. The Business Rates Reserve is used to manage business rates income risk. Balances on the reserve reflect the final business rates income outturn for 2017-18 confirmed by MHCLG and revised estimates for 2018-19 and forecasts for 2019-20 and future years based on the data supplied by London billing authorities at the end of January 2019. The balance on the Business Rates Reserve is forecast to be £188.2 million at the close of 2018-19 and remain at the same level throughout the budget period.
- 2.21. There are a number of uncertainties concerning the forecast level of business rates receivable in each year. Both the 2018-19 and 2019-20 allocations are based on estimated growth levels; the 2019 Spending Review, fair funding review and expected reforms to the business rates retention system mean that it is difficult to predict revenues from 2020-21 onwards with any certainty. In addition, there remains ongoing uncertainty in relation to the impact of the impact of current and expected future appeals by business rates payers on both the 2010 and 2017 rating lists that the London billing authorities (the 32 boroughs and City of London) must estimate and provide for in their business rates forecast.
- 2.22. A new strategic investment fund (SIF) reserve has been 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 business rates pilots. The balance held on this reserve is forecast to be £99.3 million at the end of 2018-19 reducing to zero by 2021-22, as the funds are applied to fund strategic investment projects. At this stage, it is assumed that the income from the 2019-20 pilot element will be applied in year.

- 2.23. The balance on the Mayoral Development Corporation Reserve (MDC) will be increased from £3.1 million at the end of 2018-19 to £5.0 million in 2019-20. This reserve is ringfenced to support LLDC and OPDC. This balance includes a contingency of £4.2 million held for unexpected costs arising within LLDC and OPDC and an additional £0.8 million of specific contingency funding for OPDC activity.
- 2.24. The GLA's general reserve is being reduced by £25.1 million to £10 million in 2018-19 in order to release resources to support Group-wide expenditure and will be maintained at this level until the end of the planning period.
- 2.25. Reserves earmarked for GLA: Mayor services are forecast to be £125.7 million at the close of 2019-20 and reduce to £79.1 million by the close of 2022-23 reflecting the planned use of the reserves to support Mayoral priorities. These figures have been updated since the draft budget, reflecting updated forecasts of expenditure in 2018-19.
- 2.26. These unused earmarked reserves for GLA services at the end of 2022-23 includes balances relating to the New Homes Bonus grant that have been set aside to fund regeneration schemes that will be carried out by London boroughs in future years. Funding is also held for exceptional repairs and maintenance work across the GLA estate where it is difficult to profile when these sums will be spent. In addition, funding for the Mayor and Assembly elections when they fall due every four years is also included in the earmarked reserves.
- 2.27. The capital programme reserve is forecast to reduce to £31.9 million by the close of 2022-23. A separate LLDC Capital Funding Reserve provides a source of funding for revenue grants to LLDC for the financing of future capital expenditure and this is expected to be drawn down in full by the end of 2021-22.

Movement in reserves during financial year	Outturn 2017-18 £m	Forecast 2018-19 £m	Budget 2019-20 £m	Plan 2020-21 £m	Plan 2021-22 £m	Plan 2022-23 £m
Opening balances	347.8	504.8	640.3	539.2	377.1	310.9
<i>Transfers to/from (-):</i>						
Business Rates Reserve	84.6	-11.2	0.0	0.0	0.0	0.0
MDC Reserve	-2.9	-23.0	1.9	0.0	0.0	0.0
Reserves earmarked for GLA services	-7.1	51.0	-45.8	-51.9	0.0	5.3
Capital Programme Reserve	-6.8	-14.2	-4.8	-4.9	-1.7	-2.1
LLDC Capital Funding Reserve	64.1	58.7	-4.8	-54.0	-64.0	0.0
Strategic Investment Fund Reserve	0.0	99.3	-47.6	-51.3	-0.5	0.0
General Reserve	25.1	-25.1	0.0	0.0	0.0	0.0
Closing balances	504.8	640.3	539.2	377.1	310.9	314.1

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

Total reserves at end of financial year	Outturn 2017-18	Forecast 2018-19	Budget 2019-20	Plan 2020-21	Plan 2021-22	Plan 2022-23
	£m	£m	£m	£m	£m	£m
Business Rates Reserve	199.4	188.2	188.2	188.2	188.2	188.2
MDC Reserve	26.1	3.1	5.0	5.0	5.0	5.0
Reserves earmarked for GLA services	120.5	171.5	125.7	73.8	73.8	79.1
Capital Programme Reserve	59.6	45.4	40.6	35.7	34.0	31.9
LLDC Capital Funding Reserve	64.1	122.8	118.0	64.0	0.0	0.0
Strategic Investment Fund Reserve	0.0	99.3	51.8	0.5	0.0	0.0
General Reserve	35.1	10.0	10.0	10.0	10.0	10.0
Closing balances	504.8	640.3	539.2	377.1	310.9	314.1

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 2019-20 is £8.0 million and its financing requirement is £7.8 million.

3.4 Deducting the retained business rates income results in the Mayor proposing a council tax requirement for the Assembly of £2.6 million in 2019-20. The revenue budget for the Assembly is set out in the table below on an objective basis.

Objective analysis Assembly	Revised Budget	Forecast	Budget	Plan	Plan	Plan
	2018-19 £m	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
Assembly Members	1.8	1.8	1.9	1.9	1.9	2.0
Committee & Member Services	2.9	2.8	3.0	3.0	3.1	3.2
Scrutiny & External Relations	1.8	1.6	1.8	1.9	1.9	2.0
Director/Business Support	0.2	0.3	0.2	0.2	0.2	0.2
London TravelWatch	1.0	1.0	1.0	1.0	1.0	1.0
Net revenue expenditure	7.8	7.6	8.0	8.0	8.2	8.4
Transfer to/from (-) reserves	0.0	0.2	-0.2	0.0	0.0	0.0
Financing requirement	7.8	7.8	7.8	8.0	8.2	8.4
Retained business rates	5.2	5.2	5.2	5.3	5.5	5.6
Council tax requirement	2.6	2.6	2.6	2.7	2.7	2.8

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 2018-19 is set out below. An explanation of each change is provided in the paragraphs that follow.

Changes in the council tax requirement	£m
2018-19 council tax requirement	2.6
<i>Changes due to:</i>	
Increases in net revenue expenditure	0.2
Transfer from reserves	-0.2
2019-20 council tax requirement	2.6

Change in net revenue expenditure

- 3.6 The proposed Assembly budget includes a net increase of £0.2 million compared to the 2018-19 revised budget, reflecting increased committee and member service staff pay costs, as well as increases in scrutiny and external relations staff pay costs.

Reserves

- 3.7 The Assembly Development and Resettlement Reserve is forecast to be £1.8 million at the end of 2018-19. The main purpose of this reserve is to fund resettlement costs when Assembly Members leave office. This reserve is held within the GLA: Mayor component budget earmarked reserve balances and is therefore not shown separately here. Subject to agreement, it is proposed that £0.2 million of the Assembly's reserves is used in 2019-20.

Equalities and environmental impact

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

Mayor's Office for Policing and Crime

- 4.1 The Mayor's Office for Policing and Crime (MOPAC) works on behalf of Londoners to 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 four-year period from 2017-18 to 2020-21.

Key deliverables

- 4.2 The Mayor's Police and Crime Plan - A Safer City for all Londoners 2017-21, sets out the 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 Furthermore, the Mayor is committed to delivering the MPS transformation programme. The programme, 'One Met Model 2020', 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.
- 4.4 The Mayor's Violence Reduction Unit (VRU), announced in September 2018, has been established with an initial allocation of £0.5 million in 2018-19.

Gross revenue expenditure

- 4.5 The Mayor is proposing an increase in MOPAC's gross revenue expenditure of £199.4 million, from £3,357.3 million in the revised budget for 2018-19 to £3,556.7 million in 2019-20.
- 4.6 The Mayor's budget proposal reflects the Government's police funding settlement approved by the House of Commons on 5 February 2019, which is set out in more detail in Appendix I. The additional Government funding for core grant and pension contributions together amount to £78.9 million in 2019-20. Technical changes made to public sector pensions by the Government will result in additional costs for the MPS of £78.4 million from 2019-20, after accounting for third party contributions. Therefore, additional Government funding barely offsets the costs created by pension changes in 2019-20. The additional £11.7 million provided through the NICC is only a fraction of the £172 million shortfall in funding which the MPS receive for activity related to policing the capital.

- 4.7 The Mayor's budget proposal assumes that the £33.4 million uplift in core grant and £11.7 million uplift in National and International Capital City (NICC) grant continues from 2020-21 to 2022-23, but that the additional pension funding of £45.5 million is a one-off in 2019-20.

Net revenue expenditure and council tax requirement

- 4.8 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 2018-19, the Mayor proposes that MOPAC's financing requirement for 2019-20 will be £3,381.6 million.
- 4.9 The Mayor proposes an increase in the policing element of the GLA's Band D council tax of £24 in 2019-20. Including the impact of forecast council tax base growth, the council tax requirement for MOPAC will increase by £83.8 million to £725.2 million. An additional £1 million has been allocated in retained business rates for MOPAC in 2019-20 to offset the marginal reduction in council tax requirement arising from the fact that the council taxbase increased by 1.9 per cent, compared to the previous assumption of 2 per cent.
- 4.10 The budget provides funding for an additional three hundred officers, in addition to the 1,000 more officers than otherwise affordable already planned for from the Mayor's ongoing allocation of £59.3 million funded by business rates. This is expected to take total MPS officer numbers to 31,000 by the end of 2019-20. Furthermore, staff will be recruited to fill investigative and other roles, freeing up officers for frontline duties. Finally, there will be a step change in the tools and techniques available to frontline officers to investigate crime, including fingerprinting, rapid drug testing, cutting edge capabilities to deal with digital investigations, and advanced techniques to combat child sexual exploitation online.
- 4.11 The Mayor's budget proposes further new funding of £6.8 million in 2019-20 to tackle violence in London through the work of the Violence Reduction Unit (VRU). Proposals for the use of this funding will be considered by the Mayor in light of ongoing discussions with partners and the contribution they are able to make to the work of the Unit. Furthermore, £3.5 million will be allocated for victims' services and crime prevention activity by MOPAC. Together this amounts to £10.3 million additional funding to support 'on the ground' programme delivery in 2019-20, funded from £2.3 million in business rates and £8.0 million from the council tax collection fund surplus. The costs of activity relating to MOPAC's oversight and accountability functions have remained unchanged at £6.9 million. As a proportion of police force funding, this is consistent with, or less than, comparator Police and Crime Commissioners.
- 4.12 As explained in Part 1, the Mayor will apply £118.6 million of the additional growth in business rates revenues compared to the draft budget in 2019-20 in order to safeguard the £59.3 million of funding he is providing to fund 1,000 extra police officers in both 2020-21 and 2021-22. This sum will be held in a MOPAC earmarked reserve in 2019-20 and is expected to be drawn down in equal amounts in the subsequent financial years in line with the previously agreed funding profile. This change does not alter the total sum MOPAC will receive over the next three years merely its phasing.
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4.13 A further £20.4 million has been allocated in the final draft budget to increase measures to tackle violence. This will fund activity over the period 2019-20 to 2021-22. Funding for activity in 2020-21 and 2021-22 will be held in an earmarked reserve and drawn down in subsequent years. The £20.4 million allocation and profile will be developed as plans are confirmed.

4.14 The Mayor's proposed revenue budget for MOPAC is set out in the table below on an objective basis.

Objective analysis	Revised Budget	Forecast	Budget	Plan	Plan	Plan
MOPAC	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
Metropolitan Police Service						
Frontline Policing	1,166.9	1,173.1	1,193.1	1,197.9	1,193.8	1,193.8
Met Operations	748.7	736.0	735.7	732.3	732.6	732.7
Specialist operations	382.4	390.1	363.9	366.4	366.4	364.1
Corporate services	479.7	488.8	502.7	493.6	456.5	439.2
Professionalism	84.0	81.9	100.6	84.2	84.2	84.2
Total business groups	2,861.7	2,869.9	2,896.0	2,874.4	2,833.5	2,814.0
Discretionary pension costs*	34.4	34.5	34.4	34.4	34.4	34.4
Centrally held	45.1	33.5	232.4	274.9	365.0	480.5
Capital financing costs	95.5	100.2	58.9	77.6	85.4	98.1
Interest receipts	0.0	0.0	0.0	0.0	0.0	0.0
Total corporate budgets	175.0	168.2	325.7	386.9	484.8	613.0
Mayor's Office for Policing and Crime						
Victims Services and Crime Prevention	51.6	50.9	59.9	51.9	44.9	40.0
Oversight and Accountability	6.8	6.9	6.9	6.9	6.9	6.9
Shared audit function	1.4	1.5	1.4	1.4	1.4	1.4
Total MOPAC	59.8	59.3	68.2	60.2	53.2	48.3
Violence Reduction Unit	0.0	0.5	6.8	1.8	1.8	1.8
Savings to be identified	0.0	0.0	0.0	-54.7	-50.1	-167.1
Net revenue expenditure	3,096.5	3,097.9	3,296.7	3,268.6	3,323.2	3,310.0
Transfer to/from(-) reserves	5.9	25.7	103.4	-98.9	-122.8	-18.4
Share of council tax collection fund surplus	0.0	0.0	-18.5	0.0	0.0	0.0
Financing requirement	3,102.4	3,123.5	3,381.6	3,169.7	3,200.4	3,291.6
Specific grants	486.9	507.6	509.3	455.6	455.6	455.6
Retained business rates	92.0	92.5	220.0	32.5	32.7	92.2
Home Office Police Grant	1,882.1	1,882.1	1,927.1	1,927.1	1,927.1	1,927.1
Council tax requirement	641.4	641.4	725.2	754.5	785.0	816.7

*Discretionary pension costs largely relate to injury awards and ill health retirement costs. The pension cost increase announced by the Government is not discretionary and is reflected within the centrally held budget.

Explanation of budget changes

- 4.15 An analysis of the year on year movement in the Mayor's proposed council tax requirement for MOPAC compared to the revised budget for 2018-19 is set out below. An explanation of each change is provided in the paragraphs that follow.

Changes in the council tax requirement	£m
2018-19 council tax requirement	641.4
<i>Changes due to:</i>	
Inflation	60.5
Savings and efficiencies	-35.1
Net change in existing service expenditure	174.7
Change in use of reserves	97.5
Net change in government grants and retained business rate funding	-195.4
Council tax collection fund surplus	-18.4
2019-20 council tax requirement	725.2

Inflation

- 4.16 The budget includes a provision for inflation of £60.5 million. This includes £10.5 million of non-pay inflation. This is based on a review of existing contractual commitments and estimations of future inflationary pressures. £50.0 million is budgeted for based on an assumption of a two per cent pay award for police officers, staff and police community support officers.

Savings and efficiencies

- 4.17 The budget incorporates planned savings and efficiencies of £35.1 million. These include back office savings identified relating to making efficient use of staff and officer time in front and middle office roles and streamlining HR processes and technology improvements. Considerable savings have already been delivered in recent years through rationalisation of the MPS estate and operational efficiencies. The Mayor will continue to work with the MPS to identify and realise further efficiencies, but this will be challenging.

Net change in service expenditure and income

- 4.18 The budget proposes a £174.7 million net increase in service expenditure and income. This includes a number of growth items and pressures including £78.4 million relating to increased employer contributions towards pensions costs (shown in the centrally held budget line in the objective analysis table), and the additional investment in tackling crime and supporting victims of crime compared to the draft budget.

Change in use of reserves

4.19 MOPAC and the MPS do not use reserves to fund the general budget. The core budget proposes a use of reserves of £29.6 million, a net change in use of reserves of £35.5 million. This use includes a release of reserves that has been built up from officer pay underspends in previous years. The release of these ringfenced officer pay reserves is part of a planned strategy to smooth the officer workforce over the medium term. This is necessary due to uncertainty over future funding levels and the time lags involved in recruiting officers. The overall change in the use of reserves compared to the 2018-19 revised budget is £97.5 million.

Net change in Government grants and retained business rates

4.20 The police finance settlement announced that core grant funding from the Home Office to the MPS would increase by £45.1 million. The Mayor is proposing that MOPAC will receive £91.5 million in funding via retained business rates.

4.21 There is a net increase in Government grants and retained business rates funding of £195.4 million between 2018-19 and 2019-20, reflecting the additional funding provided by the Home Office for 2019-20 and the Mayor's decision to continue allocating business rates income to MOPAC, including the additional £118.6 million to be used in later years.

Equalities

4.22 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.

4.23 As part of this work, the budget proposals include provision for a range of policing and safety measures that will affect equalities outcomes, including:

- establishing a new Violence Reduction Unit which will take a multi-disciplinary approach in delivering solutions to the causes of violent crime, as well as improved and speedier interventions at a local level;
- working with partners to provide London's Sexual Abuse Referral Centres and London's Rape Crisis Centres;
- addressing hate crime through specialist and targeted advocacy for high-risk victims of hate crime, specialist case work in some areas of hate crime and provision of the Online Hate Crime Hub;
- commissioning new specialist support for victims and survivors of domestic abuse to ensure victims receive tailored support and the pan-London Reciprocal Housing Agreement that enables victims of domestic abuse and serious violence to move away from the risk of harm;
- work by the Victim's Commissioner to implement the outcomes of the review of the victim's code of practice and work to improve victim satisfaction;
- increasing the participation and diversity of community oversight of stop and search; and,

- in addition, the Mayor has made an additional £3.3 million available to the MPS for mental health support across London, developing front-line policing awareness and understanding of mental health; ensuring better first-time responses; and focussing on referrals of individuals to the right services.

4.24 Throughout the planning process MPS business groups conduct detailed Equality Impact Assessments (EIA) against strategies, plans, policies and programmes being developed, to identify benefits and mitigate any adverse impacts. Activities, with focus on significant change programmes, are therefore developed to reflect MOPAC and MPS's commitment to equality and diversity issues.

Environmental impact

4.25 MOPAC's planning framework helps to ensure that environmental sustainability issues are properly reflected in future plans and budgets. Following the publication of the Mayor's London Environment Strategy, the MPS have committed to lead by example. As a member of the GLA Group, MOPAC supports the measures set out in the Strategy such as implementing the GLA Group Responsible Procurement policy, developing a context-based climate adaptation risk assessment, developing and implementing a carbon reduction plan that enables the MPS to achieve a 60 per cent reduction in carbon emissions by 2025 from its operations.

4.26 The plan includes retrofitting of buildings, reducing emissions from the MPS fleet, sourcing more renewable energy, offsetting all flights, and considering the opportunities to support decentralised energy and heat networks. The MPS will also take action on waste reduction and recycling in operations, including implementing a single-use plastic reduction action plan and identifying and establishing a circular economy pilot.

Reserves

4.27 At 31 March 2019, MOPAC's general reserves are expected to total £46.6 million, approximately 1.5 per cent of net revenue expenditure and are forecast to remain at the same level in each of the following financial years.

4.28 Compared to the draft budget, earmarked reserves for MOPAC in 2019-20 have been increased by £118.6 million, to reflect the forward funding of the £59.3 million annual cost of 1,000 extra officers using retained business rates revenues. This is programmed to be drawn down in full by 31 March 2022 as it is applied to fund the extra 1,000 officers. It is now forecast that MOPAC will hold £283.5 million of earmarked reserves at the close of 2019-20. Excluding the £118.6 million of business rates funding paid in advance, the core level of earmarked reserves equates to 4.6 per cent of net revenue expenditure. Earmarked reserves will fall to £43.3 million by the end of 2022-23, equivalent to 1.3 per cent of net revenue expenditure. The expected movements in reserves over the planning period are set out in the following table.

Movement in reserves during financial year	Outturn 2017-18 £m	Forecast 2018-19 £m	Budget 2019-20 £m	Plan 2020-21 £m	Plan 2021-22 £m	Plan 2022-23 £m
Opening balances	239.7	201.0	226.7	330.1	231.1	108.3
<i>Transfers to/from (-):</i>						
Earmarked reserves	-38.7	25.7	103.4	-98.9	-122.8	-18.4
General reserves	0.0	0.0	0.0	0.0	0.0	0.0
Closing balances	201.0	226.7	330.1	231.1	108.3	89.9

4.29 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 funds relating to the Proceeds of Crime Act (POCA), where the usage is subject to a Government approved process to incentivise further POCA activity. Earmarked reserves include insurance reserves, and where funding has been received from third parties (e.g. airports), where the usage depends on decisions that need to be reached with these parties. These amounts are expected to be utilised over the coming four years, 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 2017-18 £m	Forecast 2018-19 £m	Budget 2019-20 £m	Plan 2020-21 £m	Plan 2021-22 £m	Plan 2022-23 £m
Earmarked reserves	154.4	180.1	283.5	184.5	61.7	43.3
General reserves	46.6	46.6	46.6	46.6	46.6	46.6
Total	201.0	226.7	330.1	231.1	108.3	89.9

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.
- 5.2 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 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.

Gross revenue expenditure

- 5.4 The Mayor is proposing an increase in the LFC's gross revenue expenditure of around £12.5 million, from £437.8 million in the revised LFC budget for 2018-19 to £450.3 million in 2019-20.

Net revenue expenditure and council tax requirement

- 5.5 After deducting fees, charges, and other income from LFC's gross revenue expenditure of £450.3 million, the Mayor proposes that its net expenditure for 2019-20 will be £404.8 million.
- 5.6 The Mayor is proposing a 2.99 per cent increase in the non-policing element of the Band D GLA council tax charge in 2019-20. All of the additional income raised from this increase will be allocated to fire and rescue services. This reflects the need to address the additional funding pressures faced by the Brigade in future years. As a result, the council tax requirement for the LFC increases from £148.0 million in 2018-19 to £159.2 million in 2019-20.

- 5.7 The Mayor's proposed revenue budget for LFC is set out in the following table on an objective basis. The table also shows the impact of the actuarial revaluation of the firefighters' pension scheme, under the Community Safety and Firefighting and rescue categories. This revaluation is forecast to increase costs by £20 million by 2021-22. Compared to the draft budget, the Mayor has allocated £1.1 million of additional funding for the fire cadets scheme, of which £0.6 million is expected to be applied in 2019-20 and £0.5 million in 2020-21.

Objective analysis	Revised Budget	Forecast	Budget	Plan	Plan	Plan
London Fire Commissioner	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
Community safety	34.1	33.8	36.4	37.9	37.7	38.2
Firefighting and rescue	335.0	332.5	343.6	357.5	364.9	371.4
Fire-fighter pensions	20.8	20.9	21.1	21.3	21.6	21.6
Emergency planning and London Resilience Team	1.2	1.2	1.2	1.2	1.2	1.2
Central services	0.1	0.1	0.1	0.1	0.1	0.1
Savings to be identified	0.0	0.0	0.0	0.0	-9.8	-14.6
Net service expenditure	391.1	388.4	402.4	418.0	415.6	417.8
Capital financing costs	9.8	9.3	9.8	11.3	12.4	12.4
External interest receipts	-0.4	-0.4	-0.3	-0.3	-0.3	-0.3
Net revenue expenditure	400.5	397.2	411.9	428.9	427.7	429.8
Transfer to/from (-) reserves	-1.2	2.1	-7.1	-17.2	-7.4	-0.7
Financing requirement	399.2	399.3	404.8	411.7	420.3	429.1
Specific grants	12.5	12.6	12.5	12.5	12.5	12.5
Retained business rates	238.7	238.7	233.2	232.1	232.1	232.1
Council tax requirement	148.0	148.0	159.2	167.2	175.7	184.5

Explanation of budget changes

- 5.8 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 2018-19 is set out below. An explanation of the year on year changes is provided in the paragraphs that follow.

Changes in the council tax requirement	£m
2018-19 council tax requirement	148.0
<i>Changes due to:</i>	
Inflation	6.3
Net change in service expenditure and income	5.1
Change in use of reserves	-5.8
Net Change in Government grants and retained rates	5.5
2019-20 council tax requirement	159.2

Inflation

- 5.9 The budget includes a provision for inflation of £6.3 million. This includes inflation relating to staff pay awards, which are budgeted at 2 per cent increases for all staff, and other contractual inflation.

Net change in service expenditure

- 5.10 The budget proposes a £5.1 million net increase in service expenditure and income. This figure includes forecast changes to the firefighter pensions contribution rate (£1.9 million), additional funding for the fire cadets scheme (£0.6 million in 2019-20), changes to the forecast vacancy and development margins for operational staff as vacancies are filled (£1.6 million), an increase to the cost of mechanical, electrical and plumbing, and fabric services contracts (£1.4 million), the impact of additional resilience requirements (£1.2 million), growth proposals (£1.2 million) offset by savings (£1.3 million) and a reduction in the fixed fee element of the training contract (£1.4 million).

Change in use of reserves

- 5.11 The budget proposes a net reduction in the transfer to reserves of £5.8 million. The planned LFC budget surplus for 2018-19 will result in a payment into the budget flexibility reserve. It is now forecast to start to utilise that reserve in 2019-20.

Net change in Government grants and retained rates

- 5.12 The net change in Government grants and retained business rates is £5.5 million which has been adjusted compared to the draft budgets= to reflect the additional funding for the fire cadets scheme.

Equalities

- 5.13 The London Fire Brigade (LFB) is in Year 3 of its 10-year inclusion strategy. 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, and progress on these objectives are reported through LFB's Inclusion Board, formed to provide ongoing scrutiny of LFB's inclusion strategy. The equality impact of the budget submission has been considered in relation to the service LFB provides to Londoners and to the staff it employs.
- 5.14 In line with the Mayor's equality, diversity and inclusion strategy, the LFB budget proposals include provision for a wide range of measures which will have positive equalities outcomes, including:
- continued delivery of its 10-year inclusion strategy;
 - working closely with the GLA Group on the implementation of the Mayor's equality, diversity and inclusion strategy and commitment to economic fairness;
 - an increase of four additional counsellor posts to secure sufficient support for staff post-Grenfell and an additional administrative post to support the team and maintain critical and confidential records;

- the implementation of the operational firefighter apprenticeship from November 2018, creating 210 firefighter apprentices in 2018-19 and approximately 280 firefighter apprentices in 2019-20;
- working with contractors to ensure that London's economy is fair and inclusive supporting low skilled employees to receive the London Living Wage;
- promoting the Good Work Standard through the support of the GLA Group Responsible Procurement team; and
- provision of over 100 community and operational volunteers who support the fire cadets programme in 16 London Boroughs.

5.15 Specific measures to reduce the gaps in risks of fires between different communities include:

- setting a target to bring all London boroughs below the England average rate for primary fires;
- seeking to reduce the number of fires in care homes and sheltered housing for older people below 400 each year; and
- delivering around 86,000 Home Fire Safety Visits every year, with around 80 per cent of those reaching higher risk households

Environmental impact

5.16 The budget submission has been reviewed for sustainability and environmental implications. The LFB will continue to monitor performance through its ISO 14001-certified Environmental Management System and Sustainable Development Annual Reports. LFC supports the measures set out in the London Environment Strategy, such as implementing the GLA Group Responsible Procurement policy, developing a context-based climate adaptation risk assessment, and developing and implementing a carbon reduction plan. The latter enables the LFC to achieve a 60 per cent reduction in carbon emissions by 2025 from its operations, including plans to retrofit buildings, reducing emissions from LFC fleet, sourcing more renewable energy, offsetting all flights, and considering the opportunities to support decentralised energy and heat networks.

5.17 The LFC will also take action on waste reduction and recycling, including implementing their single-use plastic reduction action plan and identifying and establishing a circular economy pilot.

Reserves

5.18 At 31 March 2019, LFC's general reserves are expected to total £21.1 million and are forecast to remain at the same level in each of the following financial years.

5.19 It is forecast that LFC will hold £27.8 million of earmarked reserves at the close of 2019-20; these reserves will reduce to £2.5 million by the end of 2022-23, as the budget flexibility and other reserves are 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 2017-18 £m	Forecast 2018-19 £m	Budget 2019-20 £m	Plan 2020-21 £m	Plan 2021-22 £m	Plan 2022-23 £m
Opening balances	37.1	53.9	56.0	48.9	31.7	24.3
<i>Transfers to/from (-):</i>						
Earmarked reserves	24.3	1.3	-7.1	-17.2	-7.4	-0.7
General reserves	-7.5	0.7	0.0	0.0	0.0	0.0
Closing balances	53.9	56.0	48.9	31.7	24.3	23.6

5.20 The expected total reserves at the end of each financial year are summarised below. The unused earmarked reserves as at the end of 2022-23 include £2.5 million of funding that was set aside for the implementation of pilots relating to the current London Safety Plan. These amounts are expected to be utilised over the coming four years, 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 2017-18 £m	Forecast 2018-19 £m	Budget 2019-20 £m	Plan 2020-21 £m	Plan 2021-22 £m	Plan 2022-23 £m
Earmarked reserves	33.5	34.9	27.8	10.6	3.2	2.5
General reserves	20.4	21.1	21.1	21.1	21.1	21.1
Total	53.9	56.0	48.9	31.7	24.3	23.6

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, Underground and Overground, the Docklands Light Railway (DLR), Tramlink and London River Services. It is also responsible for managing the Congestion Charge, maintaining London's main roads and traffic lights, regulating taxis, making London's transport more accessible and promoting walking and cycling initiatives.

Key deliverables

6.2 Full details of TfL's priorities are set out in its 2018 Business Plan which was approved in December 2018. The key deliverables over the next five years include:

- investing £2.3 billion in Healthy Streets, which will fund transformative projects to enable more walking and cycling across London. TfL plan to enable more than one million additional walking trips a day by 2024, putting it on track to achieve the Mayor's target of 80 per cent of trips made by walking, cycling or public transport by 2041;
- delivering Low Emission Bus Zones, which are a key part of reducing London bus emissions. This will help to ensure the entire fleet is raised to at least the ultra-clean Euro VI engine emission standard by 2020;
- introducing a world-leading Bus Safety Standard for the city's entire bus fleet, which will be incorporated into new bus operator contracts from the end of 2018;
- driving forward the Vision Zero action plan to eliminate deaths and serious injuries on London's roads, through the delivery of more than half of the 73 Safer Junctions by spring 2020, the rollout of 20 miles per hour speed limits, enhanced policing and enforcement, and ensuring safety is at the heart of all TfL projects;
- expansion of the ULEZ to the North and South Circular roads, in October 2021;
- continuing investment in the Liveable Neighbourhoods programme in local areas: improve London's cycle network, including major new high-quality cycle routes connecting communities between Brentford and Olympia, Tower Bridge and Woolwich, Tottenham and Camden, and Hackney and the Isle of Dogs; and
- delivering a world-leading road management system to control London's traffic signals by 2020.

Gross revenue expenditure

6.3 The Mayor is proposing an increase in TfL's gross revenue expenditure of £305.6 million, which includes the Elizabeth line central operating section regulatory track charges, from £7,147.1 million in the revised TfL budget for 2018-19 to £7,452.7 million in 2019-20.

Net revenue expenditure and council tax requirement

- 6.4 After deducting passenger and commercial income, fees, charges, other income and its planned use of reserves, the Mayor proposes that TfL's net revenue expenditure for 2019-20 is £1,503.6 million. An analysis of the revenue budget by service area is summarised in the objective analysis table below.
- 6.5 The Mayor is proposing that TfL's council tax requirement for 2019-20 remains at £6 million. The balance of its net revenue expenditure is financed by £1,455.0 million of resources allocated by the Mayor through business rates retention. There is no revenue grant from 2018-19 from the Department of Transport (DfT). Other specific revenue grants of £42.6 million are expected to be received.
- 6.6 TfL is increasingly covering its operating costs from fares and other income and has set the financial objective of breaking-even on the cost of day-to-day operations, which includes renewing and maintaining the network and covering the cost of financing, in 2022-23.
- 6.7 As set out in Part 1, the Mayor has allocated an additional £60 million in retained rates to TfL's budget to fund a £25 million diesel scrappage scheme for Londoners on low incomes to ease the transition to the ULEZ for low income households, £24 million to support a delicensing scheme to reduce the most polluting taxis on London's roads, £1 million for a car free day, £5 million extra for buses and £5 million for the London Overground which is reflected in TfL's updated budget.
- 6.8 TfL's operating budget is summarised in the table overleaf.

Explanation of budget changes

- 6.9 An analysis of the year on year movements in the council tax requirement compared to the revised budget for 2018-19 is set out below. An explanation of each change is provided in the paragraphs that follow.

Changes in the council tax requirement	£m
2018-19 council tax requirement	6.0
<i>Changes due to:</i>	
Inflation	166.8
Savings	-204.2
Passenger and commercial revenue and other income	-295.6
Net change in service expenditure	346.2
Government and other revenue grants	20.5
Retained business rates	-33.7
2019-20 council tax requirement	6.0

Objective analysis TfL	Revised	Forecast	Budget	Plan	Plan	Plan
	Budget					
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
<i>Income</i>						
Passenger income	-4,774.3	-4,762.6	-4,820.9	-5,191.3	-5,742.5	-6,168.3
Congestion charge	-231.8	-230.1	-225.7	-225.0	-238.1	-238.2
Other income	-491.2	-521.4	-681.0	-702.8	-962.7	-925.7
Elizabeth line regulatory income	-102.0	-2.0	-168.6	-346.7	-353.4	-364.7
Interest income	-12.7	-10.8	-11.4	-8.9	-8.8	-13.9
Subtotal income	-5,612.0	-5,526.9	-5,907.6	-6,474.7	-7,305.5	-7,710.8
<i>Operating costs</i>						
London Underground	2,106.5	2,059.6	2,113.3	2,067.9	2,018.8	2,016.5
Buses	2,104.4	2,115.7	2,147.1	2,156.6	2,169.5	2,187.6
Streets	512.3	502.7	544.5	480.0	498.4	516.3
Rail	480.3	455.5	509.2	507.5	526.4	538.3
Elizabeth line	277.3	254.3	431.9	497.6	523.9	560.2
Elizabeth line regulatory expenditure	102.0	2.0	168.6	346.7	353.4	364.7
Other Operations	909.0	898.2	905.1	888.6	939.0	916.0
Commercial Development	169.5	158.7	149.3	130.9	108.2	109.2
Subtotal operating costs	6,661.3	6,446.7	6,969.0	7,075.8	7,137.6	7,208.8
<i>Other</i>						
Third-party contributions	-57.4	-39.0	-52.9	-41.5	-30.7	-23.4
Debt servicing	498.5	462.3	495.1	517.7	556.8	611.1
Subtotal other	441.1	423.3	442.2	476.2	526.1	587.7
Net service expenditure	1,490.4	1,343.1	1,503.6	1,077.3	358.2	85.7
Revenue resources used to support capital investment	0.0	0.0	0.0	0.0	607.0	779.6
Financing requirement	1,490.4	1,343.1	1,503.6	1,077.3	965.2	865.3
Specific grants	63.1	91.1	42.6	6.6	4.9	5.0
Retained business rates	1,421.3	1,246.0	1,455.0	1,064.7	954.3	854.3
Council tax requirement	6.0	6.0	6.0	6.0	6.0	6.0

Note: Elizabeth line regulatory charges commence when the central section of the line is transferred from Crossrail Limited to TfL, which is in advance of the commencement of passenger operation.

Inflation

- 6.10 The budget proposes that TfL's net costs will increase by £166.8 million as a result of inflation. This represents 2.4 per cent of operating costs and is in line with UK inflation rates. TfL will hold operating costs at broadly the same level on a like-for-like basis and will therefore be able to absorb the impact of inflation.

Savings and efficiencies

- 6.11 New savings of £204.2 million are planned for 2019-20. These are incremental to the savings already achieved from 2015-16 to 2017-18, and those forecast to be delivered in 2018-19. The programmes embedded in the business, which are all cashable are as set out below.

- 6.12 London Underground (LU) will deliver additional savings of £102.9 million in 2019-20 through their modernisation plan, with the target of delivering a £2 billion railway (meaning operating costs are held to £2 billion per annum) by 2021-22, through:

- the two phases of LU Operating model change – which have reduced organisational layers, but not impacted frontline services; and
- continuing the modernisation of the maintenance functions, including exiting a private partnership maintenance contract.

- 6.13 Surface Transport will deliver £74 million through their savings plan, with the target of delivering an integrated Healthy Streets target subsidy of no more than £850 million per annum, by:

- the continuous improvement of the Surface operating model; and
- reviewing, retendering and re-negotiating bus contracts and refocusing the network on outer London.

- 6.14 Corporate and Commercial Development will deliver new savings of £27.3 million in 2019-20, with Professional Services operating costs targeted to go down to under £500 million by 2021-22, including:

- identifying new efficiencies to be realised by evolving the Professional Services operating model – for example a new Business Services directorate planned for 2019-20, that will bring together operational activity currently sitting in HR Operations and the Finance Services Centre to streamline common processes, standardise reporting and look for other ways in which to deliver a better service at reduced cost; and
- consolidating head office accommodation, vacating older buildings and co-locating staff.

Passenger and commercial revenue and other income

- 6.15 Passenger, commercial and other income (including interest income) will increase by £295.6 million (£66.6 million relating to the Elizabeth line regulatory track charges), from £5,612.0 million in 2018-19 revised TfL budget to £5,907.6 million in 2019-20, reflecting predominantly the introduction of the ULEZ. This will improve air quality and contribute to making London a zero-carbon city in line with Mayor's Transport Strategy.

- 6.16 The Mayor has announced an overall freeze on TfL fares to the end of 2020. Single bus fares, single pay as you go fares on the Tube and DLR and Santander cycle hire charges, will be held at prices set in 2016.
- 6.17 All TfL travel concessions will be protected during the Mayor's term, providing more than £300 million of free or discounted travel every year to children, people over 60, those on income support, and other socially disadvantaged groups.
- 6.18 TfL is committed to preserving this range of concessions, including the 60+ Oyster photocard which bridges the gap for people over the age of 60 but below the age of eligibility for the Freedom Pass. However, this age gap is increasing over time and TfL will therefore be introducing a small annual fee for the 60+ Oyster photocard, in recognition of growing administrative costs for providing this concession.

Net change in operating expenditure

- 6.19 The budget proposes a £346.2 million net increase in service expenditure, which includes £66.6 million of Elizabeth line track charges, a decrease in debt financing costs of £3.4 million alongside the £60 million additional expenditure set out in paragraph 6.7 above. This also includes £155 million of operating expenditure due to increased services running on the Elizabeth line. The proposed budget also includes around £40 million of costs related to introduction of ULEZ in April 2019. The budget also includes the introduction of new state-of-the-art trains on London Overground with an associated cost of about £25 million. These new electric trains will increase capacity and reliability across network.

Other revenue grants

- 6.20 Overall income from other grants will decrease by £20.5 million in 2019-20 compared to the revised 2018-19 budget. The central government grant has now ceased, meaning London is one of the only major cities in the world to operate a public transport network without government subsidy to cover day-to-day running costs.

Retained business rates

- 6.21 The net change in the application of retained business rates to TfL's revenue expenditure between 2018-19 and 2019-20 is £33.7 million.

Equalities

- 6.22 TfL aims to meet the Mayor's ambition to create a safe and inclusive transport network, fully accessible to everybody who lives and travels to London. The TfL Business Plan sets out planned expenditure for the whole of TfL from 2018-19 to 2022-23 and includes projects and programmes, which aim to achieve the goals set out in TfL's Action on Equality strategy and in the transport chapter of Inclusive London, the Mayor's equality, diversity and inclusion strategy.
- 6.23 TfL will support the Mayor's ambitions to:
- make travelling in London more affordable including the fares freeze for the Mayoral term. A wide range of free or heavily discounted concessions supports the most vulnerable in society to travel in London;

- embed the use of inclusive design through a new inclusive design framework. These include investment in step-free access, broader accessibility improvements such as tactile paving, accessible ticket machines, hearing aid induction loops and technology-based innovations to support customers to access information;
- ensure staff understand how to offer an inclusive service through ongoing disability equality training of front-line staff and, in 2019, training for professional services staff to ensure accessibility is built into services from inception. Publishing 'Understanding our Diverse Communities' as a compendium of evidence provides TfL and partners with a rich picture of different travel patterns, behaviours and attitudes towards issues such as accessibility, fares, personal safety, security and customer satisfaction;
- address barriers to walking and cycling including cycling grants to help groups traditionally under-represented in healthy ways of travelling; and
- reduce crime, and the fear of crime, on the transport network.

6.24 TfL remains committed to ensuring that as an employer, it is fully representative of the city it services, harnessing the diverse talents within an inclusive organisation, and tackling underrepresentation at every level of the business. TfL will address gender and ethnicity pay gaps and monitor these trends via its Scorecard.

6.25 TfL's budget proposals will seek opportunities to further address poverty, economic inequality and improve social integration in London. Through reviewing its activities, TfL aims to reduce inequalities experienced by groups protected by equalities legislation, and those most vulnerable in society. Each of the individual projects and programmes will be subject to its own equality impact assessment.

6.26 Through working with suppliers, TfL is improving social and employment outcomes for Londoners. This includes placing diversity and inclusion requirements in contracts; hosting joint recruitment events for underrepresented groups and co-producing joint initiatives to increase the recruitment of people from underrepresented groups.

6.27 Through working with partners and suppliers TfL will also help to meet the Mayor's ambition to create a Dementia Friendly city, improve awareness about improving mental health and wellbeing, and improving the environment for disabled people to fully access London.

Environmental impact

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

6.29 The ULEZ will be introduced in central London in April 2019, and then expanded to the North and South Circular roads, in 2021. TfL will implement the infrastructure to support the ULEZ, which will require all vehicles to meet minimum emissions 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 2020, the entire fleet will meet the ultra-clean Euro VI engine emissions standard. TfL will operate clean buses in both the ULEZ and in 12 Low Emission Bus Zones, tackling some of London's worst pollution hotspots. TfL will introduce more zero-emission buses, as part of the Mayor's commitment to a fully zero emission bus fleet.
- 6.31 TfL are assisting taxi drivers in making the transition to cleaner vehicles, through de-licensing payments, new vehicle grants and providing the electric charging infrastructure to enable mass uptake, helping to reduce harmful NOx emissions from taxis. These taxis will support the introduction of zero emission zones.
- 6.32 To support the growing number of Zero-Emission-Capable (ZEC) taxis, and the take-up of electric vehicles, TfL are building a network of Rapid Charge Points across London. Three hundred Rapid Charge Points will be installed by December 2020.
- 6.33 TfL will install 1.1 MW of solar generation capacity on TfL buildings, and will explore opportunities to connect their network to local low carbon energy supplies. TfL will also enter into a formal procurement for renewable Power Purchase Agreements (PPAs) to look to source increasing proportions of their power from renewable projects in addition to their current efforts to install renewable energy on site, or through local grids, to supply their demand.

Reserves

- 6.34 At 31 March 2019, general reserves are expected to total £150.0 million and are forecast to remain at the same level in each of the following financial years.
- 6.35 It is forecast that TfL will hold £745.6 million of earmarked reserves at the close of 2019-20; these reserves will rise to £871.0 million by the end of 2022-23. Earmarked reserves have been established to finance future projects, consistent with TfL's approved Business Plan. The general fund is maintained to ensure 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 table below.

Movement in reserves during financial year	Outturn 2017-18 £m	Forecast 2018-19 £m	Budget 2019-20 £m	Plan 2020-21 £m	Plan 2021-22 £m	Plan 2022-23 £m
Opening balances	1,212.6	1,098.6	1,564.9	895.6	497.5	740.9
<i>Transfers to/from(-):</i>						
Earmarked reserves	-114.0	466.3	-669.3	-398.1	243.4	280.1
General reserves		0.0	0.0	0.0	0.0	0.0
Closing balances	1,098.6	1,564.9	895.6	497.5	740.9	1,021.0

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 was put aside for TfL's Investment Programme.

Total reserves at end of financial year	Outturn 2017-18 £m	Forecast 2018-19 £m	Budget 2019-20 £m	Plan 2020-21 £m	Plan 2021-22 £m	Plan 2022-23 £m
Earmarked reserves	948.6	1,414.9	745.6	347.5	590.9	871.0
General reserves	150.0	150.0	150.0	150.0	150.0	150.0
Total	1,098.6	1,564.9	895.6	497.5	740.9	1,021.0

London Legacy Development Corporation

- 7.1 The London Legacy Development Corporation (‘the Legacy Corporation’ or LLDC) is responsible for promoting and delivering physical, social, economic and environmental regeneration in the Queen Elizabeth Olympic Park (QEOP) and surrounding area. In particular, the Legacy Corporation 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, the Legacy Corporation has delivered the transformation of the Park and venues from their Olympic to their legacy configuration. The Corporation 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, 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 2019-20 the LLDC’s revenue and capital budgets will be deployed to deliver the following objectives:
- Chobham Manor phase 2 construction complete and phase 3 continues on schedule;
 - East Wick and Sweetwater construction continues on schedule, including commencement of phase 2;
 - Stratford Waterfront start on site for the construction of cultural and educational buildings;
 - progress the procurement of the Joint Venture partner to deliver the Stratford Waterfront residential scheme;
 - UCL start on site constructing their new university campus, UCL East;
 - progress master planning for Pudding Mill Lane and Rick Roberts Way development;
 - achieve 6.2 million visitors to the Park in the context of less event space and more construction work;
 - manage and maintain the quality of the Park and venues, including retaining Green Flag status;
 - continue Stadium operations including football, summer athletics and Major League Baseball;
 - work towards improved financial sustainability of the Stadium;
 - support safe delivery of summer concerts, music festivals and sporting events; and
 - continue to implement the GLA Group Diversity and Inclusion Action Standard and address gender and ethnicity pay gaps;
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Gross revenue expenditure

- 7.4 Gross revenue expenditure in 2019-20 is budgeted to be £45.8 million including estimated capital financing costs of £11.8 million, £34.0 million net of financing costs.
- 7.5 Gross revenue expenditure has increased by £0.2 million from the 2018-19 revised budget.

Net revenue budget and council tax requirement

- 7.6 Net revenue expenditure in 2019-20 is budgeted to be £32.5 million, £20.7 million net of financing costs.
- 7.7 Net revenue expenditure has increased by £0.2 million compared to the 2018-19 revised budget. The revenue budget is summarised on an objective basis in the table overleaf.

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 the Park and venues 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 below.

Changes in the council tax requirement	£m
2018-19 council tax requirement	0.0
Changes due to:	
Inflation	0.4
Savings and efficiencies	-0.6
Net change in existing service expenditure	0.4
Net change in GLA funding	-0.2
2019-20 council tax requirement	0.0

Objective analysis LLDC	Revised Budget 2018-19 £m	Forecast Outturn 2018-19 £m	Budget 2019-20 £m	Plan 2020-21 £m	Plan 2021-22 £m	Plan 2022-23 £m
Park Operations and Venues	8.4	8.8	8.9	8.9	9.3	9.8
Trading	8.5	9.2	8.9	7.1	5.1	5.3
Developments	0.1	0.1	0.1	0.1	0.1	0.1
Regeneration	3.4	2.9	2.8	2.1	2.3	2.3
Corporate	10.5	10.0	10.2	9.8	9.9	10.2
Planning Authority	2.8	3.0	2.4	2.2	2.2	2.2
Irrecoverable VAT and contingency	1.2	0.6	0.6	0.6	0.5	0.5
Financing costs	10.7	10.5	11.8	13.8	15.4	15.4
Income/savings to be identified	0.0	0.0	0.0	0.0	-2.4	-1.3
Total expenditure	45.6	45.0	45.8	44.7	42.4	44.3
Park, Operations and Venues	-4.1	-4.1	-3.8	-3.8	-4.8	-6.9
Trading	-7.2	-7.6	-7.5	-6.0	-3.8	-3.6
Developments	-0.1	-0.1	-0.1	-0.2	-0.5	-1.0
Regeneration	0.0	0.0	0.0	0.0	0.0	0.0
Corporate	-0.1	-0.4	-0.3	-0.3	-0.3	-0.3
Planning Authority	-1.7	-1.9	-1.6	-1.6	-1.4	-1.1
Total income	-13.2	-14.1	-13.3	-11.9	-10.8	-12.9
Net expenditure	32.4	30.9	32.5	32.7	31.6	31.4
Business rates	1.9	0.6	20.7	18.9	16.2	16.0
Mayoral Development Corporation Reserve	19.8	19.8	0.0	0.0	0.0	0.0
GLA funding for financing costs	10.7	10.5	11.8	13.8	15.4	15.4
Council tax requirement	0.0	0.0	0.0	0.0	0.0	0.0

Inflation

7.10 This is estimated at £0.4 million and is mainly due to the inflationary uplift on the Estates and Facilities Management contract and pay inflation on the salary budget.

Savings and efficiencies

7.11 The budget incorporates planned change in savings and efficiencies of £0.6 million. This is largely due to reductions in the subsidy on the London Aquatics Centre and better than forecast results from other trading venues.

Net change in existing service expenditure

7.12 The budget proposes a £0.4 million net increase in service expenditure and income.

Change in GLA funding

- 7.13 The LLDC receives its revenue funding via the GLA and from 2019-20 all of this is funded from business rates.
- 7.14 The LLDC's reserves have been subsumed into the GLA's earmarked reserves.

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 The 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 is allocating funding for a range of investment, policies and programmes affecting equalities outcomes, including:
- Publishing a second edition of Inclusive Design Standards to be applied to LLDC's own developments and other building in the LLDC planning area
 - Provision for the Built Environment Access Panel to meet up to 10 times per year to review and advise on all planning applications
 - Supporting initiatives promoting diversity in the built environment and construction sector. Employer-led training associations with construction companies are improving the ability of residents from east London's diverse communities to access high-quality apprenticeships leading to high-skilled careers in construction and the built environment.
 - East Works, the LLDC's employment and skills programme continues to link with employers in and around Queen Elizabeth Olympic Park to address sector-specific skills gaps. Projects such as STEP and Flipside are enabling local people and underrepresented groups to access employment, training and apprenticeship opportunities in the new growth sectors establishing themselves around the Park, including digital technology and the creative and cultural industries.
 - The inclusive community sports programme continues to operate at Queen Elizabeth Olympic Park, given new impetus by the opening of the London Marathon Community Track. Ongoing inclusive sports provision at the Park venues has been supplemented by the Bikeworks all-ability cycling programme hosted at the Lee Valley VeloPark.
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7.18 LLDC is committed to building an equitable, diverse and inclusive workforce to ensure that we can provide a social, cultural and economic benefit drawn from the talent and potential that exists in the East End of London. LLDC's ongoing policies and strategies works to achieve a workforce that is representative of the local community. As a result, the LLDC's future efforts will be to maximise the considerable opportunities that the QEOP offers in the areas of education, cultural activity, employment and entrepreneurship.

Environmental impact

7.19 The Legacy Corporation's policy is that the Park 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.

7.20 As a member of the GLA Group, LLDC supports the measures in the London Environment Strategy, such as implementing their 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. The Park was conceived as an environmental showcase and will continue to strive for environmental excellence. The Corporation has set a wide range of environmental performance measures and publishes an annual sustainability report.

Reserves

7.21 As stated above, historic LLDC reserves have been subsumed into the GLA. The GLA will provide additional funding in lieu of these, including an estimated £3.1 million of underspend carried forward in 2019-20.

Old Oak and Park Royal Development Corporation

- 8.1 The Mayoral Development Corporation (MDC) for the Old Oak and Park Royal area came into operation on 1 April 2015. Old Oak is one of the largest regeneration opportunities in Western Europe. There is potential to transform over 134 hectares of brownfield land in Central London into an exemplar new sustainable and inclusive community. The provision of market and affordable housing in an area of high housing demand will benefit those that live there and will attract newcomers.
- 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 in 2026, transport connectivity between Old Oak and Central London, Heathrow and the wider UK will be outstanding. The Old Oak and Park Royal Development Corporation (OPDC), utilising its planning and regeneration powers, will ensure that all these benefits are captured and maximised to deliver much-needed homes and jobs in London.

Key deliverables

- 8.3 The Mayor's London Plan and OPDC's Local Plan identify Old Oak and Park Royal as having capacity for 25,500 new homes and 65,000 jobs.
- 8.4 A package of public and private investment is now required to unlock and drive forward delivery of the first sizeable phases of development. It is envisaged that Old Oak will become a place characterised by high-quality design and public realm, an intelligent mix of uses, significant levels of affordable housing, and a sustainable approach to managing energy and other utilities.
- 8.5 The Corporation has submitted a bid for Central Government Housing Infrastructure Fund funding of £250 million, which would address the spatial and financial challenges inherent within the scale of the development and ambition proposed. The key deliverables are to:
- fund the prompt delivery of road and utility infrastructure to make currently inaccessible land open for redevelopment;
 - consolidate fragmented land ownerships to create attractive and de-risked development platforms that will bring certainty and speed of housing delivery; and
 - ensure the skills and leadership, already in place at OPDC, can secure delivery of a high-quality new place to the benefit of both London and the UK.

Gross revenue and capital expenditure

- 8.6 The Mayor's proposed gross revenue expenditure for the OPDC in 2019-20 is £11.0 million.

Net revenue budget and council tax requirement

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

Objective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan	Plan
OPDC	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
CEO Office	0.8	0.8	1.0	1.0	1.0	1.0
Planning	2.6	2.5	3.0	2.5	2.2	2.3
Technical	2.6	2.6	1.7	1.7	1.7	1.7
Commercial	1.3	1.3	2.1	2.1	2.1	2.1
Corporate Operations	1.9	1.9	3.1	3.2	3.2	3.2
Total expenditure	9.2	9.1	11.0	10.6	10.3	10.4
Planning application income	-0.4	-0.3	-0.7	-0.7	-0.7	-0.7
Other Income	-0.5	-0.5	-0.8	-0.3	0.0	0.0
Total income	-0.9	-0.8	-1.5	-1.0	-0.7	-0.7
Net expenditure	8.3	8.3	9.5	9.6	9.6	9.7
Business rates	5.1	5.1	9.5	9.6	9.6	9.7
Mayoral Development Corporation Reserve	3.2	3.2	0.0	0.0	0.0	0.0
Council tax requirement	0.0	0.0	0.0	0.0	0.0	0.0

Explanation of budget changes

- 8.8 An analysis of the year on year movement in the council tax requirement, comparing the revised 2018-19 budget to the proposed 2019-20 budget, is set out below.

Changes in the council tax requirement	£m
2018-19 council tax requirement	0.0
<i>Changes due to:</i>	
Inflation	0.0
Savings and efficiencies	-0.3
New initiatives and service improvements	1.5
Net change in GLA funding	-1.2
2019-20 council tax requirement	0.0

Inflation

- 8.9 Pay inflation of 2 per cent has been assumed in the budget.

Savings and efficiencies

- 8.10 The budget incorporates planned savings and efficiencies of £0.3 million. This reflects additional planning income.

New initiatives and service improvements

- 8.11 The Budget proposes new initiatives and service improvements totalling £3.0 million to take forward the Corporation's key deliverables, a £1.5 million change from 2018-19 to 2019-20; specifically reflecting the additional resource that officers consider will be required in the event that the OPDC bid for £250 million of Housing Infrastructure Fund money is successful.

Net change in GLA funding

- 8.12 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 increase by £2.7 million to ensure that the Corporation is adequately resourced to manage its capital programme which represents a net change compared to 2018-19 of £1.2 million.

Equalities

- 8.13 Equality for all is at the centre of the corporate strategy of OPDC, which is to improve lives through employability, improved homes and exemplar neighbourhoods. The OPDC's approach to inclusion is set out in its corporate policies and in Inclusive London, the Mayor's equality, diversity and inclusion strategy.
- 8.14 The OPDC area represents an unparalleled opportunity to deliver new and enhanced parts of London that are accessible and inclusive for all sections of the community. OPDC's Local Plan recognise the importance of this and seeks to deliver inclusive Lifetime Neighbourhoods with inclusive design at the heart of development. OPDC is allocating funding for a range of investment, policies and programmes impacting on equalities outcomes, including:
- OPDC's local plan is supporting Healthy streets to improve active travel, reducing air pollution levels by requiring all development to deliver an improvement in air quality and creating improved access for local people to spaces and routes for sports, recreation, walking and cycling.
 - OPDC, in partnership with the local boroughs and the Department for Work and Pensions, is developing a proposal to locate an Employment and Skills Hub in Park Royal. The Hub's key objectives are to help local people gain the skills they need to access current and future employment opportunities and help local businesses recruit, retain and develop a workforce with the skills they need.
 - West London Construction and Future Skills Campus is supporting communities who experience barriers to employment in construction including women and Black, Asian and minority ethnic Londoners.
 - OPDC's Great Places Scheme is supporting social integration within communities through an ambitious 3-year cultural programme with local people, businesses and organisations. Projects include a small grants scheme that will make between 30 and 100 awards of between £500 and £5,000 to individuals and not-for profit groups who may find it hard to access culture funding
 - OPDC will work with an experienced volunteer provider to identify volunteer opportunities, train and upskill local people to undertake these roles.
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- OPDC will create a diverse and inclusive culture across all levels of the organisations through recruitment practices such as unconscious bias training, name blind recruitment and promoting flexible working.

Environmental impact

- 8.15 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. Located at the only point where HS2 meets the Elizabeth Line, Old Oak and Park Royal will have one of the most connected 'hubs' on the rail network anywhere in the country. With a redesigned and improved local bus network, and a significantly transformed road network, sustainable transport will be embedded at the heart of the future masterplan. The OPDC commits to implementing the new London Plan environmental policies.
- 8.16 As a member of the GLA Group, OPDC supports the measures in the London Environment Strategy, such as increasing access to tap water, reducing emissions, including through installation of solar, improving OPDC's climate resilience through green infrastructure and sustainable drainage, and reducing the OPDC's waste and increasing recycling rates.

Reserves

- 8.17 The OPDC has no reserves as its operational expenditure is funded by the GLA through business rates and balances held on the Mayoral Development Corporation Reserve. The balance of the contingency for activity in the OPDC area, held in the Mayoral Development Corporation Reserve, is available to meet unexpected operational pressures.

Capital Strategy including Capital Spending Plan

- 9.1 The Mayor is required to prepare a Capital Strategy for the GLA and its functional bodies. This Strategy sets out a detailed Capital Spending Plan (CSP) every year for the five years from 2018-19 and then an indicative high-level capital plan for a further fifteen years.
 - 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.
 - 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 Mayor is required to prepare a Capital Spending Plan (CSP) 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. Even though the statutory timetable for the submission of the CSP is different from the requirements for the revenue budget, the same timeframe is adopted to ease consultation. The Mayor is also required to set the borrowing limits for the GLA Group – the proposals for which are set out in Appendices A to F for the GLA and each functional body.
 - 9.5 Set out overleaf is a summary of the Mayor's Final Draft Capital Spending Plan for 2019-20 which shows the capital funding sources for the CSP in line with the format required under section 122 of the GLA Act.
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Final Draft GLA Group statutory capital spending plan 2019-20 under Section 122 of the GLA Act

Section		GLA £m	MOPAC £m	LFC £m	TfL £m	LLDC £m	OPDC £m
	Total external capital grants	1,507.0	54.4	0.0	1,633.2	17.6	55.0
	Opening balance of capital receipts	233.2	0.0	30.0	0.0	0.0	0.0
	Total capital receipts during the year	34.9	69.4	42.2	309.2	91.4	0.0
A	Total capital grants/ receipts	1,775.1	123.8	72.2	1,924.4	109.0	55.0
	Minimum s.120(1) grant	0.0	0.0	0.0	0.0	0.0	0.0
	Total borrowings during the year	1,269.8	264.3	0.0	800.0	43.0	0.0
	Total credit arrangements during the year	0.0	0.0	0.0	0.0	0.0	0.0
B	Total borrowings and credit arrangements	1,269.8	264.3	0.0	800.0	43.0	0.0
	Total capital expenditure anticipated during the year	2,419.0	388.0	40.0	3,168.6	152.0	55.0
	Total amounts which may be treated as borrowing in the year because of section 8(2) of the Local Government Act 2003	0.0	0.0	0.0	0.0	0.0	0.0
C	Total capital spending for the year	2,419.0	388.0	40.0	3,168.6	152.0	55.0
	Funding: capital grants and contributions	966.3	54.4	0.0	1,633.2	56.9	55.0
	Funding: capital receipts/reserves	226.7	69.4	40.0	735.4	52.1	0.0
	Funding: borrowings and credit arrangements	1,124.8	264.3	0.0	800.0	43.0	0.0
	Funding: revenue contributions	101.3	0.0	0.0	0.0	0.0	0.0
D	Total funding	2,419.0	388.0	40.0	3,168.6	152.0	55.0

N.B. Estimates of capital receipts are those made by functional bodies

9.6 The table below summarises the Mayor's draft Capital Spending Plan to 2022-23. Overall the GLA Group will be investing around £1.0 billion more in 2019-20 than in 2018-19. The majority of this change reflects the GLA's additional contribution to Crossrail.

Summary of the capital plan 2018-19 to 2022-23	2018-19 Forecast £m	2019-20 Plan £m	2020-21 Plan £m	2021-22 Plan £m	2022-23 Plan £m	5 year total £m
GLA	1,528.6	2,419.0	1,443.7	1,364.7	1,960.9	8,717.0
MOPAC	232.9	388.0	301.0	340.0	255.5	1,517.4
LFC	14.0	40.0	37.8	25.1	22.0	138.9
TfL	3,302.4	3,168.6	2,051.2	1,881.2	1,905.8	12,309.2
LLDC	105.4	152.0	234.5	179.2	49.5	720.6
OPDC	0.0	55.0	94.0	133.0	127.0	409.0
Total capital expenditure	5,183.3	6,222.6	4,162.2	3,923.2	4,320.8	23,812.1

9.7 Set out below is a summary table of the GLA and each functional body's high-level capital spending need for a further 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 of some £10 billion every year from 2023-24 onwards. Just under 97 per cent of this spending need arises from housing and transport.

Capital strategy

Outturn prices	Years	Years	Years	Total
	6-10	11-15	16-20	6-20
	2023-24 to 2027-28	2028-29 to 2032-33	2033-34 to 2037-38	2023-24 to 2037-38
	£bn	£bn	£bn	£bn
GLA: Mayor				
Housing	13.7	13.6	13.5	40.8
Regeneration	0.2	0.2	0.3	0.7
Other	0.3	0.3	0.3	0.9
GLA: Mayor Total	14.3	14.1	14.1	42.4
MOPAC				
Transformation	0.1	0.1	0.1	0.3
Maintenance	0.5	0.6	0.4	1.5
MOPAC Total	0.6	0.6	0.5	1.7
LFC				
Estate, ICT and fleet maintenance	0.1	0.2	0.1	0.4
LFC Total	0.1	0.2	0.1	0.4
TfL				
Crossrail 2	10.4	18.4	12.5	41.3
Line extensions	10.2	7.5	1.2	18.8
Line upgrades	3.8	2.9	5.4	12.1
Enhancements	4.1	4.8	4.5	13.3
Renewals	4.0	4.9	6.0	14.9
TfL Total	32.5	38.4	29.5	100.4
LLDC				
Maintenance	0.1	0.0	0.0	0.1
LLDC Total	0.1	0.0	0.0	0.1
OPDC				
Infrastructure	0.3	0.1	0.0	0.3
OPDC Total	0.3	0.1	0.0	0.3
GLA Group Total	47.9	53.4	44.2	145.4

Note: All figures are rounded to the nearest £100 million.

9.8 The table below shows the GLA and each functional body's total spending need over years 6 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 6-10 2023-24 to 2027-28 £bn	Years 11-15 2028-29 to 2032-33 £bn	Years 16-20 2033-34 to 2037-38 £bn	Total 6-20 2023-24 to 2037-38 £bn
GLA: Mayor				
Spending need	14.3	14.1	14.1	42.4
Likely funding	3.8	3.6	3.5	10.9
GLA: Mayor shortfall	10.5	10.5	10.5	31.5
MOPAC				
Spending need	0.6	0.6	0.5	1.7
Likely funding	0.3	0.2	0.2	0.8
MOPAC shortfall	0.3	0.3	0.3	0.9
LFC				
Spending need	0.1	0.2	0.1	0.4
Likely funding	0.0	0.0	0.0	0.1
LFC shortfall	0.1	0.1	0.1	0.3
TfL				
Spending need	32.5	38.4	29.5	100.4
Likely funding	17.6	26.0	19.4	63.0
TfL shortfall	14.9	12.4	10.1	37.4
LLDC				
Spending need	0.1	0.0	0.0	0.1
Likely funding	0.1	0.0	0.0	0.1
LLDC shortfall	0.0	0.0	0.0	0.0
OPDC				
Spending need	0.3	0.1	0.0	0.3
Likely funding	0.3	0.1	0.0	0.3
OPDC shortfall	0.0	0.0	0.0	0.8
Total GLA Group shortfall	25.8	23.4	21.0	70.2

Note: All figures are rounded to the nearest £100 million.

9.9 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

9.10 The GLA's detailed five-year CSP of £8.717 billion over 2018-23 can be summarised, as follows:

- Housing expenditure of £5.811 billion which is to principally allow 116,000 affordable homes starts within London by 2022;
- The GLA's additional contribution to Crossrail of £1.400 billion of which £335 million is expected to be paid in 2018-19 and £905 million in 2019-20 and £160 million in 2020-21 financed by borrowing with a £100 million direct contribution from business rate supplement revenues;
- Regeneration expenditure of £0.357 billion which includes the Further Education programme, Skills for Londoners, the Growing Places Fund and the Good Growth Fund; and
- Other capital expenditure of around £1.149 billion principally for the Northern Line and to the LLDC for East Bank and for Cultural Programmes.

9.11 The GLA's shortfall between spending need and likely level of resource is over £2 billion per annum from 2023-24 onwards. This principally results from the level of affordable housing to achieve the aim set out in the London Plan for 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 also arises from the assumption that there will be a continued need to invest in Regeneration, Skills and Energy Efficiency at least at current levels but presently there are no confirmed resources for such programmes. To ensure no double-counting with TfL's Capital Strategy, there is no assumed GLA expenditure and funding for Crossrail 2.

9.12 The GLA's Capital Spending Plan, and authorised and operational borrowing limits are set out at Appendix A.

MOPAC

9.13 MOPAC's detailed five-year CSP, after over-programming, of £1.517 billion over 2018-23 can be summarised, as follows:

- Transformation and consolidation of the Met's estate of £767.4 million;
- Major programmes that replace outdated and maintain core IT infrastructure of £529.6 million;
- Hosting the National Counter Terrorism Policing Headquarters (NCTPHQ), which is grant-funded, of £134.7 million; and
- Fleet replacement of £129.3 million.

- 9.14 MOPAC's shortfall between spending need and likely level of resource is some £80 million per annum from 2023-24 onwards. This principally results from the need to continue to invest and maintain assets, such as the Met's estate, IT and fleet, together with the NCTPHQ. This figure allows for assumed levels of capital receipts and capital grants but assumes no borrowing. Frontline policing is likely to be impacted if revenue budget is forecast to be allocated towards increasing capital financing costs as a result of borrowing, to manage this shortfall. As an illustration, over years 5 to 10 of the Capital Strategy the cost of borrowing to close the funding gap would be approximately equal to 1,814 officers.
- 9.15 MOPAC's Capital Spending Plan, and authorised and operational borrowing limits are set out at Appendix B.

LFC

- 9.16 LFC's detailed five-year CSP of £139 million over 2018-23 allows for maintenance and replacement of the Commissioner's buildings, fleet and IT assets and some limited sustainability works and new developments, such as the new training centre.
- 9.17 LFC's shortfall between spending need and likely level of resource on average of some £10 million per annum from 2023-24 onwards. This principally results from the need to continue to invest and maintain assets, such as the LFC's estate, IT and fleet. This figure allows for assumed level of borrowing.
- 9.18 LFC's Capital Spending Plan, and authorised and operational borrowing limits are set out at Appendix C.

Transport for London

- 9.19 TfL's five-year CSP of £12.309 billion over 2018-23 can be summarised, as follows:
- New capital investments of £3.562 billion;
 - Crossrail, including Elizabeth line trains and enabling works of £2.996 billion;
 - Renewals to ensure the continued safe operation of the transport network of £2.746 billion;
 - Line upgrades, including the Piccadilly line upgrade of £2.304 billion; and
 - Line extensions of £0.702 billion.
- 9.20 The level of transport investment suggested above reflects the Mayor's and TfL's assessment of future needs as set out in the Mayor's Transport Strategy. 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, including Crossrail 2, the Bakerloo line extension and a potential DLR extension to Thamesmead.
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- 9.21 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 £2.5 billion a year on average that will be needed from 2023-24 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 next year.
- 9.22 TfL's capital spending plan, and authorised and operational borrowing limits are set out at Appendix D.

LLDC

- 9.23 LLDC's detailed five-year CSP of £721 million over 2018-23, can be summarised, as follows:
- East Bank, the educational and cultural offer in Stratford of £438 million;
 - Stadium costs of £125 million to close out the transformation programme; and
 - Section 106 obligations and other necessary infrastructure to deliver housing developments of £158 million.
- 9.24 LLDC has no shortfall between its spending need and likely level of resource over the fifteen-year period from 2022-23. 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 LLDC, including the maximum borrowing of £520 million approved in last year's budget.
- 9.25 LLDC's Capital Spending Plan, and authorised and operational borrowing limits are set out at Appendix E.

OPDC

- 9.26 OPDC's five-year CSP of £409 million over 2018-23 is to kick-start the development of London's largest opportunity area, on the assumption that the Housing Infrastructure Fund (HIF) bid is successful.
- 9.27 There is no assumed gap between OPDC's spending need and likely level of resources from 2023-24 as it is expected the private sector investment will meet necessary costs once the HIF investment is made.
- 9.28 OPDC's Capital Spending Plan, and authorised and operational borrowing limits are set out at Appendix F.

Greater London Authority: Mayor and London Assembly

Table 1: GLA: Mayor - Subjective analysis

Subjective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan	Plan
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
Staff costs	51.8	51.8	57.2	59.2	60.5	61.8
Premises costs	24.8	24.7	24.6	24.6	24.7	24.7
Supplies and services	132.8	115.2	314.8	433.2	388.4	381.3
Strategic Investment Fund	12.6	12.6	108.3	51.3	0.5	0.0
<i>Transfer payments to third parties:</i>						
Museum of London	11.6	11.6	11.6	11.6	11.6	11.6
London and Partners	13.7	13.7	13.1	13.1	13.1	13.1
<i>Capital financing costs:</i>						
Financing costs - Crossrail	115.5	115.5	124.7	131.2	129.5	122.7
Financing costs - NLE	11.7	11.7	19.6	23.3	23.3	23.3
Financing costs - other	6.5	6.5	6.1	6.1	5.7	5.7
Provision for repayment of debt/ grant payments - LLDC ¹	14.9	14.9	12.8	11.8	11.8	11.8
Total revenue expenditure	395.8	378.1	692.9	765.5	669.1	656.1
Sales fees and charges	-14.7	-14.7	-16.4	-13.6	-13.4	-13.5
Rental income	-8.1	-8.1	-8.1	-8.1	-8.1	-8.1
Interest receipts	-9.8	-15.1	-13.7	-13.7	-13.7	-13.7
Crossrail BRS and MCIL	-115.6	-115.6	-124.7	-131.2	-129.5	-122.7
NLE contributions	-11.7	-11.7	-19.6	-23.3	-23.3	-23.3
Interest receipts GLAP loan	-8.8	-8.8	-9.9	-9.9	-9.9	-9.9
Adjustment for direct net GLAP expenditure	-17.2	-14.6	-17.4	-18.4	-18.4	-18.4
GLAP recharge	-4.3	-4.3	-4.4	-4.6	-4.6	-4.6
Total Income	-190.2	-192.9	-214.1	-222.8	-220.8	-214.2
Net cost of services	205.5	185.2	478.8	542.6	448.3	441.9
Transfer to/from (-) MDC Reserve held in GLA Group items budget	0.0	0.0	1.9	0.0	0.0	0.0
Transfer to/from (-) reserves for GLA services	1.9	22.2	-45.8	-54.9	-0.6	5.3
Transfer to/from (-) SIF reserve	99.3	99.3	-47.6	-51.3	-0.5	0.0
Financing requirement	306.7	306.7	387.3	436.4	447.2	447.2
AEB specific grant	0.0	0.0	192.0	306.0	306.0	306.0
Retained business rates	215.1	215.1	124.0	61.5	70.9	69.5
Council tax collection fund surplus	23.9	23.9	3.7	0.0	0.0	0.0
Council tax requirement	67.7	67.7	67.6	68.9	70.3	71.7

Notes

- 1 This provision is available to cover the forecast gap between the amount of debt that LLDC can take out and its forecast total capital expenditure. See Section 9 for more details.
- 2 Use of reserves excludes movements on the Business Rates and Mayoral Development Corporation Reserves.

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 objective and subjective tables. Notes to the table are set out overleaf.

Table 2: GLA: Mayor – GLA Group items

GLA Group Items	Revised Budget	Forecast	Budget	Plan	Plan	Plan
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
<i>Expenditure</i>						
LLDC Expenditure funded from MDC Reserve	16.2	16.2	0.0	0.0	0.0	0.0
LLDC loan interest cost	10.7	10.5	11.8	13.8	15.4	15.4
OPDC Expenditure funded from MDC Reserve	1.7	3.2	0.0	0.0	0.0	0.0
Total development corporation expenditure	28.6	29.9	11.8	13.8	15.4	15.4
Forecast council tax collection fund surplus not yet allocated by Mayor	0.0	0.0	0.0	12.2	12.2	12.2
Group collaboration projects	2.0	2.0	0.0	0.0	0.0	0.0
Borough NNDR and council tax projects	3.5	3.5	3.5	3.5	3.5	3.5
Total GLA Group item expenditure	34.1	35.4	15.3	29.5	31.1	31.1
<i>Income</i>						
LLDC loan interest receipts	-10.7	-10.5	-11.8	-13.8	-15.4	-15.4
LLDC interest receipts	-10.7	-10.5	-11.8	-13.8	-15.4	-15.4
Council tax collection fund surplus	0.0	0.0	-1.9	-12.2	-12.2	-12.2
Business rates income	-5.5	-5.5	-3.5	-3.5	-3.5	-3.5
Total GLA Group item income	-16.2	-16.0	-17.2	-29.5	-31.1	-31.1
Net transfer to/from(-) MDC Reserve	-17.9	-19.4	1.9	0.0	0.0	0.0
Net GLA Group items	0.0	0.0	0.0	0.0	0.0	0.0

Abbreviations: BRR - Business Rates Reserve.

Table 3: GLA: Assembly - Subjective analysis

Subjective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan	Plan
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
Staff costs	6.2	5.9	6.4	6.5	6.6	6.8
Supplies and services	1.6	1.6	1.6	1.6	1.6	1.6
Net revenue expenditure	7.8	7.6	8.0	8.0	8.2	8.4
Transfer to/from(-) reserves	0.0	0.2	-0.2	0.0	0.0	0.0
Financing requirement	7.8	7.8	7.8	8.0	8.2	8.4
Retained business rates	5.2	5.2	5.2	5.3	5.5	5.6
Council tax requirement	2.6	2.6	2.6	2.7	2.7	2.8

Table 4: GLA: Mayor – Final Draft capital spending plan

Final Draft capital plan	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m
Affordable Homes Programme	400.0	529.6	600.0	1,036.0	1,823.7
Housing Zone loans	105.5	106.3	0.0	0.0	0.0
Housing Zone grant	90.0	106.7	95.2	0.0	0.0
Care and Support Specialised Housing	31.0	24.0	24.2	0.0	0.0
Community Housing Fund	0.0	15.0	10.0	4.0	1.0
Move-on	0.0	6.3	6.3	34.4	0.0
GLAP Programme	6.5	30.3	13.1	5.0	5.0
Land Fund	63.8	125.5	0.0	0.0	0.0
Land Assembly	33.8	66.8	39.0	60.0	60.0
Accelerated Construction Fund	60.0	20.0	20.0	0.0	0.0
Small Sites Fund	40.0	60.0	26.0	0.0	0.0
Royal Docks Enterprise Zone Delivery Plan	2.6	20.7	44.4	37.7	50.1
London Housing Bank	27.0	0.0	0.0	0.0	0.0
UCL East Bank	0.0	15.0	55.0	30.0	0.0
Growing Places Fund	12.0	1.1	0.6	0.0	0.0
Further Education Capital	15.6	22.4	8.5	0.0	0.0
Skills for Londoners	6.2	47.0	24.0	9.7	0.0
Good Growth Fund	4.6	25.9	23.6	0.0	0.0
Northern Line Extension	188.0	200.0	120.0	0.0	0.0
Crossrail	335.0	905.0	160.0	0.0	0.0
LLDC Loan Funding	57.0	43.1	88.2	16.2	0.0
LLDC Joint Venture Trf to GLAP	0.0	2.2	2.2	4.5	12.9
LLDC East Bank & Direct Grant Funding	3.2	17.6	65.8	123.5	6.2
Other Projects (<£10m p.a.)	46.7	28.5	17.7	3.7	2.1
Total Expenditure	1,528.6	2,419.0	1,443.7	1,364.7	1,961.0
Capital Grants	721.7	966.3	962.7	1,194.1	1,900.4
Borrowing	655.5	1,124.8	304.3	14.1	31.2
Capital Receipts	70.3	158.0	17.4	15.1	26.7
Crossrail BRS direct contribution	0.0	100.0	0.0	0.0	0.0
Working Capital and Reserve Movements	80.6	68.7	158.8	141.4	0.0
Revenue Contributions	0.5	1.3	0.5	0.0	2.7
Total Funding	1,528.6	2,419.0	1,443.7	1,364.7	1,961.0

Table 5: GLA: Mayor – Capital financing costs

Capital financing costs	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
GLA: Mayor				
Provision for repayment of debt	14.9	12.8	11.8	11.8
External interest	167.2	177.4	169.0	161.0
GLA: Mayor Total	182.1	190.2	180.8	172.8

Tables 6 and 7: GLA: Mayor – Borrowing limits

Authorised limit for external debt	Current Approval 2018-19 £m	Revised Approval 2018-19 £m	Proposed 2019-20 £m	Proposed 2020-21 £m	Proposed 2021-22 £m	Proposed 2022-23 £m
GLA: Mayor						
Borrowing	4,800.0	5,150.0	6,100.0	6,100.0	6,100.0	6,100.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
GLA: Mayor Total	4,800.0	5,150.0	6,100.0	6,100.0	6,100.0	6,100.0

Operational boundary for external debt	Current Approval 2018-19 £m	Revised Approval 2018-19 £m	Proposed 2019-20 £m	Proposed 2020-21 £m	Proposed 2021-22 £m	Proposed 2022-23 £m
GLA: Mayor						
Borrowing	4,300.0	4,650.0	5,700.0	5,700.0	5,700.0	5,700.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
GLA: Mayor Total	4,300.0	4,650.0	5,700.0	5,700.0	5,700.0	5,700.0

Mayor's Office for Policing and Crime

Table 1: MOPAC - Subjective analysis

Subjective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan	Plan
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
Police officer pay	1,803.6	1,777.6	1,889.6	1,945.4	1,980.1	2,042.6
Police staff pay	494.4	456.4	544.6	539.4	549.5	557.5
PCSO pay	53.4	51.4	56.4	56.7	57.9	59.3
Total pay	2,351.4	2,285.4	2,490.6	2,541.5	2,587.5	2,659.4
Police officer overtime	93.6	114.6	99.8	93.5	94.6	95.7
Police staff overtime	20.1	25.6	21.1	21.0	21.0	21.0
PCSO overtime	0.1	0.1	0.1	0.1	0.1	0.1
Total overtime	113.8	140.3	121.0	114.6	115.7	116.8
Employee-related expenditure	18.5	21.0	18.6	17.7	17.7	17.7
Premises costs	160.1	159.9	172.7	179.5	147.3	145.3
Transport costs	70.3	69.8	68.2	67.5	67.8	67.8
Supplies and services	513.3	536.5	592.3	551.7	581.1	605.3
Total running expenses	762.2	787.2	851.8	816.4	814.0	836.1
Capital Financing costs	95.5	100.2	58.9	77.6	85.4	98.1
Total expenditure	3,322.9	3,313.1	3,522.3	3,550.1	3,602.6	3,710.5
Other income	-260.8	-249.7	-260.0	-261.2	-263.7	-267.8
Total income	-260.8	-249.7	-260.0	-261.2	-263.7	-267.8
Discretionary pension costs	34.4	34.5	34.4	34.4	34.4	34.4
Savings to be identified	0.0	0.0	0.0	-54.7	-50.1	-167.1
Net expenditure	3,096.5	3,097.9	3,296.7	3,268.6	3,323.2	3,310.0
Transfer to/from (-) reserves	5.9	25.7	103.4	-98.9	-122.8	-18.4
Share of council tax collection fund surplus	0.0	0.0	-18.5	0.0	0.0	0.0
Net financing requirement	3,102.4	3,123.6	3,381.6	3,169.7	3,200.4	3,291.6
Specific grants	486.9	507.6	509.3	455.6	455.6	455.6
Retained business rates	92.0	92.5	220.0	32.5	32.7	92.2
Home Office Police Grant	1,882.1	1,882.1	1,927.1	1,927.1	1,927.1	1,927.1
Council tax requirement	641.4	641.4	725.2	754.5	785.0	816.7

Abbreviations: PCSO - Police Community Support Officers

Table 2: MOPAC – Final Draft capital plan

Final Draft capital plan	Forecast Outturn 2018-19 £m	Budget 2019-20 £m	Plan 2020-21 £m	Plan 2021-22 £m	Plan 2022-23 £m
Property forward works	12.2	15.0	24.9	13.5	25.0
IT core infrastructure and replacement	38.3	43.8	28.3	28.3	23.0
Fleet	28.0	38.2	22.2	20.9	20.0
National Counter Terrorism Policing HQ	37.0	31.7	21.2	20.4	24.4
Improving Public Access and First Contact	2.1	3.9	2.1	7.0	5.5
Optimising Response	6.7	15.4	34.3	38.8	47.7
Strengthening Local Policing	2.3	0.0	0.0	0.0	0.0
Transforming Investigation and Prosecution	29.1	60.9	36.3	13.9	12.6
Strengthening Armed Policing	0.0	0.0	0.0	0.0	0.0
Smarter Working	2.4	5.5	0.4	0.0	0.0
Workforce Futures	0.0	1.0	1.0	1.0	0.0
Information Futures	0.1	9.6	8.0	9.2	11.4
Transforming the MPS Estate	84.7	250.5	205.7	115.3	20.6
Subtotal	242.9	475.4	384.2	268.3	190.1
Over-programming/headroom	-10.0	-87.4	-83.2	71.6	65.4
Total expenditure	232.9	388.0	301.0	340.0	255.5
<i>Funding</i>					
Capital Receipts	6.0	69.4	172.0	86.9	46.2
Capital grants and other contributions	61.6	54.4	44.3	49.3	54.1
Borrowing	110.2	264.3	84.7	203.8	155.2
Revenue Contributions	55.0	0.0	0.0	0.0	0.0
Total funding	232.9	388.0	301.0	340.0	255.5

Table 3: MOPAC – Capital financing costs

Capital financing costs	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
Provision for repayment of debt	32.9	47.9	51.6	59.6
External interest	25.9	29.7	33.7	38.5
MOPAC Total	58.9	77.6	85.4	98.1

Tables 4 and 5: MOPAC – Borrowing limits

Authorised limit for external debt	Current Approval 2018-19 £m	Revised Approval 2018-19 £m	Proposed 2019-20 £m	Proposed 2020-21 £m	Proposed 2021-22 £m	Proposed 2022-23 £m
MOPAC						
Borrowing	692.6	692.6	945.2	1029.8	1233.7	1388.9
Long term liabilities	76.3	76.2	71	64.9	58.5	52.2
MOPAC Total	768.9	768.8	1016.2	1094.7	1292.2	1441.1

Operational boundary for external debt	Current Approval 2018-19 £m	Revised Approval 2018-19 £m	Proposed 2019-20 £m	Proposed 2020-21 £m	Proposed 2021-22 £m	Proposed 2022-23 £m
MOPAC						
Borrowing	567.6	567.6	820.2	904.8	1108.7	1263.9
Long term liabilities	76.3	76.2	71.0	64.9	58.5	52.2
MOPAC Total	643.9	643.8	891.2	969.7	1167.2	1316.1

London Fire Commissioner

Table 1: LFC - Subjective analysis

Subjective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan	Plan
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
Operational staff	240.6	238.7	249.2	271.5	276.9	282.1
Other staff	56.8	55.7	59.2	57.8	58.0	58.7
Employee related	23.2	24.2	20.8	19.9	20.7	21.2
Pensions	20.4	20.6	22.1	22.3	22.6	22.6
Premises	37.8	37.6	39.7	38.8	40.3	41.3
Transport	16.8	16.5	18.7	17.0	17.5	17.8
Supplies and services	30.4	30.5	29.4	28.9	29.1	29.6
Third party payments	1.9	2.0	1.8	1.8	1.8	1.8
Capital financing costs	9.8	9.3	9.8	11.3	12.4	12.4
Central contingency against inflation	0.2	0.1	-0.3	-0.3	-0.3	-0.3
Savings to be identified	0.0	0.0	0.0	0.0	-9.8	-14.6
Total expenditure	437.8	435.1	450.3	468.9	469.3	472.6
Total income	-37.3	-37.9	-38.4	-40.0	-41.6	-42.8
Net expenditure	400.5	397.2	411.9	428.9	427.7	429.8
Transfer to/from(-) reserves	-1.2	2.1	-7.1	-17.2	-7.4	-0.7
Financing requirement	399.2	399.3	404.8	411.7	420.3	429.1
Specific grants	12.5	12.6	12.5	12.5	12.5	12.5
Retained Business Rates	238.7	238.7	233.2	232.1	232.1	232.1
Council tax requirement	148.0	148.0	159.2	167.2	175.7	184.5

Table 2: LFC – Final Draft capital plan

Final Draft capital plan	Forecast Outturn	Budget	Plan	Plan	Plan
	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m
<i>Expenditure</i>					
IT projects	1.3	5.5	3.8	2.6	4.7
Refurbishment of fire stations	0.0	0.7	0.0	0.3	1.5
New/Replacement fire stations	0.0	0.1	2.6	4.7	2.7
Other property projects	0.0	2.9	0.9	0.0	0.0
Sustainability projects	0.4	2.5	1.6	0.2	1.8
Minor improvements programme	2.6	3.9	4.5	3.4	3.1
Fire Brigade fleet re-procurement	9.6	24.2	22.6	7.6	2.3
New Training Centre	0.1	0.2	1.8	6.3	5.9
Total expenditure	14.0	40.0	37.8	25.1	22.0
<i>Funding</i>					
Capital Receipts	1.9	40.0	44.3	15.0	12.0
Retained Business Rates	11.8	0.0	-11.8	0.0	0.0
Capital Grants	0.3	0.0	0.0	0.0	0.0
Borrowing	0.0	0.0	3.2	10.1	10.0
Other	0.0	0.0	2.1	0.0	0.0
Total funding	14.0	40.0	37.8	25.1	22.0

Table 3: LFC Capital financing costs

Capital financing costs	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m
LFC				
External interest	9.8	11.3	12.4	12.4
LFC Total	9.8	11.3	12.4	12.4

Tables 4 and 5: LFC – Borrowing limits

Authorised limit for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed	Proposed
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
LFC						
Borrowing	150.0	150.0	155.0	155.0	175.0	175.0
Long term liabilities	75.0	75.0	70.0	70.0	70.0	70.0
LFC Total	225.0	225.0	225.0	225.0	245.0	245.0

Operational boundary for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed	Proposed
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
LFC						
Borrowing	145.0	145.0	150.0	150.0	170.0	170.0
Long term liabilities	75.0	75.0	70.0	70.0	70.0	70.0
LFC Total	220.0	220.0	220.0	220.0	240.0	240.0

Transport for London

Table 1: TfL - Subjective analysis

Subjective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan	Plan
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
<i>Income</i>						
Passenger income	-4,774.3	-4,762.6	-4,820.9	-5,191.3	-5,742.5	-6,168.3
Congestion charging	-231.8	-230.1	-225.7	-225.0	-238.1	-238.2
Media income	-165.2	-148.7	-151.7	-170.3	-184.1	-194.4
Other income	-485.4	-413.7	-750.8	-920.6	-1,162.7	-1,119.4
Total Income	-5,656.7	-5,555.1	-5,949.1	-6,507.2	-7,327.4	-7,720.3
<i>Operating Expenditure</i>						
Employee expenses	2,196.4	2,128.0	2,197.4	2,192.7	2,152.2	2,125.8
Premises	362.7	330.8	329.7	348.8	347.3	354.6
Bus contract payments	1,992.9	1,996.2	2,005.2	2,025.3	2,046.3	2,071.8
CCS Income & other road contracted services	382.6	343.3	344.4	362.3	440.8	447.9
Asset maintenance and LA payments	547.3	527.3	657.0	676.8	656.7	661.4
Franchise payments	592.8	474.0	708.7	921.8	947.9	986.3
ICT	194.4	194.7	204.5	198.7	201.7	208.2
Traction current	132.5	129.8	131.0	151.5	163.9	174.2
Other operating expenses	520.0	557.8	622.6	438.9	416.7	442.7
Capital resources and other recharges	-306.1	-289.0	-318.0	-314.0	-334.2	-339.1
Bad debt provision	45.8	53.8	86.5	72.9	98.3	75.0
Total operating expenditure	6,661.3	6,446.7	6,969.0	7,075.7	7,137.6	7,208.8
Net operating expenditure	1,004.6	891.6	1,019.9	568.5	-189.8	-511.5
Group items and third-party contributions	485.8	451.5	483.7	508.8	548.0	597.2
Revenue resources used to support capital investment	0.0	0.0	0.0	0.0	607.0	779.6
Financing requirement	1,490.4	1,343.1	1,503.6	1,077.3	965.2	865.3
Specific grants	63.1	91.1	42.6	6.6	4.9	5.0
Retained business rates	1,421.3	1,246.0	1,455.0	1,064.7	954.3	854.3
Council tax requirement	6.0	6.0	6.0	6.0	6.0	6.0

Abbreviations: CCS - Congestion Charging Scheme.

Table 2: TfL – Final Draft capital plan

Final Draft capital plan	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m
Crossrail contributions	1,403.0	1,196.0	0.0	0.0	0.0
Elizabeth line trains and enabling works	329.1	67.9	0.0	0.0	0.0
Line extensions	165.3	242.5	177.3	116.5	0.0
Line upgrades	419.9	448.5	440.3	455.6	540.1
London Underground enhancements	161.5	156.2	137.1	104.7	60.1
Buses enhancements	13.7	13.8	0.4	0.0	0.0
Streets enhancements	122.7	206.2	324.5	325.5	353.7
Rail enhancements	30.8	28.3	0.4	3.0	1.0
Other surface operations enhancements	29.5	29.6	52.3	32.7	0.5
Corporate projects enhancements	201.6	323.5	342.9	189.9	315.5
Renewals	425.3	456.1	576.0	653.3	634.9
Total capital expenditure	3,302.4	3,168.6	2,051.2	1,881.2	1,905.8
Capital receipts	719.7	211.2	299.1	53.0	206.7
Retained business rates	677.5	452.3	799.6	930.2	1,050.8
Grants to support capital expenditure	210.2	274.9	119.8	11.8	15.0
Borrowing	820.0	800.0	580.0	500.0	500.0
Crossrail funding sources – non-OSD	777.7	906.0	5.0	5.0	4.0
Crossrail funding sources – OSD	221.5	97.9	14.8	79.7	47.1
Revenue contributions	0.0	0.0	0.0	607.0	779.6
Working capital and reserves movements	-124.2	426.3	232.9	-305.5	-697.4
Total funding	3,302.4	3,168.6	2,051.2	1,881.2	1,905.8

Abbreviations: OSD - Over Station Development

Table 3: TfL – London Underground final draft capital plan

Final Draft capital plan	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m
Four Lines Modernisation	383.4	283.2	202.1	127.5	2.9
Deep Tube upgrade programme	44.1	87.0	165.0	256.0	422.0
Northern line Extension	174.9	213.4	126.6	92.0	0.0
Major station upgrades	121.8	96.9	84.8	75.4	13.2
World Class Capacity	20.5	33.5	12.5	9.7	9.7
London Underground Other	52.6	73.3	111.1	89.8	90.1
London Underground renewals and enhancements	253.7	292.4	303.6	329.4	371.4
Total expenditure	1,051.0	1,079.7	1,005.7	979.8	909.3

Table 4: TfL – Rail final draft capital plan

Final draft capital plan	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m
Dockland Light Railway rolling stock	3.2	66.8	88.5	91.1	105.5
London Overground	42.6	30.5	7.1	7.9	5.0
Trams	17.6	14.9	7.4	9.2	8.9
Barking Riverside extension	-9.6	29.0	50.7	24.5	0.0
Other Rail	8.3	25.7	23.8	32.2	47.2
Total expenditure	62.1	166.9	177.5	164.9	166.6

Table 5: TfL – Surface Transport final draft capital plan

Final draft capital plan	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m
Buses	26.2	25.5	25.7	46.4	44.9
Streets	161.4	254.8	405.6	445.9	456.4
Other Surface	69.2	51.5	82.6	48.0	7.2
Total expenditure	256.8	331.8	513.9	540.3	508.5

Table 6: TfL – Corporate final draft capital plan

Final draft capital plan	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m
Customer Experience	72.4	106.9	111.9	23.8	23.6
Commercial Development projects	126.9	210.9	209.6	123.9	243.0
Other Corporate investment	0.7	8.5	32.6	48.5	54.8
Corporate expenditure excluding Crossrail	200.0	326.3	354.1	196.2	321.4
Crossrail construction	1,403.4	1,196.0	0.0	0.0	0.0
Elizabeth line rolling stock & depots	329.1	67.9	0.0	0.0	0.0
Corporate expenditure including Crossrail	1,932.5	1,590.2	354.1	196.2	321.4

Table 7: TfL – Capital financing costs

Capital financing costs	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m
TfL				
Provision for repayment of debt	26.3	26.3	26.3	26.8
External interest	485.2	513.7	551.4	598.8
TfL Total	511.5	540.0	577.7	625.6

Tables 8 and 9: TfL – Borrowing limits

Authorised limit for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed	Proposed
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
TfL						
Borrowing	12,382.1	12,382.1	13,621.6	14,201.6	14,701.6	15,201.6
Long term liabilities	200.3	200.3	213.4	228.5	249.2	235.0
TfL Total	12,582.4	12,582.4	13,835.0	14,430.1	14,950.8	15,436.6

Operational boundary for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed	Proposed
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
TfL						
Borrowing	11,339.9	11,359.9	12,159.9	12,739.9	13,239.9	13,739.9
Long term liabilities	200.3	538.2	444.4	413.6	414.1	382.7
TfL Total	11,540.2	11,898.1	12,604.3	13,153.5	13,654.0	14,122.6

Table 2: LLDC Final draft capital spending plan

Final draft capital plan	Forecast	Budget	Plan	Plan	Plan
	Outturn				
	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m
<i>Expenditure</i>					
East Bank	30.6	83.3	186.6	128.7	8.3
Development	31.3	15.8	10.0	26.2	13.1
Stadium	27.3	29.3	28.8	19.2	19.9
Park and Venues	5.4	7.9	1.7	1.6	3.2
Regeneration	0.4	0.7	0.6	0.3	0.3
Finance, Commercial and Corporate Services	1.9	2.5	1.9	1.7	1.7
Corporation Tax and Contingency	8.5	4.6	4.9	1.5	3.0
Other	0.0	7.9	0.0	0.0	0.0
Total expenditure	105.4	152.0	234.5	179.2	49.5
<i>Funding</i>					
Capital Receipts	0.2	52.1	38.1	39.4	48.9
GLA Grant	3.2	17.6	25.8	83.5	6.2
East Bank	55.3	39.3	82.5	40.0	10.9
Other	0.3	0.0	0.0	0.0	0.0
Borrowing	46.4	43.0	88.1	16.3	-16.5
Total funding	105.4	152.0	234.5	179.2	49.5

Table 3: LLDC – Capital financing costs

Capital financing costs	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m
LLDC				
External interest	11.8	13.8	15.4	15.4
LLDC Total	11.8	13.8	15.4	15.4

Tables 4 and 5: LLDC Borrowing limits

Authorised limit for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed	Proposed
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
LLDC						
Borrowing	480.0	480.0	500.0	520.0	520.0	520.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
LLDC Total	480.0	480.0	500.0	520.0	520.0	520.0

Operational boundary for external debt	Current Approval	Revised Approval	Proposed	Proposed	Proposed	Proposed
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
LLDC						
Borrowing	470.0	470.0	490.0	520.0	520.0	520.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
LLDC Total	470.0	470.0	490.0	520.0	520.0	520.0

Old Oak and Park Royal Development Corporation

Table 1: OPDC - Subjective analysis

Subjective analysis	Revised Budget	Forecast Outturn	Budget	Plan	Plan	Plan
	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m	£m
Employee expenses	3.4	3.3	4.7	4.8	4.9	5.0
Supplies and services	5.8	5.8	6.3	5.8	5.4	5.4
Total expenditure	9.2	9.1	11.0	10.6	10.2	10.4
Total income	-0.9	-0.8	-1.5	-1.0	-0.7	-0.7
Net expenditure	8.3	8.3	9.5	9.6	9.6	9.7
Business rates	5.1	5.1	9.5	9.6	9.6	9.7
Mayoral Development Corporation Reserve	3.2	3.2	0.0	0.0	0.0	0.0
Council tax requirement	0.0	0.0	0.0	0.0	0.0	0.0

Table 2: OPDC – final draft capital spending plan

Final draft capital plan	Forecast Outturn	Budget	Plan	Plan	Plan
	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m
<i>Expenditure</i>					
Land Assembly	0.0	27.0	76.0	75.0	6.0
Street Structure	0.0	0.0	2.0	38.0	83.0
Energy and Utilities	0.0	2.0	10.0	6.0	13.0
Telecommunications	0.0	0.0	0.0	0.0	0.0
Social Infrastructure	0.0	0.0	0.0	0.0	2.0
Offsite Highways	0.0	0.0	0.0	1.0	7.0
Other	0.0	1.0	6.0	13.0	16.0
Land - Acquisition of Freehold	0.0	25.0	0.0	0.0	0.0
Total expenditure	0.0	55.0	94.0	133.0	127.0
<i>Funding</i>					
Capital grants and contributions	0.0	55.0	94.0	133.0	127.0
Total funding	0.0	55.0	94.0	133.0	127.0

GLA Group Savings and Collaboration

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

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; some of the arrangements include – amongst others - 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.

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. Some of the shared service and collaborative arrangements and achievements in 2018-19 are outlined below.

The GLA Group collaborative procurement function

The GLA Group Collaborative Procurement Team manages the common and low complexity procurement expenditure for the GLA and its functional bodies. Since its creation, the team has achieved total gross savings (i.e. cashable and non-cashable savings) of £23.6 million for the GLA Group, of which £0.6 million relates to the GLA. The biggest beneficiary of the scheme in financial terms is TfL, reflecting the size of its budget compared with those of the GLA and its other functional bodies.

The function is overseen by the GLA Collaborative Procurement Board whose duties include exploring opportunities for further collaboration across more complex areas of expenditure with a view to increasing the level of savings achieved. Work is currently underway to identify and assess those collaborative areas.

The GLA Group Investment Syndicate (GIS)

The GLA has established a Group Investment Syndicate (GIS) across the whole of the GLA Group (excluding TfL but including the London Pensions Fund Authority). The GIS makes collective decisions on the Syndicate's c£2.5 billion of investments and c£4 billion of borrowings. The GIS 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 GIS platform is being developed to enable other parts of London government to enjoy these benefits.

Using technology to improve efficiency

The GLA is using technology to deliver innovation, collaboration and value for money as well as supporting the work of the Mayor of London, London Assembly and GLA. There are a number of technology infrastructure programmes at the GLA; some of the key elements include the introduction of a scalable, cloud-based infrastructure to deal with growth in data and to ensure that up-to-date office systems are in place with improved support for collaboration and mobile working. Another is the use of open source IT tools that have brought further efficiencies for the GLA and has also crucially removed the restrictions associated with complying with often complex and restrictive licence arrangements.

The GLA has a good track record of collaborating with other public sector organisations to deliver value for money in delivering technology solutions. For example, internet access, SAP, and hosting are provided by TfL while the GLA also provides a full range of technology services to MOPAC, OPDC and from 2019-20 the LLDC.

Business rates and council tax maximisation programmes

The GLA seeks to maximise income from council tax and business rates revenues. The Mayor has approved funding until at least the end of 2019-20 to support property inspection work and related activities in order to maximise the accuracy of the council tax and business rates valuation list; all London billing authorities are eligible for funding from the GLA for this work. Separate projects are in place with a number of billing authorities to support work to tackle arrears and ensure that properties incorrectly excluded from local rating lists are reported to the Valuation Office Agency (VOA). The estimated £3.5 million cost of these projects in 2019-20 is expected to be recovered many times over in terms of the additional business rates and council tax income generated. This initiative demonstrates the GLA's commitment to working with boroughs and the Corporation of London for London's benefit, as around £13 billion is expected to be collected in 2019-20 in council tax, non-domestic rates and the Crossrail business rates supplement in the capital.

Summary of other key shared service arrangements

Other key arrangements - amongst the many that the GLA and functional bodies have entered into - are set out below. All deliver cashable savings and/or efficiency gains:

- **TfL Legal Services:** TfL Legal provides the full suite of legal services to the GLA, MOPAC, LLDC and OPDC;
- **MOPAC Audit Function:** MOPAC provides 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 and from 2019-20, LLDC;
- **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.

Savings and efficiencies across the GLA Group

The total savings and efficiencies to 2022-23 which have been identified across the Group are summarised below. The figures are presented on an incremental basis and do not include any savings still to be identified.

Savings and efficiencies	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m
GLA: Mayor	3.0	0.0	0.0	0.0
GLA: London Assembly	0.0	0.0	0.0	0.0
MOPAC	35.1	4.8	50.2	5.4
LFC	0.2	1.6	-0.9	0.4
TfL	204.2	317.1	150.3	152.0
LLDC	0.6	1.6	0.6	1.2
OPDC	0.3	0.0	0.0	0.0
Total	243.4	325.1	200.2	159.0

The table below sets out the savings to be identified within the budgets of each of the GLA Group functional bodies. The figures demonstrate the savings required in order to balance the budget in each year of the period, based on current planning assumptions.

Savings to be identified	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m
GLA: Mayor	0.0	0.0	0.0	0.0
GLA: London Assembly	0.0	0.0	0.0	0.0
MOPAC	0.0	54.7	50.1	167.1
LFC	0.0	0.0	9.8	14.6
TfL	0.0	0.0	0.0	0.0
LLDC	0.0	0.0	2.4	1.3
OPDC	0.0	0.0	0.0	0.0
Total	0.0	54.7	62.3	183.0

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 2019-20.

	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
MOPAC	3,556.7	0.0	-278.5	3,278.2	103.4	3,381.6
GLA Mayor	708.1	0.0	-229.6	478.6	-91.5	387.1
GLA Assembly	8.0	0.0	0.0	8.0	-0.2	7.8
LFC	450.3	0.0	-38.4	411.9	-7.1	404.8
TfL	7,452.7	-4,820.9	-1,128.2	1,503.6	0.0	1,503.6
LLDC	45.8	0.0	-25.1	20.7	0.0	20.7
OPDC	11.0	0.0	-1.5	9.5	0.0	9.5
Total other services	8,675.9	-4,820.9	-1,422.8	2,432.2	-98.8	2,333.5
Total GLA Group	12,232.6	-4,820.9	-1,701.3	5,710.4	4.6	5,715.1

Council tax requirement and Band D council tax

	Net expenditure after use of reserves	Specific Government grants	General Government grants	Business rates	Council tax requirement	Band D amount
	£m	£m	£m	£m	£m	£
MOPAC	3,381.6	509.3	1,927.1	220.0	725.2	242.13
GLA Mayor	387.1	192.0	0.0	127.5	67.6	22.51
GLA Assembly	7.8	0.0	0.0	5.2	2.6	0.87
LFC	404.8	12.5	0.0	233.2	159.2	53.00
TfL	1,503.6	42.6	0.0	1,455.0	6.0	2.00
LLDC	20.7	0.0	0.0	20.7	0.0	0.00
OPDC	9.5	0.0	0.0	9.5	0.0	0.00
Total other services	2,333.5	247.1	0.0	1,851.1	235.3	78.38
Total GLA Group	5,715.1	756.4	1,927.1	2,071.0	960.6	320.51

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 specific grants (including for example Home Office police funding for counter-terrorism, fire revenue grants and TfL Overground grant);
- retained business rates; 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)	Budget	Plan	Plan	Plan
	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m
GLA Mayor	387.1	439.9	450.7	450.7
GLA Assembly	7.8	8.0	8.2	8.4
MOPAC	3,381.6	3,169.7	3,200.4	3,291.6
LFC	404.8	411.7	420.3	429.1
TfL	1,503.6	1,077.3	965.2	865.3
LLDC	20.7	32.7	31.6	31.4
OPDC	9.5	9.6	9.6	9.7
Net revenue expenditure	5,715.1	5,149.0	5,085.9	5,086.2

Retained business rates funding

The table below sets out the provisional forecast of retained business rates for 2019-20 reflecting current assumptions on the financial impact of London's 75 per cent business rates retention pilot.

Appendix I outlines the assumptions made in more detail for 2019-20 and the subsequent three years having regard to the planned introduction of 75 per cent business rates retention nationally from April 2020.

The allocations are indicative, as the actual sums allocated will be dependent on business rates revenues generated in London, although the amount the Mayor is committed to pay to the functional bodies are expected to be no lower than the figures stated.

The allocations for 2019-20 have been updated to reflect the forecasts submitted by the 33 London billing authorities at the end of January 2019 and the proposed allocation of the additional revenues by the Mayor. These reflect the distribution mechanism agreed between the GLA and the 33 London billing authorities for the 75 per cent business rates retention pilot. The GLA expects to manage any volatility arising from these forecasts through the GLA's Business Rates Reserve. The TfL allocation also include its business rates funding for its capital spending plan as set out in Appendix D which is not included in the revenue expenditure summary table at the beginning of this Appendix.

Proposed allocation of business rates income in 2019-20

	GLA Mayor £m	GLA Assemb ly £m	TfL £m	LFC £m	MOPAC £m	LLDC £m	OPDC £m	Total £m
General services	66.8	5.2	1,907.3	233.2	220.0	20.7	9.5	2,462.7
Strategic investment fund	60.7	0.0	0.0	0.0	0.0	0.0	0.0	60.7
Total	127.5	5.2	1,907.3	233.2	220.0	20.7	9.5	2,523.4

Council tax calculations

The difference between net revenue expenditure and the sum of grant funding from the Government and through retained business rates 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 actual £22.1 million collection fund surplus in respect of council tax for 2018-19 which will be paid over by billing authorities through an adjustment to their 2019-20 instalments. The surplus is assumed to be £12.2 million for 2020-21 onwards.

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	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
Net financing requirement	3,123.6	3,381.6	3,169.7	3,200.4	3,291.6
Government grants and retained business rates	-2,482.2	-2,656.4	-2,415.2	-2,415.4	-2,474.9
Amount for police services	641.4	725.2	754.5	785.0	816.7

This is equivalent to a Band D element for police services of £242.13 for 2019-20 in the 32 London boroughs (£218.13 for 2018-19).

Council tax requirement for other services

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

Council tax requirement for other services	2018-19	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m	£m
GLA, LFC, LLDC, OPDC and TfL net expenditure	2,130.1	2,333.5	1,979.3	1,885.6	1,794.6
Government grants, Retained Business Rates and use of MDC reserve	-1,905.8	-2,098.0	-1,734.4	-1,630.9	-1,529.6
Amount for other services	224.3	235.4	244.9	254.7	265.0

This is equivalent to a Band D element for other services of £78.38 for 2019-20 in the 32 London boroughs (£76.10 for 2018-19). In the City of London this is the full Band D council tax amount for GLA services.

Summary of proposed adjusted and unadjusted council tax by Band

The proposed adjusted basic amount of council tax is therefore £320.51 for a Band D property (i.e. £242.13 for the Mayor's Office of Policing and Crime plus £78.38 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 (£)

Band	2019-20	2018-19	Change
Band A	£213.67	£196.15	£17.52
Band B	£249.29	£228.85	£20.44
Band C	£284.90	£261.54	£23.36
Band D	£320.51	£294.23	£26.28
Band E	£391.73	£359.61	£32.12
Band F	£462.96	£425.00	£37.96
Band G	£534.18	£490.38	£43.80
Band H	£641.02	£588.46	£52.56

The proposed unadjusted basic amount of council tax is £78.38 – this is the specific sum paid by Band D council taxpayers in the City of London. Residents of the City of London contribute to the cost of the City of London Police through the separate City of London council tax charge.

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

Band	2019-20	2018-19	Change
Band A	£52.25	£50.73	£1.52
Band B	£60.96	£59.19	£1.77
Band C	£69.67	£67.64	£2.03
Band D	£78.38	£76.10	£2.28
Band E	£95.80	£93.01	£2.79
Band F	£113.22	£109.92	£3.29
Band G	£130.63	£126.83	£3.80
Band H	£156.76	£152.20	£4.56

Council tax referendum thresholds

Alongside the final local government finance settlement, the Government published 'The Referendums Relating to Council Tax Increases (Principles) (England) Report 2019-20', setting out the council tax referendum thresholds for 2019-20. This was approved by the House of Commons on 5 February. The report states that the GLA would be required to hold a referendum if the increase in the adjusted basic amount (i.e. the Band D council tax including the policing element) is more than £26.28 or the increase in the unadjusted precept (i.e. the Band D council tax excluding policing) is 3 per cent or more.

The adjusted relevant basic amount of council tax for 2019-20 is £26.28 higher than the amount for 2018-19, therefore the adjusted amount of council tax proposed for 2019-20 does not meet the definition of 'excessive' in the principles set by the Secretary of State.

The unadjusted relevant basic amount of council tax for 2019-20 is £2.28 (2.996 per cent) higher than the amount for 2018-19, therefore the unadjusted amount of council tax proposed for 2019-20 does not meet the definition of 'excessive' in the principles set by the Secretary of State.

The council tax levels proposed in this budget by the Mayor would therefore not trigger a council tax referendum in the 32 London boroughs and the area of the Common Council of the City of London.

Funding Assumptions

Introduction

This Appendix sets out the medium term funding outlook for the GLA Group in respect of Government grant, retained business rates and council tax. It takes into account the impact of the announcements in the 2018 Budget, published on 29 October 2018, and the provisional and final police, local government and fire finance settlements, published in December 2018 and January 2019 respectively.

It also explains the underlying assumptions supporting the retained business rates forecasts and considers the impact of the continuing business rates retention pilot and new pooling arrangements. This highlights the degree of uncertainty which exists in respect of future years funding, given the Government's planned 2019 Spending Review, fair funding review for local authority and fire and rescue services and reset of the business rates retention system, alongside potential volatility in both council tax and, to a greater extent, business rates income.

2019-20 Final Local Government and Fire Finance Settlement

The final 2019-20 local government finance and fire settlement was published on 29 January 2019 and approved by the House of Commons on 5 February 2019. The settlement confirmed the provisional funding allocations for English local and fire authorities for 2019-20, which remain in line with the four-year funding settlement set out following the 2015 Spending Review.

The Government has agreed to allow London, in common with a number of other local authorities in other parts of England, to pilot 75 per cent business rates retention in 2019-20, following on from its 100 per cent retention pilot in 2018-19. In practice this will mean the central share payment to MHCLG removed under the 2018-19 pilot will be reinstated for 2019-20, at a percentage rate of 25 per cent. The GLA's notional retention share will be 27 per cent and billing authorities' 48 per cent, in line with the apportionment applied for 2018-19 scaled back to 75 per cent. Unlike for 2018-19, there is no longer a 'no detriment' guarantee by the Government, but the pool will operate its own internal scheme to ensure that no authority will be worse off as a result of participating. This is possible because there is likely to be significant growth above existing baselines. These represent the only material changes to the arrangements for the pilot compared to 2018-19.

The Government has also confirmed that the GLA will be allocated an £8 million share of the estimated £195 million surplus on the levy account which has accrued in 2018-19. This is because the expected levies on growth paid by tariff authorities such as the GLA in 2017-18 have exceeded the safety net payments payable to those in material decline. In addition, the Government has now confirmed the retained business rates outturn for 2017-18 including levy and safety net payments and section 31 grants payable for business rates reliefs. The combined effect of these changes is to increase the expected resources available to the GLA by around £28.8 million compared to the sums allocated in the draft budget. More details on the 2019-20 pilot are set out later in this Appendix.

In 2019-20 all former fire and rescue, GLA general funding and TfL's former operating and investment grants will continue to be provided through the GLA's retained business rates funding baseline along with MOPAC's share of prior year council tax freeze grants. The Mayor also allocates additional retained business rates income to fund policing, significantly above the baseline level set out in the Government's funding settlement. The GLA's revenue support grant in respect of former fire and rescue funding and GLA general grant within its retained rates funding baseline is £8.6 million lower than in 2018-19 (i.e. £127.9 million compared to £136.5 million).

The GLA's retained business rates funding baseline also includes £993 million in 2019-20 in respect of the investment grant formerly paid by the Department for Transport (DfT) - £17 million higher than in 2018-19 – in line with TfL's 2015 Spending Review settlement. The element of this allocated for capital purposes and the element for maintenance and operational expenditure is set out in the Mayor's allocation of business rates for TfL in Appendix D. In line with the funding settlement agreed at Spending Review 2015, £1,010 million is included in 2020-21 in respect of the former investment grant, with this element assumed to rise in line with inflation thereafter, pending the outcome of the expected 2019 Spending Review.

The Secretary of State also confirmed that the Government would proceed with its review of the funding distribution formula for local government and fire services, with an expected implementation date of April 2020. Alongside the provisional settlement, MHCLG issued a consultation paper outlining the options it was considering, albeit without any exemplifications setting out the potential impact on individual local authorities and fire and rescue services. The closing date for responses is 21 February.

In practice, any distributional changes are expected to be phased in through damping and further engagement will take place with the sector during 2019, before any changes are implemented in April 2020. This review will directly affect the GLA's share of fire and rescue funding for the LFC. The level of funding for the GLA in respect of its former general grant and those TfL grants formerly paid by the DfT and currently provided within retained business rates, is expected to be negotiated separately as part of the Government's 2019 Spending Review. It is also unclear how the Government will address the residual £36 million of resources provided through the MHCLG settlement for London policing in respect of MOPAC's notional share of prior year council tax freeze grant.

The Government also published a consultation paper on potential reforms to the business rates retention system from April 2020. The consultation seeks views on the level of risk and reward, proposals to mitigate volatility in income and simplify the system, as well as the arrangements for implementing these changes from 2020. The impact of these potential reforms including the simplified model being considered on the Mayor's budget and the timing of the receipt of future business rates growth is addressed later in this section. The closing date for responses to this consultation is also 21 February.

The Mayor's indicative allocations of retained business rates funding for 2019-20, as set out in Appendix H, reflect the final year of the four-year agreed settlement for the GLA:Mayor, Assembly and functional bodies. Illustrative numbers are also included for 2020-21, 2021-22 and 2022-23, however these are inevitably highly speculative at this stage, as the outcome of the Spending Review, the fair funding review and the reforms to the business rates retention system are not yet known.

2019-20 Home Office Police Grant Settlement and Impact on the Mayor's Office for Policing and Crime

On 24 January 2019 the Minister for Policing confirmed the final grant allocations for 2019-20 for Police and Crime Commissioners in England, the Mayor's Office for Policing and Crime, and the City of London Police. This included 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 and International Capital City (NICC) allocations. These allocations were unchanged from the provisional settlement published on 13 December and the related 2019-20 Police Grant Report was approved by the House of Commons on 5 February.

The settlement confirmed that additional funding from central government would be made available to policing bodies in 2019-20. For MOPAC, the Home Office announced an additional £33 million in Police Grant and increase of £11.7 million in the NICC grant, compared to 2018-19. In addition, the Government will provide a grant of £45.5 million to the Metropolitan Police for police pensions outside of core settlement funding.

MOPAC has therefore been allocated general police grant of £1,927.1 million in 2019-20, comprising £867.9 million of core Police Grant, £754.2 million of former DCLG formula grant, £119.7 million in local council tax support grant and £185.4 million in NICC funding.

The funding settlement also confirmed the additional flexibility for all local policing bodies to be able to increase their Band D council tax charge by up to £24 in 2019-20. The settlement included a figure for extra income from council tax for MOPAC, based on the assumption that this flexibility would be used. The Mayor therefore proposes to increase the council tax charge for police in line with the Home Office's assumption. At this stage the Mayor is retaining his assumption of a 1.99 per cent increase in the police element of council tax in subsequent years as the Government has not provided any confirmation of council tax referendum thresholds and police grants beyond 2019-20. The Mayor will review this planning assumption once more detail is available on the Government's future intentions towards police funding beyond April 2020.

The Policing Minister confirmed that the MPS would benefit from an increase in the counter-terrorism grant in 2019-20, receiving a share of the national increase in the grant of £59 million compared to 2018-19. The detailed elements of this grant for each individual police force are not made publicly available.

For future years, the Mayor has assumed for planning purposes that the general policing grant will be maintained at £1,927.1 million over the period 2020-21 to 2022-23; this assumes the additional core funding for Police Grant and the NICC announced for 2019-20 continues to be allocated at the same level in future years. These figures are indicative, however, as the Government has not provided any commitments on levels of police grant beyond 2019-20. The Home Office has decided to delay consulting on changes to the police funding formula until after the next Spending Review. Therefore, the implementation of any changes to the police funding formula is likely to take place from 2021-22 onwards.

Transport for London funding agreement with the Department for Transport

The Government's 2015 Spending Review, in November 2015, set out the Department for Transport's funding plans for Transport for London. A subsequent funding letter to TfL in March 2017 updated these arrangements, reflecting the changes in business rates retention arrangements outlined above. From April 2018 onwards, DfT has no longer provided a separate general (operating) revenue grant for TfL.

As explained above, TfL's capital investment grant, formerly paid by DfT, has been funded since April 2017 via retained business rates. DfT set out their expectation that funding at the levels set out in their funding agreement letter with TfL should continue to be spent on capital projects.

DfT will continue to provide a £27 million grant to TfL for London Overground Rail Operations Ltd (LOROL) in 2019-20 although the continuation of this thereafter will be subject to negotiation as part of the 2019 Spending Review. TfL also receives other revenue and capital specific grants for specific programmes and projects which are agreed and paid separately.

Funding assumptions for retained business rates for 2019-20 and beyond including the implications of the 75 per cent retention pilot in London

As outlined above, this budget reflects the impact of the 75 per cent business rates retention pilot in London in 2019-20. The pilot was confirmed in the final local government finance settlement and a Memorandum of Understanding (MOU) has been signed between MHCLG, London Councils and GLA officials to this effect. Under the pilot, the 32 London boroughs, the Corporation of the City of London and the GLA will again, as in 2018-19, operate a voluntary business rates retention pool. The Mayor approved the GLA's participation in MD2407 which was signed on 14 January 2019.

The GLA was part of the first wave of pilots which began in April 2017 to increase the share of locally retained business rates beyond the existing default arrangements introduced in 2013-14 where local government retains 50 per cent of rates. Under that partial pilot, the GLA's revenue support grant (£127.5 million in 2019-20) and TfL capital investment grant (£993 million in 2019-20) are being funded through retained business rates, rather than Government grants.

As a result, in 2017-18 the GLA's retention share increased from 20 per cent to 37 per cent; billing authorities in London continued to retain 30 per cent. Local government as a whole in London therefore retained 67 per cent of business rates growth in 2017-18 subject to levy and safety net payments. The Mayor, the Mayors and Leaders of the 32 London Boroughs, the Corporation of London and London Councils agreed a 100 per cent retention pilot in London in 2018-19 which removed the former central share payment – 33 per cent of revenues in 2017-18 – to MHCLG with a 36 per cent GLA share and a 64 per cent billing authority share.

Under the 2019-20 pilot the central share payment to MHCLG will be reinstated at a rate of 25 per cent as this is the mechanism by which the reduced 75 per cent retention share is delivered with the GLA's share being 27 per cent. Funding baselines for the 33 local authorities will continue to be increased by an amount equivalent to the agreed allocations for revenue support grant, which will again not be paid by central government. No additional grants will be rolled in to the GLA's funding baseline as part of the new arrangements, as all its central government core grant funding for non-police services has been included in these arrangements since April 2017.

The pool will continue to pay an aggregate tariff to Government, which is estimated to be around £1.1 billion of the total estimated £8.5 billion of net business rates revenues expected to be collected in London in 2019-20. This compares to a £2.8 billion tariff payment in 2018-19 (reflecting the impact of the lower 75 per cent local retention share in 2019-20).

London authorities will also 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 from April 2018, the increased thresholds for and the continued doubling of small business rate relief and the new one third discount over the next two years for retailers and related businesses occupying premises with a rateable value below £51,000 announced in the Budget on 29 October. These grants will continue to be paid directly to the GLA in respect of its retained business rates share outside the London pool. It is assumed at this stage that the ongoing cost of these reliefs will continue to be fully funded by the Government beyond 2019-20.

The London pool will retain 75 per cent of any growth in business rate income above the agreed baselines and will pay no collective levy on that growth. This is a significant benefit to the GLA, as it paid over 25 per cent of its growth against its baseline to the Government in 2016-17 and 2017-18 equivalent to total foregone revenue of nearly £50 million (i.e. £13.6 million in 2016-17 and £36.2 million in 2017-18). Some London boroughs with high taxbases were required to pay up to 50 per cent of their growth through the levy prior to 2018-19. So, the removal of the levy is a significant benefit of the pilot.

London authorities will again not be subject to more onerous rules or constraints under the pilot arrangements, than they would have been if they had remained subject to pre-pilot arrangements. No “new burdens” will be transferred to London and participation in the pilot will not affect the development or implementation of the fair funding review scheduled for 2020-21. In the event that London’s business rates income fell, the pool will have a higher “safety net” threshold – 95 per cent rather than 92.5 per cent of the overall baseline funding level – than in the existing system, reflecting the greater reliance local authorities in pilot areas will have on business rates.

The final draft budget reflects the statutory forecasts provided by the 33 London billing authorities for 2019-20 at the end of January 2019 and the revised forecasts for 2018-19 applied to the agreed distribution model for the London pilot. The actual level of growth achieved by the pool will not however be known until the summer of 2020 once the business rates outturn for 2019-20 is confirmed. As stated above, an internal no detriment guarantee will be provided to ensure that no authority can be worse off as a result of participating in the pilot – the reference point being what they would have received on a like for like basis under the 67 per cent retention scheme in place prior to the introduction of the London pilot in 2018-19.

The Mayor has again committed to applying the GLA’s share of any additional net financial benefit from the pilot for use on strategic investment projects. It will be for the Mayor to determine what those projects are. At this stage it is estimated for the purposes of this final draft budget that this incremental benefit applied to fund strategic investment will be £60.7 million. This comprises £52.3 million calculated under the agreed pilot distribution model for 2019-20 and £8.4 million of the 2018-19 collection fund surplus which must be applied for this purpose.

This restriction does not apply to the share of growth the GLA receives based on its pre pilot 37 per cent retention share under the internal no detriment guarantee for the pilot and the levels of core general funding already in place to fund the GLA and functional bodies. The remaining 64 per cent will be distributed to London boroughs using a formula reflecting needs, population and incentives. In both cases this is after top slicing 15 per cent for the strategic London wide investment pot which will be distributed following consultation with the Mayor and the 33 local authorities using the governance model agreed collectively.

The MOU between the GLA, London billing authorities and the Government again commits to the pilot operating for one year only. Were the pool to continue beyond 2019-20, unanimous agreement would be required to reconfirm a pool from 2020-21 onwards.

There is significant uncertainty for April 2020 onwards due to the following factors which mean that a longer-term commitment on pooling and certainty around business rates income is not yet possible:

- the Government's 2019 Spending Review which will affect funding baselines across the Group. These allocations will be separately negotiated in respect of former GLA general grant and former DfT transport grants now provided via retained rates;
- the Government's fair funding review which will affect London's share of the national total of fire funding;
- the planned business rates reset which may remove most if not all of the growth local authorities have retained locally since 2013-14 - assumptions for which are built into the current planning assumptions. It is unclear how this growth will be redistributed back to local authorities through their funding baselines post April 2020;
- uncertainty about how business rates baselines will be set – the basis against which growth is measured – and the calculation of any levy on growth will be made beyond April 2020. Depending on the methodology used and the change in business rates income in 2019-20, this could mean that an authority could be in an effective surplus or deficit before the 2020-21 financial year even commences; and
- a potential simplification of the business rates retention system which is broadly supported by local government and is expected to result in all authorities having to budget at baseline funding in 2020-21 with any growth being payable (and able to be budgeted for) in 2022-23. Any growth for 2020-21 could therefore be delivered potentially via an adjustment to tariffs/top ups in the 2022-23 funding settlement once the 2020-21 outturn data is confirmed in summer/autumn 2021. This means it is possible that no business rates growth will be able to be budgeted for by the Mayor in 2020-21 or 2021-22 with the growth for those years becoming available only in 2022-23 and 2023-24 respectively.

The Government's initial views on how these reforms would be managed were set out in the two consultation papers referred to earlier in this section. The GLA will continue to engage with this ongoing work and respond to the consultation documents.

The GLA will continue to be dependent on the 33 billing authorities' forecasts and collection rates for the retained rates income it receives, including any provisions they make in respect of business rates appeals and uncollectable income.

Billing authorities submitted their business rates forecasts for 2019-20 at the end of January 2019, which included an updated estimate of the sums they expect to collect in 2018-19. The accounting and reporting arrangements operate on a similar basis to council tax – with a budgeted forecast being used to determine in year instalments with any variations in the forecast outturn (whether a surplus or deficit) being adjusted for in the following year's instalments.

The Mayor's final draft budget allocates £2.523 billion in respect of retained business rates for 2019-20. This combined figure is £190.4 million higher than was allocated in the Mayor's draft budget and reflects the impact of additional growth secured during 2018-19 built into the baseline for 2019-20 and the impact of the no detriment guarantee which guarantees the GLA effectively receives 37 per cent of business rates growth in line with its 2017-18 pre-pilot shares, rather than the 27 per cent share it is formally allocated under the 2019-20 local government finance settlement.

Returns from billing authorities also included an estimated business rates collection fund surplus of £24.5 million payable to the GLA in 2019-20 comprising a deficit of £11 million in respect of 2017-18 and prior years which is outside the London pool distribution and £35.5 million in year for 2018-19 which forms part of the pool.

The effect of this is that the GLA will allocate around £339.8 million of net business rates growth in 2019-20 over and above its £2.184 billion funding baseline, as approved in the final 2019-20 local government finance settlement – or just over £279 million excluding the sums allocated strategic investment fund. Clearly allocating this amount for ongoing funding to the GLA and its functional bodies would not be sustainable following the planned full business rates reset in 2020-21. The GLA's medium term financial plans assume that the majority of this additional growth will not be available in 2020-21, even if the current business rates retention system is retained.

There is now a strong possibility that the new simplified business rates retention system outlined above will be introduced in 2020-21 as it commands support from the local government sector. The effect of this change would mean that all local authorities in 2020-21 would be funded at baseline funding and that tariffs and top ups would be adjusted each year to ensure that authorities retain this amount for services. If this new system is introduced business rates growth is likely to be paid on a lagged two-year basis rather than in year based and awarded through the local government finance settlement each December via an adjustment again to tariffs and top ups. This means in practice that any growth above funding baselines for 2020-21 would not be received or be able to be allocated for budget purposes until 2022-23, following receipt of the 2020-21 outturn returns and the confirmation of the provisional settlement. For this reason – and to provide certainty for his policing budget – the Mayor is therefore proposing to set aside £118.6 million of the additional growth in business rates for 2019-20 to fund the £59.3 million due to be paid to MOPAC from this source in both 2020-21 and 2021-22 in advance. Further details on this are set out in Part 1 and in Section 4 of this Part.

The GLA would, if the new simplified system is introduced, receive any business rates growth due for 2020-21 and 2021-22 through the 2022-23 and 2023-24 local government finance settlements and the Mayor would have regard to this timing and phasing issue in setting his budget for those financial years.

As the Government is as yet unable to confirm the final arrangements for business rates retention for 2020-21 onwards, it is necessary for the Mayor to take this action in order to safeguard the funding he has committed from business rates for the MPS. This will be reviewed prior to the setting of the Mayor's 2020-21 budget once final details of the new system are confirmed by the Government later this year.

There are other uncertainties which could affect business rates income beyond 2019-20, in addition to the potential changes to the business rates retention administrative arrangements outlined above. In particular, the effects of the ongoing implementation of the new 'Check, Challenge, Appeal' reforms to business rates valuation, introduced by the Government in April 2017, are as yet unclear. Only a relatively small number of checks and challenges (3,500 and 1,300 respectively) had been registered by London ratepayers by 30 September 2018, reflecting the complexity of the new system and issues with the registration process which the Government's Valuation Office Agency are seeking to manage.

Backlogs also remain in respect of uncleared appeals on the 2010 rating list. At 30 September 2018 there were around 21,100 outstanding business rates appeals in respect of the 2010 rating list in London (equivalent to 7 per cent of all properties) – the highest proportion of any English region. These appeals are particularly concentrated in central London boroughs where, typically, they will be more complex and their impact, if agreed, financially material. The GLA held a provision of £310 million on its balance sheet at 31 March 2018 to meet the potential cost of refunds for these. As outlined above the new Check, Challenge, Appeal system creates initial uncertainty around the future level of appeals as ratepayers, rating agents and local authorities adjust to the new arrangements. This is likely – at least initially – to make forecasting potential losses due to appeals more difficult for the new rating list which is reflected in the low level of challenges to date. Given London is the only English region where rates bills are increasing following the 2017 revaluation these challenges are likely to be greater in the capital than elsewhere.

The GLA is managing the ongoing risks associated with rates retention funding through the use of the Business Rates Reserve. In considering the amount required to be retained in this reserve the Executive Director of Resources is mindful of the experience of the volatility in income from this source between forecast and outturn. This has led to a judgement that sufficient sums should be maintained in the reserve to allow for the difference between the highest variance to date in the forecast (i.e. budgeted) and the actual revenues collected by boroughs each year.

In addition, the uncertainty caused by the ongoing review of the business rates retention system, with reforms expected to be implemented from 2020-21 onwards, could mean growth in business rates retention income is not payable to the GLA until two years after the growth has been generated. This reinforces the need to maintain the Business Rates Reserve at the same level in 2019-20.

Council tax assumptions

Each London billing authority is required to determine its council tax base for 2019-20 by 31 January 2019, 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 assumed an increase in the council taxbase of 2.0 per cent in 2019-20, compared to the 2018-19 taxbase.

However, the actual taxbase increase was on average 1.9 per cent; as outlined previously, the GLA and relevant functional bodies have been allocated additional business rates income in order to maintain their overall control totals at the level assumed in the draft budget (based on an assumed council taxbase increase of 2.0 per cent). Billing authorities are also required to provide an estimated collection fund surplus or deficit outturn calculation for 2018-19 for council tax, taking into account expected collection rates. The draft budget assumed a council tax surplus of £12.2 million and allocated this funding to the GLA: Mayor and MOPAC. The council tax surplus at 31 March 2019 is now estimated to be £22.1 million - an additional £9.9 million compared to the draft budget which has been allocated as set out in Part 1.

The Mayor's budget assumes that the overall Band D council tax charge for the GLA will increase by £26.28 or 8.9 per cent in 2019-20, compared to the 2018-19 level. This level of increase applies to the precept for the 32 London Boroughs (the adjusted basic amount of council tax). The separate Band D charge for the City of London (the unadjusted amount of council tax) will increase by £2.28 or 2.99 per cent.

The increase to the policing element of the precept reflects the Home Office assumptions on additional income, confirmed in the 2019-20 final police settlement, which provided flexibility to policing bodies to increase council tax by up to £24 in 2019-20.

The decision to increase the non-policing element of the precept reflects the additional funding pressures faced by the London Fire Brigade in future years. All of the 2.99 per cent increase in this element of the precept will be allocated to fire and rescue services through the council tax requirement.

The Mayor's decision on council tax levels is of course an annual one and he will make a determination on the appropriate Band D precept each year having regard to Government's 2019 Spending Review, future funding settlements, the referendum thresholds approved by Parliament and the need to maintain investment in key frontline services which keep Londoners safe.

Conclusion

The Government's financial regime has already had a profound impact on the GLA's budget when set alongside the challenges arising from delivering the Government's austerity programme across the Group. It creates both opportunities and risks with the business rates retention scheme in particular, representing an important, but still limited, step towards delivering greater financial devolution for the capital.

Due to the fact that there are ongoing concerns about the potential volatility and accuracy of the council tax and, to a greater extent, business rates tax base estimates which billing authorities will be able to provide, the GLA will continue to maintain a Business Rates Reserve to help manage these risks over the medium term and to provide a degree of certainty to functional bodies. In addition, until the outcome of the 2019 Spending Review, the fair funding review and the reset and planned wider reforms to the business rates retention system are known it is not possible to project business rates revenues and government grant income with certainty.

Budget timetable and key dates

Date	Description
25 February 2019	Mayor to present his final draft consolidated budget to the London Assembly.
28 February 2019	Statutory deadline for the Mayor to approve the final Capital Spending Plan for 2019-20 and notify the Secretary of State for Housing, Communities and Local Government.
31 March 2019	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.

Summary of changes compared to Draft Budget

As noted in the Introduction, since the draft consolidated budget document was published on 16 January 2019, the GLA has received returns from the 33 London billing authorities, confirming council tax bases, the collection fund surplus and forecast business rates income for 2019-20 and the estimated surpluses for 2018-19. In addition, this document reflects the devolution of Adult Education to the GLA.

As a result, material changes have been made to the budget to reflect the allocation of the additional retained business rates and council tax income, to MOPAC, the LFC, GLA and TfL. A summary of the Mayor's proposed allocations of all of this additional income is summarised in Part 1. The additional funding and expenditure for Adult Education is reflected in the GLA: Mayor budget.

The council tax Band D charges for 2019-20 in the 32 London Boroughs and the City of London remain as set out in the draft consolidated budget. However, the figures for the council tax requirement and Band D amounts in 2019-20 have been updated to reflect the final 2019-20 taxbases with the amounts for future years amended slightly, to reflect the consequential impact.

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

Other formats and languages

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Chinese

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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

Vietnamese

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

Bengali

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

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.

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

Turkish

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

Arabic

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

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:

Gujarati

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

