MAYOR OF LONDON

The Mayor's Budget Guidance for 2023-24

29 July 2022

Contents

The GLA Group comprises:

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

Mayor's foreword to the Budget Guidance for 2023-24

There's no escaping the fact that our city faces a difficult outlook. Soaring inflation, the economic impact of the pandemic and the fallout from Brexit are combining to create huge pressures on our communities and businesses. Together, these factors also pose a serious and sustained challenge to the GLA Group's finances - a challenge that has been exacerbated by the political uncertainty stemming from the Prime Minister's resignation and the subsequent leadership contest.

Regrettably, these economic and political headwinds have made it almost impossible for the GLA to budget and plan ahead with any degree of confidence or precision. At the time of writing, we have no idea what central government funding will be made available next year for the Metropolitan Police or the London Fire Brigade. After months of being left in limbo over Transport for London (TfL) funding – with short-term extensions to government support measured in days – the government has finally, in the last week, put forward a proposal for a long-term funding settlement. While sight of this offer is welcome, inevitably we will need time to examine the detail in order to fully understand its impact and implications.

We also have no certainty about whether the government will introduce changes to business rates – either base funding levels or policies around the share of growth in income that we can retain in London. Indeed, we still don't know what our final business rates income will be for 2020-21. We don't know what economic levers, if any, the government will seek to pull in response to the high levels of inflation currently facing our country, including how business rates will be adjusted. From staff pay to the cost of equipment, the GLA Group – just like London's business community – is exposed to these inflationary pressures.

Inflation, of course, impacts all Londoners and council tax is an important part of households' budgets. The government has followed a policy of shifting the costs of policing from themselves to the council taxpayer, while government funding conditions at TfL have left me with no choice but to propose council tax increases to help fill the gap caused by the fall in passenger numbers during the COVID-19 pandemic. I have always been reluctant to increase council tax but have taken the difficult decision to do so where necessary to keep Londoners safe and defend our transport network. The current cost of living crisis means I do not wish to increase council tax again, but ultimately we are at the mercy of government funding decisions. Given the uncertainty about these, it is impossible to give any indication at this stage of what the implications are for council tax, and so this guidance carries forward the assumptions for 2023-24 used in preparing the existing budget.

I want our budget process to be an open and transparent discussion about taking the right long-term investment decisions for London. These are vital for our city, as they drive business confidence and economic activity, as well as ensuring Londoners have the efficient, high-quality public services they deserve. This in turn impacts the national economy: there will be no national recovery from this pandemic without a London recovery. The uncertainty caused by the government's approach to funding makes it impossible to take a long-term approach, and I will continue to push for both multi-year settlements and fiscal devolution to London, so that we can take the right decisions to contribute to our country's success.

Against this challenging backdrop, this budget guidance sets out how the GLA Group will work together to develop our budget for the next year, which will be central to ensuring that we can continue building a better London for everyone – a city that is a fairer, safer, greener and more affordable place for all of our communities.

For the first time ever, our budget will incorporate the concept of climate budgeting, spelling out how our spending is linked to our commitment to make London net zero by 2030. This is the start of a process that is designed to be open and transparent about what we are doing, and what we still need to do, to bring down our emissions, both in the GLA Group and as a city. As recent record-breaking temperatures and devastating fires across London have starkly illustrated, bold and ambitious climate action simply cannot wait. We must act now. So, I'm proud that London is taking a lead at home – and internationally through the C40 network of global cities – in demonstrating that cities are the climate doers, not the delayers when it comes to meeting the greatest challenge of our age.

Far-reaching action to clean up our air and tackle the climate crisis will be one of the cornerstones of this budget, while keeping Londoners safe remains my top priority. Over the last five years, I've invested a record amount from City Hall to support the Metropolitan Police in tackling violent crime and provided additional funding to assist the work of the London Fire Brigade. This has required tough decisions – for example relocating City Hall to the Royal Docks, which is not only saving London's taxpayers £61 million over five years, but also giving a real boost to the regeneration of the surrounding area.

Despite the current financial climate, I'm absolutely determined to not let anything get in the way of our ongoing efforts to improve the lives of all Londoners and address the issues that matter most to them – from backing our police and firefighters with the money and resources they need to do their jobs, to supporting our transport network, building more genuinely affordable homes and providing more opportunities for young Londoners to reach their full potential. We're also prioritising supporting businesses during these testing times and skilling-up Londoners for well-paid jobs as this is crucial to getting our city's economy firing on all cylinders again and ensuring London can play its part in powering our national recovery.

I've always been passionate about supporting our young people and giving back to the city that gave so much to me and my family. The common thread that will continue to run throughout everything I do as Mayor will be my commitment to creating a fairer, more equal, and more inclusive city for all, regardless of your borough or background.

I'll never forget that London gave me the opportunities to go from a council estate to being Mayor of the greatest city on earth. As we navigate the challenging landscape ahead of us, my focus will not only be on creating a fairer, greener, safer and more prosperous London, but also on making sure that as a city we keep the *London Promise* alive for the next generation – the idea that hard work, with a helping hand, means anything is possible for you and your family.

Next year's budget will continue to support this, and I look forward to seeing it develop based on this guidance.

Sadiq Khan
Mayor of London
29 July 2022

1. Introduction

1.1 The GLA Group Consolidated Budget ensures there are sound financial plans to support Mayoral objectives and priorities within available resources. The budget development process is designed to ensure the Mayor's budget proposals are an accurate reflection of the Mayor's priority aims and objectives; and the budget proposals can be contained within available resources.

1.2 The 2023-24 budget process, in summary, requires the GLA and its functional bodies to:

- prepare their 2023-24 budget submission on the basis set out in this guidance
- include, for the first time within the annual budget submission, their contribution towards the London Climate Budget
- provide timely and high-quality quarterly budget monitoring information to help inform the Mayor's deliberations on his budget which recognises the impact of the 2021-22 outturn position – including for business rates – and in-year delivery of the 2022-23 budget
- work on the basis the control totals for revenue spend set out in this Budget Guidance should be used as the basis for their 2023-24 budget submissions in November. The Mayor will keep these control totals under review in light of government announcements on potential changes to local government funding in 2023-24 including any support to manage inflationary pressures which may be announced in the meantime as well as taking into account the 2021-22 outturn position for business rates and council tax once these are available. The Mayor may therefore issue updated control totals later in the year should the current assumptions in this document be affected by other factors
- make a full and final public budget submission to the Mayor by **Friday, 25 November 2022** with proposals that ensure their budget is within the funding envelope specified
- consider and respond to the publication of the Mayor's consultation budget which is expected to be published in mid to late December 2022
- engage with the Assembly as it considers the Mayor's statutory budget proposals, prior to the consideration of the final draft budget at the Assembly's plenary meeting in February 2023.

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

1.4 A more detailed budget timetable can be found at Annex A.

1.5 There are three major issues causing considerable uncertainty to the GLA Group's financial forecast:

1) Inflation is at its highest rate for over forty years with a consequent impact on pay and prices. At the time of publication of this Budget Guidance, CPI was at 9.4 per cent and RPI was at 11.8 per cent. Other than the then Secretary of State for Levelling-Up, Housing and Communities stating in June 2022: *"I wouldn't want to hold out any false hope that there's going to be a significant additional injection of cash,"* central government has, to date, given no indication if, when or how it intends to provide financial support to address the impact of significant inflation rates on regional and local government budgets. The September CPI rate is normally used by government as the basis for uprating the business rates multiplier and key welfare benefits.

2) The future state of London's economy, given the impact of the COVID-19 pandemic, the UK's exit from the European Union and the impacts of inflation on household and corporate budgets. This can be expected to impact on levels of tax receipts, as well as other sources of GLA Group income such as public transport fares.

3) The potential impact of expected changes to the local government finance system which are now well overdue according to the government's own timetable.

1.6 Although there are clear benefits to the public sector in being able to accurately predict its future government funding levels in these unprecedented times, there is no indication central government will provide such information in advance of its usual annual statements which are published, each year, in December and February following a Budget that may be delivered in November.

1.7 Until further information is provided by government, the Mayor expects functional bodies to produce budget submissions in line with the discretionary income allocations for 2023-24 to 2025-26 contained within the **'core central scenario'** outlined in Section 4 below. This scenario represents a prudent, but not worst-case, assessment of council tax and business rates income and takes into account the statutory duties placed on the Chief Finance Officer and CIPFA best-practice.

2. Review of funding sources

2.1 The GLA Group is funded through a combination of different sources, namely:

- retained business rates income
- council tax
- specific and general government grants
- passenger fares income
- locally raised taxes including the Crossrail Business Rates Supplement (BRS) and Mayoral Community Infrastructure Levy (MCIL).

2.2 The Mayor provides funding to functional bodies, via their annual control totals, from the total amount of funding the GLA Group receives from council tax and business rates. Issues related to specific government grants and other sources of income, such as passenger fares, are to be considered by the relevant organisation in conjunction with the Mayor's Office and GLA Group Finance, as part of the budget development process.

Retained business rates income

2.3 Local authorities, under the business rate retention system, retain a proportion of the local taxation revenue raised from businesses in their local area. The remainder is redistributed centrally by the government and used to provide grant funding for local authorities. The GLA has been part of an ongoing business rates pilot since 2017-18 when Transport for London's (TfL's) former circa. £1 billion capital investment grant and the GLA's circa. £150 million residual Revenue Support Grant (the majority of which is for fire and rescue services) were both rolled into the Mayor's business rates funding baseline by the government and the GLA's share of retained business rates income was increased from 20 per cent to 37 per cent. There is no confirmation these pilot arrangements will continue in 2023-24, or on what basis.

2.4 The government's intention, when introducing the business rate retention system, was to ensure each local authority's funding allocation for the first year (2013-14) was similar to the amount it would have received in that year had the Formula Grant system continued. The government therefore calculated for each individual local authority a funding baseline, largely based on the previous formula grant system. It also calculated a business rates baseline based on the average of business rates collected in the two most recent years for which data was available. Where an authority's business rates baseline exceeds its funding baseline, it pays the difference to central government as a tariff, which is used to pay for a top-up for authorities whose funding baseline is less than their business rates baseline. These tariffs and top-ups are uprated each year by the business rates multiplier, normally CPI.

2.5 The Mayor, since 2017-18, has typically received over £3 billion of business rates income per annum from London billing authorities based on the GLA's current 37 per cent share of business rates income (including associated government support for reliefs to ratepayers) once government funded reliefs including for the retail, leisure and hospitality sectors are taken into account. The GLA pays a fixed tariff – circa. £748m in 2022-23 – from this income to the government. The government has indicated it intends to undertake a business rates revaluation prior to April 2023. While, in theory, this revaluation is revenue neutral for the purposes of future funding levels, the GLA's tariff payment will be adjusted to offset any associated movement in its business rates income.

2.6 The GLA can also keep a proportion, currently 66 per cent, of growth in its business rate receipts above baseline level, arising from new or expanding businesses. The remaining 34 per cent of growth above the GLA's baseline is paid as a levy to central government. Revenues generated by levies are used to fund a safety net system to protect those local authorities which see their year-on-year business rate income fall (the default safety net being 92.5 per cent of the baseline funding level although for pilot authorities such as the GLA, which retain a higher share of business rates, the safety net percentage approved in the documentation companying the final 2022-23 local government finance settlement was 97 per cent; this may be subject to revision once the government confirms the final levy and safety net methodology. Assuming the pilot continues into 2023-24 we would expect the current arrangements to be replicated, but this cannot be guaranteed.

2.7 Retained business rates income available to the GLA Group, after allowing for the levy payable on business rates growth, has typically been around £2.3 billion per annum.

Uncertainty around uprating of local government funding for inflation in 2023-24 and interaction with the annual uplift to the business rates multiplier

2.8 As noted above, baseline funding levels are assumed to increase in line with inflation. This is on the basis there would be a matching uplift in the business rates multiplier, as required under existing legislation, in line with the CPI – previously RPI – rate in the preceding September. Since 2019-20 the government has frozen the multiplier and compensated local authorities for the cumulative lost revenues via the general 'section 31' grant.

2.9 It is expected the government will again cap the increase in or freeze the business rates multiplier for 2023-24 – to avoid adding to the distributional impact of the forthcoming April 2023 business rates revaluation. The Office for Budget Responsibility's (OBR's) latest available forecast for CPI, at September 2022, is 7.5 per cent. The government can disapply or reduce this percentage uplift in practice but has always, previously, compensated local authorities for any resulting lost income. Unfortunately, the government is unlikely to provide any information regarding whether it intends to cap, freeze or uprate the business rates multiplier, and on what basis, until after the September reference CPI/RPI is known, in October 2022; and is then unlikely to indicate how much 'compensation' it intends to provide local government for this decision, if at all, until the provisional local government finance settlement is published in December 2022, at the earliest; for the current financial year, this information was only provided in February 2022.

2.10 In 2022-23 – before its tariff adjustment – the GLA Group is budgeted to receive nearly £280 million in section 31 grant funding for the government's decisions to cap or freeze the business rates' multiplier since 2015-16. The GLA Group's total budgeted section 31 grant compensation for retained business rates in 2022-23 – including retail and other reliefs – is £543m, almost one quarter of the Mayor's retained business rates income. Therefore, a significant amount of GLA Group funding moving forward is dependent on the government sustaining its current level of support relating to the business rates multiplier on an ongoing basis.

Potential government reforms to the business rates retention system which may impact on the income the GLA receives

2.11 When the business rates system was first introduced, in 2013-14, the government stated its intention to undertake a 'reset' in 2020, which was likely to remove some, or all, of the growth above baseline funding levels the GLA has benefited from in recent years. However, as noted below, it is now unlikely any reset will occur before 2025-26. The GLA's funding for the first two years when the business rates system was introduced was £120 million below its settlement baseline, partly due to the basis on which business rates baselines against growth were calculated. Hence there remains a considerable risk to the GLA's future level of income from business rates when a full or partial reset of business rates growth is eventually implemented.

2.12 Any government 'fair funding' review would primarily be focussed on making changes to the level of 'needs' funding at an individual local authority level via the national distribution formula. Such a review could also be used by government to introduce other reforms to the business rates retention system, and thereby locally retained business rate funding allocations, such as altering the methodology for determining levy and safety net payments or the timing and phasing of the receipt of business rates income or to distribute some or all existing business rates growth through a reset.

2.13 The fair funding review was expected to have been implemented from 2020-21; a date which has now slipped on four occasions. In June 2022, the then Secretary of State said he intended to introduce a fixed two-year local government funding settlement for 2023-24 and 2024-25; and a fair funding review will occur "shortly – within this calendar year." Local government organisations and groupings (e.g. the Local Government Association) are of the opinion that any such reforms will only be introduced from 2025-26 at the earliest, given the government has not yet commenced formal engagement with the sector on the potential reforms or issued any recent consultation papers setting out its proposals. In order to implement any material reforms at a future local government finance settlement the government would need to launch a full consultation in the previous summer. It has been noted the government do not currently have any central and local government joint working groups operating, or even established, which would be expected to examine various options for future reform, making a consultation required to implement significant reform from 2023-24 unlikely.

2.14 At this stage it is expected, therefore, that 2023-24 will see another 'roll-forward' of the current system; although final decisions on this will, of course, be a matter for the incoming Prime Minister and the Department for Levelling-Up, Housing and Communities (DLUHC) ministerial team they appoint to take a view on. However, given many of the potential funding system reforms were linked to delivering the wider levelling-up agenda, while reforms in 2023-24 are therefore unlikely they cannot be ruled out entirely should incoming Ministers wish to implement change rapidly.

Uncertainty in relation to income for 2022-23 and prior years pending receipt of billing authority outturn data

2.15 There remains uncertainty about the final level of resources available to the GLA Group for 2021-22 and 2022-23, which impacts on future years covered by this guidance. The final 2021-22 outturn data on business rates and council tax from the 33 London local authorities is still awaited and unlikely to be finalised until the statutory audit of their accounts is completed in Autumn 2022. Confirmation by the government of the final methodology for determining retained business rates income including levy payments on growth and safety net payments for those in material deficit is also required.

2.16 Should the 2021-22 outturn assumption result in a material deficit compared to the allocations assumed for that year – including the £258.8 million unallocated sum released for 2021-22 as set out in the Mayor's final 2022-23 budget – which cannot be managed within the business rates reserve the Mayor may need to revisit his final budget allocations for 2023-24 to take these into account.

2.17 Budgeted income figures for 2022-23 used to allocate resources in the Mayor's budget approved in February 2022 are based on estimates made in January 2022. It remains unclear what the residual impact of the COVID-19 pandemic will be on the business rates tax base following the substantial scaling back of the pandemic support schemes for the retail, leisure and hospitality sectors in 2022-23 and the impact of the cost of living crisis on business rates and council tax collection levels.

2.18 The government is also not expected to confirm the section 31 compensation grant to be paid to local authorities for the final cost in 2021-22 of the pandemic relief awarded to ratepayers in the retail, leisure, hospitality and nurseries sectors and through the £1.5 billion Covid Additional Relief Fund (CARF) until early 2023. The total compensation the GLA is expected to receive from government and then pay out to London's billing authorities in respect of these reliefs is around £0.67 billion based on their provisional outturn estimates – the impact of these pandemic reliefs on the GLA should therefore be revenue neutral over time.

Conclusions on business rates forecasts

2.19 Future years' income from retained business rates, in practice, is entirely dependent on government policy decisions on local government finance and funding – including the level of support for inflation pressures delivered through the settlement – and the rate of London's long-term recovery from the economic impact of the pandemic and the current economic challenges due to the cost of living crisis.

2.20 It remains unclear whether the government will make changes to the business rates system in the short to medium term. Such changes, if introduced, could affect the level of business rates growth the GLA Group is able to retain and/or other factors affecting its total business rates allocation (e.g. the methodology for determining the levy and tariff payments).

2.21 Further, the total quantum of business rates funding remains uncertain. In particular, whether government intends to cap or freeze the forthcoming increase in the business rates multiplier; and, if so, whether the government will compensate local authorities for this decision at either CPI, RPI or possibly an even lower rate.

2.22 During the 2022-23 GLA Group Consolidated Budget setting process, sufficient clarity on business rates funding decisions, which the Mayor could rely on to make his decisions, was only provided by government in February 2022. At the time of setting the budget, due to the ongoing expectation of a business rate reset occurring in 2023-24, it was assumed that only 25 per cent (£37.5 million) of anticipated business rates growth would be available post 2023-24; and the remainder would be 'lost' as part of a forthcoming business rate reset.

2.23 Unless government provides more certainty, regarding the future of the business rates system, during this financial year it is likely a similar growth funding assumption will need to again be made for the 2023-24 GLA Group Consolidated Budget. A further update on this issue will be provided in the Mayor's Consultation Budget, due to be published in December 2022.

Council tax

2.24 The Mayor has budgeted to receive over £1.2 billion in council tax precept revenues in 2022-23, almost seventy per cent of which relates to the police element which is passported to the Mayor's Office for Policing and Crime (MOPAC). Although decisions on the level of council tax are made by the Mayor, subject to the London Assembly's power of amendment, in reality the government's assumptions on police funding have required the Mayor to increase the police precept by the maximum allowed each year.

2.25 The Mayor is clear council tax is a regressive tax. According to analysis by the Equality Trust prior to the pandemic, the poorest 10 per cent of households pay 8 per cent of their gross income in council tax, compared to only 2 per cent for the richest. Any increase in council tax is therefore undesirable, and even more so during a national cost of living crisis. However, council tax is a key income source for the GLA Group – the only general tax whose rate is set by the GLA – and is needed to fund essential public services in London. The Mayor's decisions on the amount of council tax funding required are necessarily related to the government's decisions on the amount of funding it will contribute towards these essential services, which are not expected to be known until December 2022.

2.26 Prior to 2021-22 there was a small year-on-year increase in the council tax base (i.e. the total number of properties on which council tax is charged), generating a higher level of income for the same level of precept. Over the last decade, the increase in London's council tax base, on average, has typically been around 2 per cent per annum. However, in 2021-22 there was a reduction in the tax base of just under 1 per cent, as a result of the COVID-19 pandemic. According to billing authority returns for 2022-23, London's tax base for tax setting purposes is forecast to increase by 1.7 percent overall; albeit this ranged between 0.3 per cent and 5.5 per cent at an individual billing authority level. The tax base for 2023-24 will be confirmed by billing authorities in late January 2023, along with the council tax collection fund surplus or deficit (essentially the difference between the expected and forecast 2022-23 tax base); until then it is necessary to make an assumption. The latest Office for Budget Responsibility Economic and Fiscal Outlook (published in March 2022) is projecting a national council tax base increase of 1.06 per cent for 2023-24; given that the 2022-23 figure reflects a rebound following the pandemic-driven fall previously, a prudent projection of 1.0 per cent has therefore been used to determine the core central scenario contained within this Budget Guidance.

2.27 Since 2010, the government's general assumption is that council tax should not increase by more than CPI. It was also stated, in the 2021 Spending Review, the excessiveness principle (or cap) for non-police services (excluding the one-off adult social care precept) would be 2 per cent between 2022-23 and 2024-25 with a £10 limit for local policing bodies. It is currently uncertain whether the government will now amend its assumptions in light of the high inflation rates and provide a higher referendum threshold in line with predicted rates of inflation and/or compensation to meet the difference via special grant. Alternatively, the government could conclude that council tax should not be increased in the current economic climate and therefore provide financial support to enable this. The government is expected to confirm the council tax excessiveness principles for 2023-24 in the provisional local government finance settlement in December 2022.

2.28 Any precept increase approved by the Mayor, or via an Assembly amendment to his final draft budget, beyond the government's limits would require a referendum to be held in May 2023. At this stage, given the uncertainty regarding government policy on council tax in a high-inflation environment, it is not proposed to alter the assumptions previously used in planning for 2023-24 and later years. Therefore, the level of council tax at Band D (both police and non-police precepts) are assumed to rise by 1.99 per cent per annum; supplemented by a further £20 increase for TfL at Band D, for 2023-24 and 2024-25, based on ongoing funding negotiations with the government.

2.29 The current exceptionally high rates of inflation and the cost of living crisis may also impact on council tax collection rates and the level of demand for council tax support by Londoners which could serve to depress the council tax base moving forward. Further, if housing construction slows as a result of the weakening economy, there is likely to be an associated negative impact on forecast and future council tax base increases. The final outturn position for 2021-22 in respect of council tax and business rates will not be confirmed until Autumn 2022 when the 33 local authorities publish their final audited accounts; any variations, or updated forecasts regarding 2022-23 income, will be applied later in this budget process.

2.30 If the government assume in its published funding plans that police precepts should increase by the referendum cap limit previously announced (£10 for 2023-24), and the Mayor adopts this assumption, an additional £13.9 million would be generated for MOPAC, in 2023-24, over and above the current 1.99 per cent increase at Band D assumption (with an overall tax base increase of 1.0 percent).

2.31 The Mayor is likely to have sufficient information to enable him to make a decision on the proposed Band D precept once the government announces the provisional local government, fire and police funding settlements for 2023-24, including its proposed council tax referendum limits. However, this information may not be available in time for the Mayor's consultation budget, due to be published in December 2022.

Specific grants

2.32 The GLA Group receives a significant level of funding through a range of specific and general grants for revenue purposes in addition to those outlined above relating to compensation for the lost revenues arising from support provided to business ratepayers. For example, the Metropolitan Police is forecast to receive over £3 billion in specific and general Home Office grants in 2022-23, which equates to 76 per cent of its budgeted net revenue expenditure. The GLA also receives over £0.3 billion in specific grant funding for Adult Education. In addition, the GLA was allocated a £36.4 million share of the £822 million DLUHC general services grant in 2022-23 for local authorities which is not expected to continue in 2023-24. The London Fire Commissioner (LFC) also budgeted to receive over £36 million in Home Office specific grants in 2022-23 for various purposes.

2.33 If the quantum of these grants does not increase in line with inflation – or indeed are reduced in cash terms – there is a real risk the resulting budget gaps could result in cuts to services. It is currently uncertain if the government will increase this specific grant funding in line with inflation and, if so, on what basis.

2.34 The majority of specific grant allocations for 2023-24 are expected to be published alongside, or shortly after, the provisional police and local government finance settlements in December 2022. Such figures are subject to amendment in the final settlements considered by Parliament in early February 2023.

Passenger fares income

2.35 Although increasing from the historic lows arising from the COVID-19 pandemic, passenger fares continue to be significantly below pre-pandemic levels and TfL's funding forecasts at that time. TfL do not expect fares to return to pre-pandemic levels for the foreseeable future as the pandemic has resulted in more people working from home, shopping locally, or online, and making shorter journeys on foot or by bike; further, lost economic growth means the increase in passenger numbers forecast pre-pandemic has not occurred. TfL has made significant strides towards achieving financial sustainability by 2023-24; however, its financial future continues to depend on uncertainties that require further clarification throughout this financial year (including passenger numbers and government funding support).

2.36 Through previous emergency funding agreements during the COVID-19 pandemic, the government has required TfL fares to increase by RPI or RPI + 1 per cent. If this government policy persists and the current inflation forecasts prove to be accurate, it could lead to fares increasing by over 10 per cent in future.

2.37 TfL continues to receive government support in 2022-23 to offset the impact of pandemic related reductions in fare revenues although the details of this support for the remainder of the financial year remain subject to agreement with government.

Locally raised taxes

2.38 As noted previously, the government intends to undertake a business rates revaluation exercise before April 2023. This revaluation will affect the amount of Crossrail BRS income collected as it is directly proportional to rateable values. The GLA expects to apply c£150 million of BRS and Mayoral Community Infrastructure Levy revenues in 2022-23 to finance the interest costs on its borrowing related to the Crossrail project. However, until further details on the revaluation are published it is not possible to provide an assessment of its likely financial impact on the GLA's future levels of funding.

3. Key deadlines

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

- Save for quarter 4 (see below), within 25 working days of each quarter end, to supply a quarterly budget and performance monitoring report in draft to the GLA and, within 10 additional working days thereafter, to make that monitoring report publicly available.

- By Friday, 25 November 2022, in the light of preliminary draft budget proposals issued by the Mayor, to make a full budget submission as specified below and at Annexes C, D, E and F.

3.2 The Mayor requires the GLA and its functional bodies to provide timely and high-quality information in their quarterly monitoring reports. Accordingly, save for exceptional circumstances, within 25 working days of each of the 1st, 2nd and 3rd quarter-ends a quarterly budget and performance monitoring report is to be supplied to the Mayor and to GLA Group Finance. Thereafter, each member of the Group is to make that monitoring report publicly available on their website within a further 10 additional working days (i.e. 35 working days from the quarter end). These published monitoring reports must also be issued to the London Assembly's Budget and Performance Committee for scrutiny.

3.3 The deadlines for quarter 4 are extended by a maximum of a further 10 days (i.e. 35 working days from the 4th quarter end for supply to the Mayor and GLA Group Finance and 45 working days for publication on the body's website) to allow for the inclusion of each body's outturn position for 2022-23 as part of its statutory draft accounts, with the proviso that the Mayor's Office see an early draft as far in advance as possible. The content and format of the quarterly monitoring reports is to be determined by each member of the GLA Group in consultation with the Mayor's Office but will be expected to cover the issues specified in Annex B below.

3.4 The GLA and functional bodies must transparently present any changes to the Mayor's approved Budget which are made during the year, in particular for quarterly monitoring. This includes revisions to overall budget totals, movements between budget lines, and decisions regarding repurposing of expected underspends. Functional bodies should seek explicit approval for such changes where necessary. In doing so they must provide adequate information for the change to be considered for approval by Deputy Mayors in advance of it being reflected in quarterly reporting. This information should include, but not be limited to, the magnitude and nature of the change along with the reason for making it and other options that have been considered. Where changes are made in year, a clear audit trail must be provided which reconciles the original Mayor's approved Budget with the latest Budget.

4. Control totals

4.1 In accordance with the CIPFA recommendation of good practice, this section considers the indicative control totals for discretionary funding (i.e. council tax precept income and retained business rates) controlled by the Mayor for the three years: 2023-24 to 2025-26. The control totals exclude specific government grants paid to the GLA and functional bodies and the use of general reserves.

4.2 As highlighted in section 2 above, there is considerable uncertainty regarding future levels of government funding. It is unlikely the final position will exactly match the core central scenario provided. The scenario is designed to enable planning and budget work to take place. All future relevant government announcements will be scrutinised for additional information in the hope some certainty regarding future funding levels will be provided as the budget development process progresses.

4.3 The core central scenario is a prudent scenario prepared in the absence of confirmed key financial information from central government. It assumes an uplift of 2.5 per cent in total recurring business rates income for the GLA Group for 2023-24; and a 2.0 per cent uplift thereafter. It also assumes a 1.0 per cent uplift in the overall council tax base; and the Band D council tax precept will increase by 1.99 per cent (plus £20 for TfL) for police and non-police services in 2023-24 and subsequent years. The figures also include the share of the 2020-21 collection fund deficit spread over three years which is to be applied for 2023-24. No collection fund surplus or deficit for 2021-22 has been assumed at this stage for business rates pending confirmation of the final outturn data later in 2022.

4.4 Income has been allocated to each organisation to give each organisation the same total 2023-24 funding allocations as outlined in the 2022-23 GLA Group Consolidated Budget report. The balance has been allocated to Transport for London. The individual 2023-24 control totals have also been adjusted by £2.9 million to reflect the agreed pay-back mechanism for expenditure on invest to save projects via the Group Collaboration Board as per paragraphs 10.2 and 10.3 below.

4.5 In total, this scenario provides an additional £153.2 million (an equivalent of a 4.4 per cent funding increase) to the GLA and functional bodies in 2023-24 compared to the amount received in 2022-23 after one-off items (i.e. non-recurring business rates growth, General Services Grant and the 10th anniversary funding to LLDC) have been removed.

4.6 The following table shows the approved control totals for 2022-23 as set in the final 2022-23 GLA Group budget, both including and excluding the allocation of one-off resources as follows: £36.4 million General Services Grant (GSG), £100.7 million one-off business rates growth and £9.8 million 2021-22 council tax surplus. Control totals for future years are set out by reference to 2022-23 allocations and reflect the differential increases in business rates and council tax income expected. Given the uncertainty regarding funding sources, future years' control totals have been increased proportionally based on funding source, whilst ensuring functional bodies receive at least baseline levels from business rates. Figures are rounded to one decimal place.

Core Central Scenario

Discretionary Mayoral funding control totals (all £ millions)	2022-23 incl.one off funding	Baseline 2022-23 excl. one off funding	2023-24	2024-25	2025-26
GLA: Mayor	203.9	121.6	123.4	126.0	127.8
GLA: Assembly	7.7	7.7	7.9	8.0	8.2
MOPAC	907.6	907.6	934.0	969.6	998.1
LFC	424.4	421.8	435.7	452.9	470.2
TfL	2,016.1	2,010.9	2,121.2	2,226.7	2,268.8
LLDC	29.4	28.9	29.5	30.1	22.6
OPDC	6.8	6.8	6.9	7.0	7.2
Total - Control Totals	**3,596.0**	**3,505.4**	**3,658.6**	**3,820.3**	**3,902.8**
GLA Group	944.6	887.9			
TOTAL - GROUP RESOURCES	**4,540.7**	**4,393.4**			

4.7 At the Spending Review 2021 it was noted: planned public spending *"is expected to stabilise at 41.8% of national income, around 2% of national income higher than its pre-pandemic level."* Whilst noting inflation has significantly increased since the Spending Review was published, in line with this expectation, and in the absence of any new information being published by central government, the core central scenario prudently assumes the government will provide an extra 0.5 per cent (to 2.5 per cent, one-third of the forecast 7.5 per cent September 2022 CPI rate) uplift in business rates funding for 2023-24 and then revert to a 2 per cent uplift thereafter. Given the competing pressures on government finances, including the cost of living pressures facing the UK population, we have to prudently assume the government will cap any uplift at a lower level than the currently anticipated levels of inflation.

4.8 Given the level of uncertainty, an 'optimistic' scenario has also been modelled to understand the sensitivity of possible outcomes. The optimistic scenario is modelled on the assumption that business rates income is uplifted by 6 per cent (whereby the government recognises and provides compensation for 80 per cent of the forecast CPI rate for September 2022 (at 7.5 per cent)) and 25 per cent of any growth above the business rates baseline in 2023-24 would be retained. The council tax base increase is modelled to increase by 1.5 per cent each year. In total, this scenario would provide an additional £276.1 million to the GLA and functional bodies in 2023-24, compared to the amount received in 2022-23 after one-off items (i.e. non-recurring business rates growth, General Services Grant and the 10th anniversary funding to LLDC) have been removed. Decisions on the allocation of any retained business rates income in excess of the central scenario will be made by the Mayor at the point at which the Group Budget is finalised in February 2023; organisations should be prepared to respond promptly to Mayoral requests for information should it become apparent additional one-off or ongoing funds are available.

4.9 **The Mayor proposes the GLA and its functional bodies should assume for planning purposes their allocation of discretionary revenue income from the Mayor for 2023-24 and future years is based on the core central scenario.** Should there be a need to move away from this scenario, for example following further financial information being provided by government, then advice will be issued accordingly. However, it must be recognised it is unlikely new information will be provided by government before the 25 November 2022 deadline is reached for functional bodies to publish their budget submissions.

4.10 The GLA: Mayor numbers reflect the cost of GLA services only. The GLA figures do not reflect any reductions to those financial elements accounted for within the component budget that relate to the wider GLA Group budget (e.g. council tax and business rates income maximisation funding provided to the 32 London boroughs and the Corporation of London and Group-level reserves, including the reserve held by the GLA for LLDC and OPDC). The income maximisation work being undertaken by boroughs with this funding continues to play a critical role in minimising the savings ultimately required for the entire Group. Accordingly, the GLA: Mayor's budget submission should set out details of the GLA's core services only, and not include the items that will be accounted for within the final GLA Group items budget.

4.11 Any proposed variance from the profile indicated in this guidance for the budget for the London Assembly and Secretariat will be considered on the basis of information provided to the Mayor.

4.12 MOPAC's control total assumes the Band D police precept increases by 1.99 per cent in 2023-24 and future years. The Mayor will determine the level of his police precept for 2023-24 in due course but is unlikely to make a final decision until he has had an opportunity to consider the provisional Police Settlement which is expected to be published in December 2022.

4.13 As noted in Section 2, if the government require the police precept to increase by £10, as its funding decisions have assumed in previous years, an additional £13.9 million will be generated for MOPAC in 2023-24 over and above the current 1.99 per cent assumption used to determine the core central scenario.

4.14 LFC funding assumes a 1.99 per cent increase in the non-police precept in 2023-24 is fully passed to the Fire Commissioner. This assumption will be reviewed during the budget process.

4.15 It is assumed there will be a £20 increase in the Band D council tax to generate additional funding for TfL in line with the government's requirements, set out as conditions of its extraordinary funding agreements for TfL during the COVID-19 pandemic. This is subject to Ministers and the House of Commons agreeing council tax excessiveness principles for the GLA as part of the local government finance settlement which would permit this. Transport for London's (TfL) control total includes £991.8 million of retained business rates relating to funding formerly paid as a capital investment grant, which the Mayor may wish to apply for capital purposes, as well as £177.2 million of council tax funding (which includes the £61.5 million of precept funding generated via the GLA precept in 2022-23).

4.16 London Legacy Development Corporation (LLDC) funding figures are for core activities and do not include agreed sums carried forward from previous years or GLA funding for capital financing costs. It should also be noted, in both scenarios, 2025-26 is the first full year following the planned transition to a re-set LLDC and includes subsidy for the London Stadium. The proposed indicative level of grant for the successor body, excluding the stadium, is £10m at current prices updated for inflation as per this budget guidance.

4.17 The successor body's income from the Fixed Estate (FEC) charge will increase after transition as Queen Elizabeth Olympic Park (QEOP) continues to be developed into the 2030s. LLDC has agreed to provide details of transition plans and longer-term estimates for how it will become financially sustainable over time (excluding any on-going subsidy required for the stadium), noting the FEC is currently subject to a formal review.

4.18 Old Oak and Park Royal Development Corporation (OPDC) funding figures are for core activities and exclude any contingency provision held by the GLA. OPDC is moving into a more delivery-focused phase which is still dependent on its four key strategic steps, but which acknowledges the progress made on a number of them. First, the adoption and then implementation of a Local Plan to provide the policy and land use framework for development; second, the organisation of the public sector land into a single arrangement to enable a 'whole-site' approach; third, securing enabling funding for enabling infrastructure and site acquisitions; and fourth, the procurement of a private sector investment and development partner or partners, to bring the expertise and commercial funding required to drive the project forward. OPDC is expected to produce revenue and capital budget submissions that reflect this scaled up activity to be set out in the business case currently under production, and these will be considered by the Mayor in due course.

5. Budget submissions

5.1 The 2023-24 budget proposals to be submitted by the GLA and functional bodies by 25 November 2022 must:

- for revenue expenditure, cover at least 2022-23 (original budget, revised budget and forecast outturn) and budget proposals for 2023-24 to 2025-26
- adhere to Annex C to this guidance, which provides further detail on the revenue information to be provided
- include, for the first time in their budget submissions, information to inform the Mayor's London Climate Budget as described in section 7 and at Annex D of this document
- include a Capital Strategy as described below and at Annex E of this document
- adhere to Annex F to this guidance, which provides further detail on the Social Integration and Equality, Diversity and Inclusion information to be provided.

5.2 The GLA and its functional bodies should each ensure their budget submission is made as one cohesive document which covers all the points in this guidance and its annexes and there are no omissions. Budget submissions should be presented in a format that readily allows public scrutiny. The Mayor expects the GLA and its functional bodies to fully comply with the requirements set out in this guidance.

5.3 In the interests of efficiency and the need to consolidate into a group format and aid budget consultation, information must be presented in a similar format throughout the budget process. GLA officers will work with functional bodies to seek to minimise these burdens. Templates for budget submissions to meet the requirements of Annex C, and the London Climate Budget at Appendix D, will be issued by the end of August 2022.

5.4 All members of the GLA Group are required to produce a Capital Strategy annually, in line with the requirements of CIPFA's Prudential Code. The GLA and each functional body is required to prepare their Capital Strategy on the basis set out in Annex E of this document.

5.5 The Mayor's final budget proposals are intended to be as up to date as possible and reflect the latest information from the GLA and functional bodies. However, to prepare them, the latest date updated budget submissions from the GLA and functional bodies can be considered for inclusion in the Mayor's final draft budget is Friday 27 January 2023. There may of course be further discussions and iterations before the final draft budget is published in mid-February to reflect the final business rates and council tax income estimates and the impact of the final local government finance settlement which will not be confirmed until early February 2023.

6. Social housing

6.1 We are starting to see real results from the Mayor's Affordable Housing policy ensuring all public land, and by exemplar all GLA Group land, produces at least 50 per cent affordable housing. The Kerslake review has taken this to the next level recommending more collaboration and exploration of creative funding mechanisms to maximise delivery.

6.2 Our targets going forward are ambitious, especially considering the huge economic turmoil we see in the housing sector with rising construction costs and difficulties with supplies, materials and labour. They must remain so in order that we do all we can to meet the needs of Londoners. To maximise our impact, it is critical we use funds available to tackle infrastructure issues, remove barriers and enable land to come forward that may be otherwise constrained – this both across the GLA Group but also working in collaboration with our housing providers and local authorities. It is expected functional bodies will consider this when preparing their Capital Strategies.

7. Social Integration and Equality, Diversity and Inclusion

7.1 Action to tackle the structural inequalities experienced by Londoners and taking the steps required to make London to be an anti-racist city are priorities for the Mayor and GLA Group. The unequal and disproportionate impacts of the COVID-19 pandemic, the Black Lives Matter protests and the Windrush scandal all emphasised the need for urgent change. In May 2022, the Mayor, as part of the London Recovery Board, published Building a Fairer City, an action plan for tackling inequality in London, which sets out actions all organisations can take in their role as employers, service providers and as influencers, in order to make targeted progress on entrenched inequalities affecting Londoners. This plan provides a framework for the GLA to adhere to as well as for us to encourage other partners to adopt.

7.2 The Mayor has also set out equalities objectives specifically for the GLA to achieve in Inclusive London (May 2018), his equality, diversity and inclusion (EDI) strategy. This sets out high-level cross cutting strategic EDI objectives for the GLA Group and is subject to review in Summer 2022 to provide a refined set of objectives focussed on delivering in the current Mayoral term.

7.3 All of Us (March 2018), the Mayor's strategy for social integration, outlines how he will create a socially integrated city. Social integration is the extent to which people positively and meaningfully interact and connect with others who are different to themselves. This includes across age, gender, ethnicity and social class. Social integration is determined by the level of equality between people, the nature of their relationships, and their degree of participation in the communities in which they live and the decisions that affect them.

7.4 These strategies include commitments that pertain to a range of GLA and GLA Group activities. The impacts of COVID-19 mean London faces an even more challenging and urgent context for meeting these objectives and commitments. Accordingly, each Chief Finance Officer must work closely with colleagues across their organisation who are working on activity to deliver the EDI and Social Integration strategies and provide a summary of how budget allocations will support delivery of these objectives in the context of London's recovery from COVID-19, taking into account the unequal and disproportionate impacts of the crisis on some communities and groups of Londoners. This content will then be reflected by the Mayor in his consultation budget document which is due to be published in mid to late December.

7.5 In preparing their budgets to support London's recovery all members of the GLA Group must demonstrate how their plans will:

- address inequalities identified in these strategies and/or support the actions in the Building A Fairer City plan
- impact on different groups of Londoners; this includes those sharing characteristics protected by the Equality Act 2010 and low-income Londoners
- strengthen activities to further address structural inequalities and social integration in London – particularly poverty and economic inequality.

7.6 Annex F sets out specific areas where work on equalities can be demonstrated through budget setting.

7.7 The strategies and Building a Fairer City plan bring together key pieces of evidence. However, other important pieces of evidence functional bodies may wish to refer to include:

- Rapid Evidence Review – which set out the impact of COVID-19 on communities and low-income Londoners.
- Vision Statements – underpinning the Building A Fairer City Plan which focus on inequalities affecting, Black, Asian and minoritised Londoners, deaf and disabled Londoners, LGBTQ+ Londoners, older Londoners and women and girls and provide a vision of what successfully addressing these inequalities would look like.
- EDI Evidence Base for London – accompanying the original EDI strategy from 2018, this report presents evidence on London's diverse population, as well as the inequalities experienced by Londoners in areas such as housing, education, employment, transport, crime, health, social integration, culture and sport.
- London COVID-19 Resilience Dashboard – set up at the start of the pandemic to capture and bring together appropriate data and research to monitor London through the recovery period. It includes data on inequalities through a section titled 'Narrowing Inequalities'.

7.8 Actions taken, and progress made against EDI objectives will continue to be reported in the Mayor's Annual Equality Report. This allows us to meet the public sector equality duty under section 149 of the Equality Act 2010 and the Mayor's obligations under section 33 of the GLA Act 1999, as amended.

7.9 Any queries about this area of the Mayor's work, should be directed to Tom Rahilly, Assistant Director of Communities and Social Policy.

8. London Climate Budget

8.1 The Mayor has set an ambitious target of making London net zero carbon by 2030. A key enabler of this ambition is the integration of a 'London Climate Budget' within the GLA Group's annual consolidated budget process and documents. To inform this work the GLA is working with C40 Cities, which the Mayor has chaired since December 2021, in order to learn from cities like Oslo that have had a climate budget in place for several years. London is a C40 climate budget 'Pilot City'.

8.2 A climate budget is a governance system that mainstreams climate considerations into decision making via the budget allocation process and highlights a city's short-term actions (typically annually) to deliver the long-term climate targets (in line with the city's climate action plan or Net Zero Pathway).

8.3 As part of the financial budget process, climate measures are proposed, adopted, implemented, monitored and reported in line with the budget cycle. The climate budget should clearly state targets, actions and to the extent possible the estimated emissions reduction effects over time, costs and financing, as well as any relevant co-benefits.

8.4 A climate budget leads to transparency around actions and the gap/deviations to targets. Further, frequent monitoring, evaluation and reporting ensures accountability across the City. The London Climate Budget will be transparent and will clearly visualise for Londoners, the London Assembly and other stakeholders, how the GLA Group is prioritising efforts to achieve its emissions target and any challenges faced.

8.5 London's first climate budget will focus on the Greater London Authority Group; however, this focus may broaden beyond the Group in the future.

8.6 Ultimately, the ambition of the London Climate Budget is to cover all actions reducing Greenhouse Gas (GHG) emissions in London (both within its boundaries and from the goods and services it consumes) and the measures supporting London's adaptation to climate change. The GLA will engage with other stakeholders, including London boroughs, to identify opportunities for co-ordinating on the development of a London-wide climate budget.

8.7 However, given this is a new approach and untested in London, it is important we get this right, focussing on what can realistically be delivered initially. Within that context the first climate budget will solely focus on the GLA Group. Over time, as confidence grows in the approach, the intention is to incorporate into the climate budget, items that reduce emissions across the whole of London and its supply chain. The reporting scope is currently expected to expand as follows:

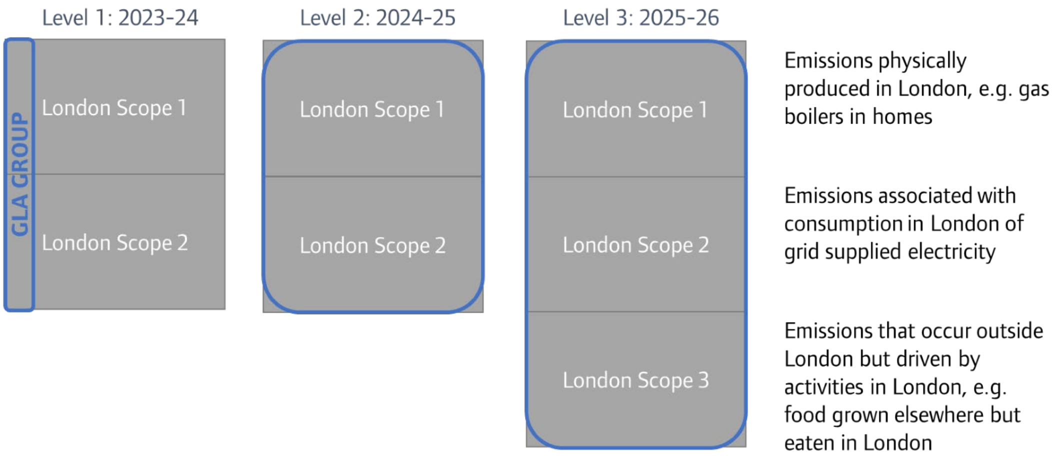
Level 1: GLA Group-wide reporting scope (in place for GLA Group budget 2023-24).
The 2023-24 climate budget will include actions to reduce emissions solely from the GLA Group (i.e. TfL, LFC, MOPAC, LLDC, OPDC, GLA).

Level 2: London-wide reporting scope (scheduled for GLA Group budget 2024-25).
This additional set of actions in the climate budget aims to include actions to reduce emissions across the whole of London.

Level 3: Supply chain and embodied emissions (proposed for GLA Group budget 2025-26).
Includes emissions from making, supply, use and disposal of goods and services consumed in London. These emissions go beyond current Mayoral net zero targets, taking account of emissions globally that occur due to our consumption in London.

8.8 Greenhouse Gas (GHG) emissions are often reported for different "scopes". "Scope 1" refers to GHG emissions that physically occur in London, e.g. from burning natural gas in domestic boilers in the city. "Scope 2" refers primarily to GHG emissions associated with the consumption in London of grid supplied electricity (which may or may not be generated within London). "Scope 3" refers to GHG emissions that physically occur outside London but are driven by activities in London. This includes emissions associated with the use or consumption of products in London, for example food grown outside London but eaten in London. For the purpose of climate budgeting, Level 1 reporting will include Scope 1 and Scope 2 emissions for the GLA Group. Level 2 reporting will include Scope 1 and Scope 2 emissions for the whole of London. Level 3 will include Scope 1, 2 and 3 emissions for the whole of London. This is shown in Figure 1 below:

Figure 1: Levels of reporting and scopes of emissions.



Note: the circles in the figure symbolise the extent of emissions that will be captured at each reporting level.

8.9 Integrating the London Climate Budget within the GLA's financial budget process underlines the importance of delivering net zero and highlights to decision makers the actions they will need to take to support its delivery. It will also ensure the GLA Group leads by example in making London net zero by 2030.

8.10 Although the net zero target is for 2030, actions will need to continue beyond that date to drive emissions as low as possible (as set out in the Mayor's 2030 preferred pathway). The processes put in place now can embed climate action for the long term across all parts of the GLA and functional bodies, and it could also help support action from other stakeholders in London to 2030 and beyond. The GLA Group has a key role in delivering this net zero target.

8.11 In this first London Climate Budget there will be fewer actions, as implementation plans and teams to deliver them are developed. However, the Mayor's expectation is that year on year clearer and deeper actions will be shown in the GLA Group consolidated budget. Similarly, there will likely be gaps in the completeness of the list of activities identified to get London to net zero by 2030. These 'omissions' are one of the expected key features of the climate budget process in that the budget process helps identify and highlight where gaps are and where further work and funds will be required to close that gap in subsequent years.

8.12 The responsibility for identifying, quantifying and costing actions to reduce emissions to net zero by 2030 will lie with the different functional bodies. Submissions comprising climate budget tables and an accompanying narrative will be assessed as part of the normal budget process.

8.13 The 2023-24 climate budget tables will include actions to reduce emissions solely from the GLA Group (i.e. TfL, LFC, MOPAC/MPS, LLDC, OPDC, GLA) from the following areas:

- estate (head offices, operational buildings, let properties or land under GLA management)
- operational fleet (i.e. Tube, buses, fire engines, police cars)
- support fleet (all other GLA Group vehicles).

8.14 The accompanying narrative should also highlight any key level 2 or level 3 measures underway, including offsetting emissions from staff air travel (scope 3 emissions).

8.15 Accordingly, each Chief Finance Officer must ensure they work closely with colleagues in their organisation and provide a summary of how budget allocations will support delivery of the net zero target. This content will then be reflected by the Mayor in his consultation budget document which is likely to be published in mid to late December 2022.

9. Value for Money

9.1 The GLA Group, in common with other local authorities, must deliver value for money. This Budget Guidance forms an important element of the financial management arrangements for the use of public resources by the GLA Group. This document takes into account the provisions of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Financial Management Code.

9.2 In addition, the GLA and its functional bodies are required, under section 3(1) of the Local Government Act 1999, to *"make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness"*.

9.3 Whilst there is considerable uncertainty about funding levels for the GLA Group in 2023-24 and future years, it is nevertheless important to plan for the medium-term to ensure the group's financial sustainability. The scenarios outlined are intended to be used by GLA Group member bodies to test financial resilience and ensure financial sustainability.

9.4 It is ultimately the responsibility of each body's Chief Financial Officer to ensure appropriate arrangements are in place for financial planning and budgeting, as well as demonstrating the services provided by each body deliver value for money. CIPFA has issued a Statement on the Role of the Chief Financial Officer in Local Government, which each body should have regard to.

10. Managing the budget process

10.1 As in previous years, a detailed and extensive process will be required to successfully manage the delivery of the GLA Group Consolidated Budget for 2023-24. In addition to the regular and established quarterly meetings with the Mayor's Office and at officer level, more frequent review processes are to continue, with at least monthly meetings starting from September 2022 between each member of the GLA Group and GLA Group Finance to review progress on proposals being developed to deliver balanced budgets and the London Climate Budget for all three financial years covered by this guidance.

GLA Group collaboration

10.2 The GLA Group already has a significant number of shared services in place, for example in areas such as legal, internal audit, procurement and financial transactions. The GLA Group Collaboration Board develops and oversees plans for further ways in which the GLA Group can work together more closely and to be even more efficient and effective. The vision of the Board is: *"for GLA Group organisations, and key partners, to be willing and able to work together as effectively and efficiently as if they were part of the same organisation."* This vision has been fully endorsed across the GLA Group and shapes how the organisations will collectively respond to collaboration initiatives.

10.3 The collaboration programme is initially funded from GLA Group allocated funds, which reduces the funding available for allocation to each organisation. The programme's agreed general principles maintain each organisation is to keep at least 50 per cent of the cashable benefits received by it from a project; and the costs incurred on collaboration need to be recovered. At a meeting of the Group Collaboration Board on 7 July 2022, it was agreed, subject to further detailed review, the amount to be recovered as part of the 2023-24 Budget Guidance would be £2.942 million and the methodology for determining each functional body's share of this amount would be based on their share of the total cashable benefits, obtained in 2022-23, on a project-by-project basis. As highlighted in paragraph 4.3, each organisation's 2023-24 control totals have consequently been adjusted by the following amounts:

	£'000
GLA: Mayor	141
MOPAC	740
LFC	78
TFL	1,983
LLDC	0
OPDC	0
TOTAL	**2,942**

Budget submissions

10.4 The Budget and Performance Committee will be requesting information at key stages of the 2023-24 Budget process and there will be a requirement for representatives from each functional body to attend committee meetings as appropriate.

10.5 Budget submissions, including their contributions towards the London Climate Budget, are to be the key content of the London Assembly Budget and Performance Committee's meetings arranged across November 2022 to January 2023. Accordingly, functional bodies are reminded they must publish their budget submissions by no later than 25 November 2022 to allow Assembly Members to consider their proposals before the required committee meetings take place. GLA submissions will be published ahead of the committee's 22 November 2022 meeting.

10.6 The statutory framework for consultation on the Mayor's Draft Consolidated Budget is restricted by the time available (mid-December to mid-January). To complement and prepare for this part of the budget process GLA Group Finance will maintain a dialogue with, and provide information to, key stakeholders.

10.7 Final budget submissions are to be sent to the generic GLA Group Finance email address GLABudget@london.gov.uk, by no later than **5pm, Friday 25 November 2022**. The Mayor's Office or GLA Group Finance may require interim submissions and scenario analysis to ensure an orderly process leading up to the 25 November deadline.

10.8 If any further information or clarification is required on this guidance then please contact: Enver Enver, Assistant Director Group Finance and Performance (email: Enver.Enver@london.gov.uk and GLABudget@london.gov.uk).

Annex A: Indicative timetable for budget process

DATE	DESCRIPTION
Mid-July 2022	Mayor's Budget Guidance published.
18 August 2022	'Quarter 1' (April to June 2022) monitoring reports for all GLA Group bodies published.
October / November 2022	Preliminary draft budget proposals ('budget letters') for 2023-24 prepared by the Mayor and issued for consultation with the GLA and its functional bodies.
18 November 2022	'Quarter 2' (July to September 2022) monitoring reports for all GLA Group bodies published.
22 November 2022 to 5 January 2023	Assembly Budget and Performance Committee meets the GLA and functional bodies to scrutinise their budget submissions.
25 November 2022	Deadline for responses to draft budget proposals issued, including full and final budget submissions from the GLA and its functional bodies on all aspects of the 2023-24 Budget, as specified in this guidance.
Early to mid-December 2022	Publication of the provisional local government, fire and police Settlements by DLUHC and Home Office (NB the provisional settlements are usually but not always published on the same date). These announcements generally include draft council tax referendum principles for the GLA and other local authorities *(based on publication date of provisional 2022-23 settlement)*.
Mid-December 2022	Potential Publication of Mayor's Consultation Budget issued *(based on publication date of 2022-23 Consultation Budget)*.
5 January 2023	Budget and Performance Committee scrutinises Mayor on his Consultation Budget.
18 January 2023	Draft Consolidated Budget published.
26 January 2023	Assembly to consider Draft Consolidated Budget.
27 January 2022	Final date for submission of amendments to Group Finance on GLA and functional bodies' proposed revenue and capital budgets.
31 January 2023	Deadline for billing authorities to complete NNDR 1 form (estimates of business rates income for 2023-24) and to notify the GLA of the council tax base for 2023-24.
Early February 2023	Publication of final local government, police and fire finance settlements *(based on publication date of final settlement for 2022-23)*.

Mid-February 2023	Mayoral Decision approving Crossrail Business Rates Supplement arrangements for 2023-24 signed.
15 February 2023	Final Draft Consolidated Budget published.
20 February 2023	'Quarter 3' (October to December 2022) monitoring reports for all GLA Group bodies published.
23 February 2023	Assembly to consider Final Draft Consolidated Budget.
23 February 2023	Mayoral Decisions confirming council tax amounts for 2023-24 and Capital Spending Plan signed.
27 February 2023	Statutory deadline by which the GLA precept must be approved and the Mayor's statutory Capital Spending Plan be published.
March 2023	GLA and functional bodies publish detailed final budgets for 2023-24, based on control totals approved in GLA Group Budget.

Annex B: Quarterly monitoring reports

1. The format and content of quarterly monitoring reports is for the GLA and each functional body to determine, in consultation with the Mayor's Office and GLA Group Finance and Performance. The Mayor requires the GLA and functional bodies to present both financial and non-financial information in their monitoring reports.

2. With the exception of quarter 4, where deadlines for reporting will need to coincide with the publication of draft accounts, quarterly monitoring reports are to be sent to GLA Group Finance within 25 working days after each 'quarter end'. Quarter 4 reporting should be no later than ten working days after the deadlines for the other quarters.

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

3. Save for exceptional circumstances, reports are to be made publicly available 35 working days after the 'quarter end'. The discipline of ensuring a report is provided to the Mayor within 25 working days of the 'quarter end' remains an absolute requirement.

4. Inflationary pressures will need to be monitored closely throughout the year to identify costs. These should be managed within each organisation's existing resources and reserves where possible. In the case of the Mayoral Development Corporations (MDC) pressures may require a drawdown from the MDC reserve. However, during periods of excessive inflation then any impact on service delivery should be discussed as part of the quarterly oversight process.

5. To ensure consistency of quarterly financial reporting across the GLA Group the Mayor requires all functional bodies and both parts of the GLA to report progress against both the original 2022-23 budget and the latest revised in year budget. The following is explicitly required for **both** original and revised budgets:

   - details of changes to the budget from the original/previous quarter's budget (this includes revisions to overall budget totals, movements between budget lines, and decisions regarding repurposing of expected underspends)
   - details of changes to the forecast from the previous quarter
   - year to date expenditure and income compared with year-to-date budget
   - full year forecast compared with the year-to-date budget
   - explanation of the main variances.

Annex C: Revenue Budget Submission

Required by 25 November 2022 from the GLA and its functional bodies

Service Analysis

1. The main financial element of the final revenue budget submissions will be an analysis of budget proposals by service division / objective for the three years 2023-24 to 2025-26, with comparative figures for the approved 2022-23 Budget and forecast outturn for that year:

- income to be raised and expenditure to be incurred in providing the complete range of services provided by the body
- capital financing costs (including capital expenditure charged to revenue)
- external interest receipts
- all estimated income from general government grants and specific government grants paid solely for the purposes of that functional body issued by relevant government departments (e.g. Home Office police grant)
- transfers to and from earmarked and general reserves
- any other adjustments.

2. If the service division / objective analysis is revised from that used for 2022-23, then the figures for the previous year should be re-stated on a comparable basis.

3. The 2023-24 budget proposals must be supported by an analysis of changes from the equivalent budgeted figures for 2022-23, separately identifying:

- inflation
- changes in net service expenditure
- savings and efficiencies
- general and specific government grants and business rates
- use of reserves.

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

Subjective analysis

4. A subjective analysis must also be submitted covering the three-year plan period 2023-24 to 2025-26, including a comparison with 2022-23 figures.

Savings and efficiencies

5. The GLA and its functional bodies will be required to set a financially balanced budget for 2023-24, 2024-25, and 2025-26, within the funding envelope and format specified in this Guidance.

6. The impact of savings and efficiencies required in order to achieve a balanced budget for each financial year, needs to be set out so the Mayor's duties to consult on his budget can be discharged. Accordingly, the following information on savings is to be supplied by 25 November 2022:

- A description of the expected savings and efficiencies to be achieved in 2023-24 and later years. A sufficiently detailed description needs to be supplied so the Mayor can fully understand the impact of the savings or efficiency proposal over the whole period.
- Savings and efficiencies must be shown in the analysis on a cumulative basis (i.e. ongoing savings and efficiencies should be reflected in all years) but also savings and efficiencies should be shown on an incremental basis (i.e. the additional net new savings and efficiencies to be made in each year) to transparently show the scale of new savings and efficiencies.
- In accordance with CIPFA's Financial Management (FM) Code, functional bodies are to consider setting out details of any 'savings to be required' arising from their budget submissions.

Reserves and general balances

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

- A statement of policy on reserves and contingencies. Reserves held by the GLA and its functional bodies should only be used for the purpose they have been established for. Proposed allowances for contingencies should be separately identified and justified.
- Details of all reserves and general balances. General reserves should be distinguished from those held for service specific purposes. Budget submissions must be explicit about plans for the use of reserves.
- An analysis and explanation of the expected movements in reserves between the start and end of each year from 1 April 2022 to 31 March 2026.
- In the case of earmarked reserves held for purposes beyond 31 March 2024, an indication must be given as to when they are to be applied.
- Although it may not be definitive when reserves will be committed, best estimates should be made of the likely level of commitment so reserves are not inadvertently over-stated.
- In accordance with CIPFA's FM Code, functional bodies are to consider setting out an explanation of why their reserves need to not only be adequate but why they are necessary.

Inflation factors

8. Control totals have been based on a 2.5 per cent uplift in business rates between 2022-23 and 2023-24. However, given the current uncertainty around public sector pay and ongoing inflation, no specific guidance for pay and inflation rates is provided at this time. The GLA and its functional bodies must be able to explain their inflation assumptions (for both pay and non-pay costs) and all figures must be at outturn prices.

9. It can be seen, in Annex B above, the revenue budget monitoring process, from 2022-23, now includes consideration of the impact of inflation on in-year expenditure. Any unavoidable inflationary cost pressures, that cannot be addressed by the use of reserves, above the amounts allocated in the 2022-23 consolidated group budget may be used to inform updated control totals as per the Mayor's letters to functional bodies that will be sent in October/November 2022.

Robustness of estimates and adequacy of reserves

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

Capital Financing Costs

11. Capital financing costs, broken down between provision for repayment of debt and interest need to be shown for the period 2023-24 to 2026-27.

Annex D: London Climate Budget

Required by 25 November 2022 from the GLA and its functional bodies

1. All functional bodies are required to include a section within their budget submissions dedicated to the London Climate Budget. The narrative included in this section will cross reference tables to the climate budget tables which will be submitted separately as an excel file.

2. The narrative will include:

   - what is within the scope in the functional body's climate budget
   - graphs outlining: historic GHG emissions, projections of GHG emissions to 2030 when funded and unfunded measures are included, and an estimate of residual emissions in 2030
   - summary of current climate measures underway and progress in delivery
   - discussion around the potential gap in funded actions required to deliver net zero by 2030
   - co-benefits associated with climate actions
   - any uncertainties around the climate budget.

3. Detailed tables for completion by functional bodies regarding the London Climate Budget will be circulated in due course.

Annex E: Capital Strategy

1. The Mayor requires a GLA Group-wide Capital Strategy be prepared as part of his 2023-24 Budget. For the avoidance of doubt, the GLA Group Capital Strategy incorporates the GLA Group Capital Spending Plan that has been published in previous years. The elements of the GLA Group Capital Spending Plan, required under section 122 of the GLA Act 1999, are to be included in the GLA Group Capital Strategy.

2. All Members of the GLA Group are therefore required to include their draft Capital Strategy in their budget submission, due at the end of November 2022, and specifically ensure the requirements set out below are included.

3. In light of the current rates of inflation, and in particular a lack of information from government concerning whether it will increase the GLA Group's limited capital allocations, no new growth for capital projects requiring additional borrowing is expected to be proposed within functional bodies' 2023-24 budget submission unless it is:

   - agreed in advance with the GLA's Chief Finance Officer
   - funded via borrowing from the Green Bond, or
   - funded from identified external sources.

4. Functional bodies are therefore required to maintain their capital programme within the borrowing limits determined as part of the 2022-23 budget process. Any change of plans, from those agreed for 2022-23, must be contained within functional bodies existing capital allocations. This request will be kept under review.

5. The draft Capital Strategies submitted will be incorporated into a Group-wide Capital Strategy to be considered as part of the budget process. Where necessary the Capital Strategy will be updated at the draft and final draft stages of the Mayor's Budget.

6. The final Capital Spending Plan will be sent to the Secretary of State (DLUHC) as part of meeting the requirements of the GLA Act 1999.

7. In specifying the following requirements, the Mayor has balanced the need for each member of the Group to produce their own Capital Strategy with the necessity to produce a coherent and consistent Group-wide Capital Strategy, whilst also seeking to minimise the additional workload involved. Accordingly, the requirements specified are the minimum needed. Members of the GLA Group can of course add more detail as they see fit but functional bodies are requested to ensure they follow the prescribed format.

8. Although the Capital Strategy encompasses capital expenditure, capital financing and treasury management, it is proposed certain detailed treasury management aspects, in particular the detailed investment strategy, will continue to be reported as part of each member of the Group's annual Treasury Management Strategy Statement (TMSS), rather than to be wholly included in the Mayor's Budget. However, the Capital Strategy will need to include the key principles and issues of each body's debt and investment management approach and will include key statutory requirements such as the forecast capital financing costs and the authorised limit and operational boundary for external debt.

9. The Capital Strategy will need to be able to clearly reference relevant detail in the TMSS and vice versa, therefore the documents should be prepared in parallel. In line with best practice, the TMSS should be a 'living' document subject to in-year review and amendment, and therefore may be seen as a detailed supplement to the Capital Strategy.

10. The Mayor requires each functional body set out a 20-year Capital Requirement, a 20-year Capital Investment Plan and a 20-year Capital Funding Plan. Further details on these are set out below.

11. The 20-year Capital Requirement should be a statement setting out the capital needs for a minimum of 20 years. The 20-year Capital Investment Plan and 20-year Capital Funding Plan will set out the expenditure and funding plans underpinning the Capital Requirement.

12. The first five years of the Capital Strategy should include the same level of detail as was included in the Mayor's 2022-23 Capital Spending Plan; thereafter, from 2027-28 onwards, the expenditure and funding should be grouped into five-year 'buckets'. However, at this stage it is proposed emphasis is placed on reviewing the agreed Capital Programme between 2023-24 and 2025-26, in accordance with the guidance on revenue expenditure. This is on the general expectation that later years of the Capital Strategy will remain as last year's agreed Capital Strategy, albeit with appropriate re-profiling as a holding position, until we have greater clarity on a longer-term funding settlement from government particularly in relation to transport and housing. If functional bodies wish to adopt a different approach for these later years, they should make that clear in their formal submissions.

13. The 20-year Capital Requirement should reflect the Mayor's policy priorities and the needs of the service. It is intended this Capital Requirement will reflect, as appropriate, the Mayor's published long-term strategies and plans, for example, the Mayor's Transport Strategy.

14. In addition, it should be informed by the GLA's Infrastructure Cost and Funding model which specifies London's long-term strategic infrastructure requirements, their costs and the current funding gap. In particular, the GLA's Housing and Land Directorate affordable housing model needs to form the basis of the affordable housing programme of the housing part of the GLA's Capital Strategy. Following the funding reviews currently underway, it is envisaged we will want to identify reasonably significant sums over the next one to three years to enable targeted investment with expectations of longer-term returns. The work already being done to identify collaboration opportunities for site release and development will be supported by these allocations and through the provision of appropriate resource will further enhance the effectiveness of housing delivery across the Group.

15. The Capital Requirement should be underpinned by the 20-year Capital Investment Plan, which will set out detailed plans for years one to five and then group expenditure into five-year 'buckets' for years six to twenty. In grouping expenditure from years six to twenty sufficient detail should be provided to allow for meaningful understanding and scrutiny of the plans set out.

16. It is expected the 20-year Capital Funding Plan will result in the identification of a funding gap between years six to twenty. However, the funding and expenditure set out for the first five years must be balanced.

17. A critical part of the Capital Strategy is to set out how the 20-year Capital Investment Plan is reconciled with the 20-year Capital Funding Plan. In setting out their 20-year Capital Investment Plan, each member of the Group will need to explain how this 'gap' has been / is to be managed in an 'Additional Funding Needed' statement. In addition, a reconciliation needs to be made between the first five years of last year's Capital Strategy and the first five years of the new Capital Strategy.

18. In accordance with CIPFA's FM Code, functional bodies are to consider making a Financial Risk Assessment. This assessment would focus on stress testing capital receipts assumptions but would also, within the bounds of commercial confidentiality, look at exit plans for key contractors. Also, in accordance with the Code, all members of the GLA Group should consider reviewing their capital expenditure forecasts to ensure they are not overly optimistic and so help minimise slippage.

19. The GLA and functional bodies are expected to achieve an average of 50 per cent affordable housing on any new residential development sites brought to market or delivered directly, subject to service specific statutory responsibilities. In developing financial assumptions underpinning their disposal programme, the GLA and functional bodies should note:

- the Mayor expects sites to be brought forward without delay and assessments against assumed capital receipts and percentages of affordable housing need to be made initially on an individual basis

- a 'portfolio' approach to meeting the 50 per cent target can be adopted (i.e. as long as the GLA or a functional body's disposal programme achieves 50 per cent affordable housing on relevant sites overall, individual sites need not deliver this level of affordable housing, subject to each site delivering at least 35 per cent and the required tenure split) provided there is an agreement in place with the Mayor and landowner, with commitments to a programme of identified sites (NB: The tenure of the additional affordable housing above 35 per cent of habitable rooms to achieve 50 per cent is flexible and should take into account the needs to maximise affordable housing)

- planning policy requires their duty to deliver 'best consideration' will involve adherence to the Mayor's 50 per cent target for affordable housing

- further details are set out in the Mayor's Affordable Housing and Viability Supplementary Planning Guidance and the London Plan.

20. All members of the GLA Group are requested to prepare a draft Capital Strategy with the following headings and the information described.

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

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

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

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

    Policies: A statement on how the Capital Strategy is aligned to the Mayor's policies, including the Mayor's ambition to achieve net zero by 2030. This should include the inter-relationship with each body's Investment Strategy and any commercialisation initiatives. (NB: Each member's Treasury Management Strategy Statement, which will incorporate its Investment Strategy, will be a separate document from the Capital Strategy).

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

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

A schedule (1a) must set out the planned expenditure for each of the first five years (2022-23 forecast outturn to 2026-27) and also the capital financing costs for these five years.

A schedule (1b) is to set out the expenditure in five-year 'buckets'. Schedule 1a should be at the same level of detail as was included in the Mayor's 2022-23 Capital Spending Plan. Schedule 1b should group expenditure into summarised headings; these headings must be of sufficient detail to allow for meaningful understanding and scrutiny of the plans set out.

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

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

- schemes removed
- projects re-profiled
- new schemes added

from the previously agreed Capital Spending Plan set as part of the 2022-23 Mayor's Capital Spending Plan.

20-year Capital Funding: A schedule (2a) is to set out the funding plan for each of the first five years of the Capital Strategy. This should be at the same level of detail as was included in the Mayor's 2022-23 Capital Spending Plan.

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

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

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

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

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

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

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

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

Annex F: Social Integration and Equality, Diversity and Inclusion

Required by 25 November 2022 from the GLA and its functional bodies

1. The GLA and each functional body is to set out its budgets for:

   Internal organisational actions
   - activity to increase workforce diversity (such as targeted recruitment activities) to ensure GLA Group workforces reflect London's working age population.
   - activity to create an inclusive workplace culture
   - making reasonable adjustments to support disabled staff
   - dedicated EDI staff (staff costs, with the number of such staff)
   - EDI related training
   - supporting self-organised staff groups.

   External organisational actions
   - funding programmatic work that tackles inequality in London, including support for equalities organisations and civil society.
   - activity to address pay inequity (closing gender, ethnicity, and disability pay gaps).
   - engaging with 'equity groups' (groups supporting Londoners affected by discrimination and inequality) externally
   - providing accessible communications to the public.

2. Functional bodies are also required to complete the following table regarding Social Integration and Equality, Diversity and Inclusion as part of their budget submission:

Table: [Name of functional body] - Equality, diversity and inclusion

	2023-24 £m	2024-25 £m
Workforce diversity		
Inclusive workplace culture		
Reasonable adjustments		
EDI staff (number)		
EDI related training		
self-organised staff groups		
External programmes		
Engagement		
Accessible communications		
Total		