

# Greater London Authority



**Statement of Accounts 2020/21**

**AUDITED**

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## Narrative Report

The GLA's accounts provides a wealth of detail on the Authority's financial position. They are a critical part of our stewardship of large sums of public money. This narrative draws out the key issues from these accounts in an attempt to make them clear and understandable to all interested parties.

### *Structure*

This narrative sets out the:

- Core accounting statements
- GLA's context
- Performance against the Mayor's vision
- Financial performance in 2020/21
- GLA's Balance Sheet at 31 March 2021, and
- Main financial risks facing the Authority.

## Core Accounting Statements

The **core accounting statements** covering the Authority and the Group are the:

- **Comprehensive Income and Expenditure Statement:** this records the income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.

- **Movement in Reserves Statement:** this is a summary of the changes to reserves over the course of the year. Reserves are divided into 'usable', which can be invested in capital projects or service improvements, and 'unusable' which must be set aside for specific accounting purposes and are therefore not available to fund Authority expenditure.
- **Balance Sheet:** This is a 'snapshot' of the assets, liabilities, cash balances and reserves at the year-end date, and
- **Cash Flow Statement:** This shows the reason for changes in the cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

## GLA's Context

The GLA is the strategic authority for London and sits between the national Government and the London boroughs. It consists of the:

- Mayor of London, who is to be responsible for making London a better place for all those who visit, live or work in the city; and
- the London Assembly, which holds the Mayor to account.

The Mayor wants London to be a 'City for All Londoners' by:

- making it easier for people to move in and around the city
- improving London's environment
- helping the capital's businesses to thrive
- providing Londoners with more affordable housing, and
- giving young people in London more opportunities.

The Mayor delivers this vision for London principally through the activities of the:

- GLA itself and its wide network of partnerships. Although much of the GLA's work is strategic – setting frameworks for London's boroughs and others to work within in areas like the environment, urban planning and economic development – the GLA now has significant delivery budgets for affordable homes and adult education
- London Fire Brigade, which provides the city's fire and rescue service
- two Mayoral Development Corporations (MDCs), responsible for regeneration centred on the Queen Elizabeth Olympic Park and the Old Oak and Park Royal area
- the Metropolitan Police Service, which provides the capital's police service, and
- Transport for London, which provides London's transport service.

The Mayor is responsible for setting an annual Budget of some £19 billion for these bodies. However, these accounts are limited to the GLA itself and its two MDCs which are treated as part of the GLA's Group Accounts.

### **Performance against the Mayor's vision**

The main focus for the Mayor over the year was responding to the challenges of the Covid-19 pandemic. Among other things, he worked closely with Public Health England, NHS London and other partners to coordinate work across key issues such as promoting the take up of vaccines.

There was a focus also on ensuring vital services continued throughout the pandemic: for example, TfL has kept transport services running safely with enhanced cleaning, ensuring the wearing of face coverings, and active management of passenger demand.

Through his Covid-19 rough-sleeping response, the Mayor safely accommodated over 2,400 people in hotels and other emergency accommodation to 31 March 2021. Over 1,000 rough sleepers were supported to move on to new accommodation.

In partnership with London Councils, the Mayor launched an ambitious **Recovery Programme** to ensure that London builds back better after the pandemic. Community involvement is integral to this, and we organised roundtables with almost 500 community groups, primarily those disproportionately impacted by the pandemic, to capture insight.

Also, in relation to recovery work, the Mayor:

- launched Future Neighbourhoods 2030, with £7.5m available to organisations to develop plans and implement strategies to tackle the climate emergency
- awarded grants through the Food Roots Incubator programme to address food insecurity
- launched the High Streets for All Challenge to improve public spaces and bring forward exciting new uses for underused high street buildings in every London borough, supported by £4m of funding
- pledged over £10m to the London Community Response fund for civil society organisations, giving support and advice to struggling families
- helped coordinate an accelerated investment of £1.99bn from utility companies, including a commitment to target jobs and apprenticeships at younger Londoners from BAME backgrounds. This has already created 1,487 jobs.

Further details on these and other areas of the Mayor's activity can be found in the Mayor's Annual Report for 2020/21 at <https://www.london.gov.uk/about-us/mayor-london/mayors-annual-report>

## Financial Performance 2020/21

The GLA's Revised Revenue Budget, net of financing costs, for 2020/21 was £220m. Expenditure was on budget with offsetting underspends and overspends in different areas.. A summary, of the main reasons for the variances, is set out below:

Service	Brief Description of Main Reasons for Variances	£m
Housing	Underspend on rough sleeping services as staff were diverted to Covid-19 response, Royal Docks timing differences and staffing underspend	(4.6)
Good Growth	Museum of London delays	(18.3)
Communities & Skills	Delays in delivery of projects	(0.2)
Strategy & Communications	Delays in delivery of major sports projects	(0.5)
Corporate	Postponement of the Mayoral election together with interest on balances and transfers to reserves	23.6
<b>Total</b>		<b>0.0</b>

The GLA's Revised Capital Programme for 2020/21 was £886m. There was an over-delivery against this Programme of £17.8m or 2%. A summary of the main reasons for this variance is set out below.

Service	Brief Description of Main Reasons for Variances	£m
Housing	Over-delivery of Affordable Housing expenditure	96.4
Other Directorates	Over-delivery of expenditure on Growth Deal programmes	3.9
Corporate	Delays in the delivery of programmes. Expenditure has been reprofiled into future years.	(82.5)
<b>Total</b>		<b>17.8</b>



## GLA's Balance Sheet at 31 March 2021

Set out below is a summary of the GLA's Balance Sheet at 31 March 2021, comparing the position to a year ago.

<b>As at 31 March:</b>	<b>2021</b> <b>£m</b>	<b>2020</b> <b>£m</b>
Assets	7,163	5,636
Liabilities	(7,728)	(6,363)
Net Liabilities	(565)	(727)

Net liabilities have decreased by £162m year on year with a £1,537m increase in assets offset by a £1,365m increase in liabilities. £1,140m of the increase in assets is section 31 grant due from the Department of Levelling Up, Housing and Communities (DLUHC) primarily to offset the GLA's share of business rates lost during the COVID pandemic, alongside a £468m increase in funds invested in residential mortgage backed securities (RMBS); as investments held with banks and local authorities have matured, there has been a shift to investing in RMBS as these securities have proven to be secure, resilient with a competitive return. The increase in liabilities is largely driven by an increase in business rates creditors, reflecting the Authority's obligation to fund its share of the deficits on the London Boroughs' 2020/21 collection fund accounts.

Set out below is a summary of the GLA’s usable and unusable reserves at 31 March 2021, comparing the position to a year ago.

<b>As at 31 March:</b>	<b>2021</b> <b>£m</b>	<b>2020</b> <b>£m</b>
Usable Reserves	(5,405)	(3,540)
Unusable Reserves	5,970	4,267

Based on the position above figures, Usable Reserves have increased by £1,865 million albeit a net £1,140 million of this is due to section 31 grant due from DLUHC primarily to offset the GLA’s share of the lost revenues arising from the 100 per cent retail, leisure, hospitality and nursery business rates relief scheme in 2020-21. This £1,140 million sum is held temporarily therefore and must be applied to meet the GLA’s accrued collection fund deficit in respect of business rates in 2020/21 of just under £1.6 billion repayable in future years to London billing authorities so is not available for other purposes. Of the remaining sum held in Usable Reserves, a net £412 million has been set aside in earmarked reserves to fund spend in future years which is primarily funded from unapplied business rates and council tax related receipts received in year and £201.2 million of estimated Local Tax Income Guarantee (TIG) grant from central government for irrecoverable losses in respect of these two revenue streams in 2020/21, a further £244 million relates to capital grants received in year which will be used to fund future capital expenditure and the remaining £12 million is an increase in usable capital receipts. In July 2021 the Mayor approved the payment of £74.3 million of the expected TIG grant to Transport for London through a Mayoral Decision of which £69.3 million was to support its general budget with a further £5 million to be applied to fund emissions related vehicle scrappage schemes. Decisions will be taken on the application of the remaining TIG grant once the final audited outturn business rates and council tax revenues for 2020-21 are available having regard to the risks and uncertainties in respect of future funding set out in the Mayor’s Budget Guidance for 2022-23 which was published on 30 July at [www.london.gov.uk/budget](http://www.london.gov.uk/budget).

Unusable reserves are set aside for specific accounting purposes and cannot be used for investment or spending purposes. The balance relates largely to capital grants paid to TfL for the Northern Line extension to Nine Elms and Battersea Power Station (NLE) and Crossrail which are financed from external borrowing but where TfL, rather than the GLA, holds these assets. These unusable reserves will be written down over time as the GLA’s Crossrail and NLE borrowing is repaid over the next two decades.

### *Borrowing*

Set out below is a summary of the GLA's net decrease in overall level of debt

<b>As at 31 March</b>	<b>2021</b> <b>£m</b>	<b>2020</b> <b>£m</b>
Overall level of debt	5,394	5,459

The GLA's overall level of debt has decreased from £5,459 million at 31 March 2020 to £5,394 million at 31 March 2021. This reduction in debt principally reflects net repayments of loans in year taken out for Crossrail. This debt has principally occurred from the GLA's borrowing to finance Crossrail since 2010/11 and its agreed £1 billion contribution towards the NLE. The borrowing undertaken is within CIPFA's Prudential Code and financed by discrete income streams, principally business rates including the Crossrail business rate supplement and following legislative changes from 1 April 2019 (which were amended in March 2021) the Mayor's Community Infrastructure Levy (MCIL).

In December 2018 the GLA agreed to provide a further £1.4 billion to Crossrail including £1.3 billion of borrowing from the Department for Transport and the final instalment of this was paid over in 2020-21. The GLA secured a further £825 million of borrowing to finance Crossrail, in line with the funding deal agreed in November 2020 and will start to draw down on this during 2021/22. This latest agreement is therefore expected to result in the GLA's level of debt increasing again by 31 March 2022. As stated above alongside the initial tranche of borrowing undertaken to fund the GLA's contribution to Crossrail from 2010/11 to 2015/16 which remains outstanding this debt will be financed and repaid using revenues from the Crossrail Business Rate Supplement and the Mayor's Community Infrastructure Levy.

### *Pensions*

The GLA's pensions arrangements are set out in great detail in these statements and show that the overall pensions liability for the GLA is some £262 million as at 31 March 2021. However, this liability is not shown as an immediate liability on the GLA's balance sheet. This follows prescribed accounting rules and is because the Authority's actuary has certified that the employer and employees' pensions contributions are sufficient to meet this liability by 2047. Further, based on the latest Actuarial

Valuation, our Actuary maintained the Authority's employer's contribution rate for the period 2020/21 to 2022/23 at the same level as in previous years and estimated that the GLA's Local Government Pension Fund was fully funded.

### *Business Rates and Council Tax*

In 2020/21 the GLA again formed part of a business rates retention pool with the 33 London local authorities. Unlike 2019/20 where there was a business rates pilot approved by the Government which allowed the London pool members to collectively retain 75% of all business rates growth above baseline in 2020/21 there was a GLA only pilot similar to the arrangements in place for 2017/18. This pilot meant that the GLA retained 37 per cent of eligible business rates growth above baseline subject to any collective levy on that growth payable to the Government through the London business rates pool. The GLA received around £3.27 billion in business rates income during the year in respect of 2020/21, £35.9 million relating to its share of the estimated 2019/20 collection fund surplus and a further £0.18 billion in section 31 grant funding (a receipt in advance paid by DLUHC in March 2020) in respect of Government funded rates reliefs based on the pre pandemic estimates supplied by billing authorities in January 2020. After deducting its £813.1 million tariff payable to DLUHC to support local services elsewhere in England and its budgeted levy and net contribution payable through the London business rates pool this left around £2.5 billion available to fund services across the GLA group. Of this around £1,879 million was allocated by the Mayor to support Transport for London with £118.7 million and £232.9 million applied respectively, to support MOPAC and the London Fire Commissioner (LFC). The balance was applied to fund the GLA and the two Mayoral Development Corporations as well as to manage future group wide risks through the Mayor's business rates reserve.

The Mayor also received just over £1 billion in council tax revenues in 2020/21, including the 2019/20 collection fund estimated surplus, of which £767.1 million was applied to fund policing in London through MOPAC and £168.6 million was used to fund the London Fire Commissioner. The balance was applied to fund the GLA and TfL.

The Government announced in March 2020 that in light of the pandemic eligible public facing businesses in the retail, leisure, hospitality and nursery sectors would receive 100% business rates relief for the entire 2020/21 financial year. This in effect reduced the business rates taxbase in London by more than one third with the lost revenues being compensated to local authorities via section 31 grant from the Government. Based on the provisional outturn data received from billing authorities the estimated cost of these Covid-19 related business rates relief schemes in London in 2020/21 was around £3.2 billion. The GLA's expected 37% share of this is just under £1.2 billion but this did not affect the sums received in instalments in year by the GLA as the associated revenue impacts were managed initially by billing authorities. The GLA is expected to receive section 31 grant from DLUHC to fund its share of the reduced revenues arising from these reliefs in March 2022 at which time it will also reimburse the 33 London billing authorities for its related share of the associated collection fund deficit.

In order to assist local authorities to manage the impact of losses in business rates and council tax income the Government also introduced secondary legislation to allow precepting and billing authorities to be able to spread any deficits relating to 2020/21

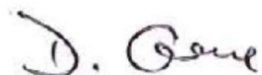
not compensated through section 31 grant over the following three financial years based on the estimated outturn data supplied by billing authorities in January 2020.

The Government also announced in July 2020 that it would compensate local authorities for 75% of their estimated irrecoverable council tax and business rates losses during the 2020/21 financial year arising from the impact of the pandemic. The GLA is estimated to be eligible to receive around £201.2 million in section 31 grant support through this compensation scheme (the Tax Income Guarantee or TIG) in 2020/21. This is based on the provisional unaudited billing authority outturn data for council tax and business rates and the final sum receivable may therefore change.

### **Main financial risks facing the Authority**

Details of the main risks facing the GLA are set out in our [Risk Register](#). Further, the Annual Governance Statement published alongside these accounts also sets out many of the issues facing the GLA. The following paragraph details the significant financial risk facing the Authority over LLDC.

The Mayor is committed to ensuring that the Queen Elizabeth Olympic Park is fully regenerated on a sustainable basis and this requires a significant level of investment from the GLA. As the ultimate funder of LLDC, the GLA is also exposed to the financial risks of the Corporation. A key element of this investment is LLDC's East Bank development, its flagship project to deliver a world-class cultural and education district on the Park. The anticipated final cost of the project increased by £114m during the year, over half (£62m) of which was due to the estimated impact of Covid-19. The GLA's contribution towards the additional cost was estimated to be £92m net of partner contributions and the government subsequently provided additional East Bank grant funding of £17m. Despite the impact of Covid-19, construction work progressed during the year and building structures are now well above ground. However, funding the project remains a risk for the GLA until it is completed in 2024. In total the Capital Programme Reserve for LLDC was increased by £100m during the year. In-year savings were made in the cost of operating the London Stadium, however, this will continue to require long term support from the GLA. In addition, the timing of the repayment of the loans the GLA has made to LLDC is dependent on factors including housing market developments and this remains a long-term risk. These issues constitute a substantive financial risk for the GLA and accordingly there are measures in place for close monitoring



**David Gallie**  
**Executive Director of Resources**

30 September 2021

## **Statement of Responsibilities for the Statement of Accounts**

### **The Authority's responsibilities**

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Executive Director of Resources
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### **The Executive Director of Resources' responsibilities**

The Executive Director of Resources is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21* (the Code).

In preparing this Statement of Accounts, the Executive Director of Resources has:


- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Executive Director of Resources has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

### **Certificate of the Executive Director of Resources**

I certify that the audited accounts for the Greater London Authority, give a true and fair view of the financial position of the Greater London Authority as at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.




**David Gallie CPFA**

Executive Director of Resources

30 September 2021

## **Approval of the Statement of Accounts by the Mayor of London**

In accordance with Regulation 9(2) of the Accounts and Audit Regulations 2015, I approve the accounts of the Greater London Authority.

A handwritten signature in blue ink, appearing to read 'Sadiq Khan', is positioned below the approval text.

**Sadiq Khan**

Mayor of London

30 September 2021

## Independent Auditor's Report

### INDEPENDENT AUDITOR'S REPORT TO THE MAYOR OF THE GREATER LONDON AUTHORITY

#### Opinion

We have audited the financial statements of the Greater London Authority for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement,
- The related notes 1 to 54,
- Fund Account,
- Business Rates Supplement Revenue Account, and related note 55.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Greater London Authority and Group as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Executive Director of Resource's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Director's assessment of the Group's and Authority's ability to continue to adopt the going concern basis of accounting included:

- We read the Narrative Report and Financial Statement disclosures in relation to the financial statements being prepared on a going concern basis to ensure that they were consistent with our knowledge of the Authority's financial position.
- We assessed the information used in the going concern assessment for consistency with management reporting, and information obtained through auditing other areas of the business, obtained an understanding of the business planning process and challenged the underlying assumptions, for the going concern period to 31 March 2023 from our sign off date for evidence of bias and for consistency with our knowledge of the organisation.
- We compared actual performance for the period to 31 March 2021 to the budget for that period to assess the accuracy of historical data.
- We challenged management's assumptions using benchmarking to external data from third parties and historic financial performance, and assessed the level of general fund reserves against plans to apply those reserves to meet budgetary pressures.
- We assessed the levels of current borrowing against the Prudential Borrowing Limit and confirmed that the Authority is within that limit and has no plans for further borrowing within the going concern period.
- Undertook reverse stress testing on the possible downside scenario planning performed by management, to understand the potential circumstances required and likelihood of those circumstances that could result in liquidity and reserve shortages within the going concern period. This included assuming none of the planned savings would be achieved in 2022/23, no other income from interest would be received, that the safety net would be required for business rates income and that collection rates would fall by a further 2%.

We have observed that the financial forecast position of the Authority as set out in the central and downside scenarios prepared by management is such that it has sufficient liquidity to maintain its general fund reserves above the level recommended by the Executive Director of Resources and to remain within its Prudential Borrowing Limit during the period to 31 March 2023.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period to 31 March 2023 from when the financial statements are authorised for issue. Going concern has also been determined to be a key audit matter.

Our responsibilities and the responsibilities of the Executive Director of Resources with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Authority's ability to continue as a going concern.

## Overview of our audit approach

Audit scope	<ul style="list-style-type: none"><li>▶ We performed an audit of the complete financial information of two components and audit procedures on specific balances for a further five components.</li><li>▶ The components where we performed full or specific audit procedures accounted for 99% of gross expenditure and 82% of Total assets.</li></ul>
Key audit matters	<ul style="list-style-type: none"><li>▶ Going concern</li><li>▶ E20 onerous contract provision</li><li>▶ Property valuation</li><li>▶ Valuation of long term investments</li><li>▶ Valuation of long term debtors</li></ul>
Materiality	<ul style="list-style-type: none"><li>▶ Overall group materiality of £51.8m which represents 1% of gross expenditure (both revenue and capital).</li></ul>

## An overview of the scope of our audit

### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 12 reporting components of the Group, we selected seven components covering entities, which represent the principal business units within the Group.

Of the seven components selected, we performed an audit of the complete financial information of two components ("full scope components") which were selected based on their size or risk characteristics. For the remaining five components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 99% (2020: 99%) of the gross expenditure, and 82% (2020: 99%) of the Group's Total assets. For the current year, the full scope components contributed 99% (2020: 99%) of the gross expenditure, and 82% (2020: 99%) of the Group's Total assets. The specific scope component contributed 1% (2020: 1%) of the Group's gross expenditure, and 16% (2020: 1%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining five components that together represent 0.5% of the gross expenditure, none are individually greater than 0.3% of the Group's gross expenditure. For these components, we performed other procedures, including analytical review and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

#### **Involvement with component teams**

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the two full scope components, audit procedures were performed on both of these directly by the primary audit team. For the five specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

During the current year's audit cycle, the group audit team worked closely with the component team, holding joint planning and progress meetings with management. The primary team interacted regularly with the component teams during various stages of the audit, discussed issues arising, reviewed key working papers and results reports, and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

<b>E20 Onerous Contract Provision</b>		
<b>Risk</b>	<b>Our response to the risk</b>	<b>Key observations communicated to the Mayor</b>
<p>When the London Stadium commenced operations management identified for two of its three key contracts, the expenditure associated is likely to exceed the income received, rendering them onerous under IAS 37.</p> <p>A £200 million provision was recognised in the accounts of the GLA group for the period ended 31 March 2017. This provision is updated annually based on judgements made by management in the E20 ten year business plan. In 2020/21, this will necessarily reflect progress made against the LLP's restructuring plans and any future plans. As a material, judgemental balance, the provision is susceptible to management override risk of understatement.</p> <p>Refer to notes 5 and 41 in the statement of accounts</p>	<p>We addressed our risk through substantive testing:</p> <p>We tested the reasonableness of the forecasts in the business plan, by reviewing the movements between years and assessing the accuracy of previous forecasts. We reconfirmed, given the forecast costs, that the conclusion that the contracts are onerous remains valid.</p> <p>We agreed the inputs into the provision calculation to the E20 Stadium LLP 10 year business plan and the discount rate applied. We agreed the discount rate to external government and market sources.</p> <p>We tested the model to ensure that the calculations within the model operated as intended. We performed a shadow calculation with sensitivity analysis on the discount rate used to ensure that the calculation of level of provision was within a reasonable range.</p> <p>We reconfirmed that management's assumptions underpinning the calculation within the model have not materially changed since last year We confirmed that no changes had taken place to the terms of the contracts in the past year which would have increased the net cost of delivering those contracts and therefore would require an increase in the provision.</p>	<p>The onerous contract provision has been established in accordance with requirements of IAS 37 and appears fairly stated. The uncertainties are appropriately disclosed in the financial statements.</p>

<b>Property Valuation</b>		
<b>Risk</b>	<b>Our response to the risk</b>	<b>Key observations communicated to the Mayor</b>
<p>The unique and material nature of the London Legacy Development Corporation's investment property assets and the basis on which they are valued, means that small changes in assumptions such as yields, market rental levels and outstanding costs, when valuing these assets can have a material impact on the financial statements.</p> <p>A similar risk exists in relation to GLAP's property assets, which are classified as property plant and equipment, investment assets or inventory. The classification impacts directly on the appropriate valuation basis.</p> <p>Refer to notes 5, 25, 26 and 37 in the statement of accounts.</p>	<p>The following procedures were performed as part of our substantive testing:</p> <p>We assessed the expertise and independence of management's specialist by confirming their qualifications, experience in the sector and the terms of their engagement with the GLA or subsidiary.</p> <p>We assessed the valuations methodology applied to ensure it was in line with the CIPFA/LASAAC Code of Practice on Local Authority Accounting, and validated the assumptions contained in the valuations with reference to source documentation including leases, tendering information and contracts where available. Where assumptions were based on Authority or Corporation plans such as planned affordable housing, we ensured that these assumptions were up to date, reflected in development progress and in the valuation.</p> <p>We tested classification of assets and reperformed valuation calculations for a sample of assets, verifying key inputs against source documents as part of this process.</p> <p>We engaged our internal valuation experts, who calculated a valuation range for a sample of assets to test whether or not the Group's key assumptions and valuations are within an acceptable range based on comparative market data for build costs.</p>	<p>We have concluded that property valuations are within an acceptable range, and are appropriately disclosed.</p>

Property Valuation		
	<p>We tested that property additions and disposals had taken place in the year, and that the valuation had been appropriately updated for them.</p> <p>We obtained management representation as to the validity of the planned affordable housing assumptions with respect to key sites.</p>	

Valuation of loan investments		
Risk	Our response to the risk	Key observations communicated to the Mayor
<p>Greater London Authority Holdings (GLAH) Ltd holds a portfolio of loan investments in property developers, part of a wider strategy to assist in achieving the Mayor's affordable housing objectives. This portfolio is material to both the GLAH and GLA Group financial statements.</p> <p>These investments are accounted for in line with IFRS 9 Financial Instruments. Management have engaged with external specialists to assist with the associated impairment review.</p> <p>Covid-19 has caused significant disruption to the UK economy, including the real estate sector. The level of credit risk associated with these investments has increased as a result. Therefore there is a higher level of complexity and estimation uncertainty in the valuation, associated with the impairment review under IFRS 9, which could lead to material misstatement.</p>	<p>We assessed the expertise and independence of management's specialist by confirming their qualifications, experience in the sector and the terms of their engagement with the GLA or subsidiary.</p> <p>We assessed the steps undertaken by management's specialist to ensure that the information used to inform the IFRS 9 impairment review was reliable and accurate.</p> <p>We engaged our EY technical specialist to perform a review of the methodology used by management's specialist against IFRS 9 requirements. Our specialists tested a sample of loan investments by remodelling the expected credit losses to compare with those in</p>	<p>The valuation of loan investments has been appropriately recorded, any credit losses correctly recognised and the accounting for the loans is compliant with the requirements of IFRS 9.</p>

<b>Valuation of loan investments</b>		
Refer to note 29 in the statement of accounts.	<p>management specialist's report for any material differences.</p> <p>We tested a sample of loan investments to determine whether the valuation has been appropriately calculated, any credit losses correctly recognised and ensuring that the accounting is compliant with the requirements of IFRS 9.</p> <p>We ensured that the disclosures associated with the loan investments are appropriate in the Group financial statements.</p>	

<b>Valuation of long term debtors</b>		
<b>Risk</b>	<b>Our response to the risk</b>	<b>Key observations communicated to the Mayor</b>
<p>The Authority holds a material portfolio of long-term debts with various counterparties, including: functional bodies, subsidiaries, other group bodies and organisations outside of the GLA Group.</p> <p>These investments are accounted for in line with IFRS 9 Financial Instruments. Management have engaged with external specialists to assist with the associated impairment review.</p>	<p>We assessed the expertise and independence of management's specialist by confirming their qualifications, experience in the sector and the terms of their engagement with the GLA or subsidiary.</p> <p>We assessed the steps undertaken by management's specialist to ensure that the information used to inform the IFRS 9 impairment review was reliable and accurate.</p>	<p>The valuation of long term debtors has been appropriately recorded, any credit losses correctly recognised and the accounting for the loans is compliant with the requirements of IFRS 9.</p>

<b>Valuation of long term debtors</b>		
<p>Covid-19 has caused significant disruption to the UK economy, including the real estate sector. The level of credit risk associated with these investments has increased as a result. Therefore there is a higher level of complexity and estimation uncertainty in the valuation, associated with the impairment review under IFRS 9, which could lead to material misstatement.</p>	<p>We engaged our EY technical specialist to perform a review of the methodology used by management's specialist against IFRS 9 requirements. Our specialists tested a sample of long term debtors by remodelling the expected credit losses to compare with those in management specialist's report for any material differences.</p>	
<p>Refer to note 34 in the statement of accounts.</p>	<p>We tested a sample of long term debtors to determine whether the valuation has been appropriately valued and ensuring that the accounting is compliant with the requirements of IFRS 9.</p>	
	<p>We ensured that the disclosures associated with the long term debtors are appropriate in the financial statements.</p>	

In the prior year, our auditor's report included a key audit matter in relation to the Business rates appeals provision. In the current year, we reduced our risk assessment of the likelihood of a material misstatement in relating to the provision, due to a low history of error in previous years.

**Our application of materiality**

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

**Materiality**

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*



We determined materiality for the Group to be £51.8m (2020: £58.8m), which is 1% (2020: 1%) of gross expenditure. We believe that gross expenditure provides us with basis for materiality using revenue and capital expenditure incurred in the provision of public services to the London community.

**Performance materiality**

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2020: 75%) of our planning materiality, namely £38.9m (2020: £44m). In setting performance materiality at this percentage we have considered previous year audit findings, and the historic trend of adjustments. Based on prior year audits, as well as our own work to date, we have found that there is a history of low instance of error. Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of actual performance materiality at components was £10.6m to £0.08m (2020: £4.2m to £0.2m).

**Reporting threshold**

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Mayor that we would report to him all uncorrected audit differences in excess of £2.6m (2020: £2.9m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

**Other information**

The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon. The Executive Director of Resources is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies

or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014;
- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

### **Responsibility of the Executive Director of Resources**

As explained more fully in the Statement of the Executive Director of Resources' Responsibilities set out on page 15, the Executive Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant are:

- o Local Government Act 1972,
- o Local Government Finance Act 1998
- o Greater London Authority Acts 1999 and 2007
- o Local Government Act 2003,
- o The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- o Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948)
- o Business Rate Supplements Act 2009
- o The Local Government Finance Act 2012
- o The Local Audit and Accountability Act 2014, and
- o The Accounts and Audit Regulations 2015.

In addition, the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

- We understood how the Greater London Authority is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Authority's committee minutes, through enquiry of employees to confirm Authority policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.
- To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We evaluated significant transactions and estimates for evidence of management bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General (C&AG) in April 2021, as to whether the Greater London Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Greater London Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Greater London Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

#### **Delay in certification of completion of the audit**


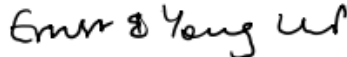
We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have completed our procedures on the Authority's value for money arrangements for the year ended 31 March 2021. We are satisfied that this work does not have a material effect on the financial statements. We will report the outcome of our work on the Authority's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Until we have completed these procedures we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

#### **Use of our report**

This report is made solely to the Mayor of the Greater London Authority as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Janet Dawson (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
London  
6 October 2021



## Group Comprehensive Income and Expenditure Statement

2019/20	2019/20	Restated 2019/20		2020/21	2020/21	2020/21	
Gross Exp* £000	Gross Income £000	Net Exp* £000	Continuing operations	Note	Gross Exp* £000	Gross Income £000	Net Exp* £000
9,727	(20)	<b>9,707</b>	Assembly & Secretariat		8,438	(8)	<b>8,430</b>
14,382	(863)	<b>13,519</b>	Chief Officer		14,379	(647)	<b>13,732</b>
31,570	(2,389)	<b>29,181</b>	Communities & Skills		48,404	(7,921)	<b>40,483</b>
107,814	(12,776)	<b>95,038</b>	Good Growth		133,164	(17,202)	<b>115,962</b>
722,467	(14,846)	<b>707,621</b>	Housing & Land		859,568	(55,743)	<b>803,825</b>
6,259	(38)	<b>6,221</b>	Mayor's Office		6,948	(34)	<b>6,914</b>
122,178	(84,065)	<b>38,113</b>	Resources		38,275	(22,145)	<b>16,130</b>
29,447	(7,972)	<b>21,475</b>	Strategy & Communications		29,335	(10,829)	<b>18,506</b>
186,415	(192,541)	<b>(6,126)</b>	Adult Education		316,857	(323,134)	<b>(6,277)</b>
43,632	(15,968)	<b>27,664</b>	Olympic Legacy		119,147	(11,323)	<b>107,824</b>
3,672	(3,519)	<b>153</b>	Funding London SMEs		2,777	(2,539)	<b>238</b>
22,267	(1,113)	<b>21,154</b>	Corporate & Group Items		27,049	(2,839)	<b>24,210</b>
<b>1,299,830</b>	<b>(336,110)</b>	<b>963,720</b>	<b>Cost Of Services</b>		<b>1,604,341</b>	<b>(454,364)</b>	<b>1,149,977</b>
		4,509,031	Other Operating Expenditure	11			3,371,280
		99,970	Financing and Investment Income and Expenditure	12			91,542
		19,410	Movement in the fair value of investment properties				44,588
		(5,846,467)	Taxation and Non-Specific Grant Income	13			(4,885,060)
		<b>(254,336)</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>(227,673)</b>
		4,882	Tax expenses of subsidiaries				2,022
		-	Tax expenses of associates and joint ventures				(518)
		<b>(249,454)</b>	<b>Group (Surplus) or Deficit</b>				<b>(226,169)</b>
			<b>Items that are or may be reclassified to the surplus or deficit on the provision of services</b>				
		3,107	Net change in financial instruments measured at fair value through other comprehensive income	43			(7,405)
			<b>Items that will never be reclassified to the surplus or deficit on the provision of services</b>				
		(4,093)	(Surplus) or deficit on revaluation of non-current assets	43			(4,114)
		(28,285)	Remeasurements of the net defined benefit liability	21			131,804
		(4,900)	Increase/ (decrease) in Members Capital				(11,957)
		103	Tax on other comprehensive income				-
		-	Deferred tax asset on net defined benefit liability and on revalued property, plant and equipment				(3,670)
		<b>(34,068)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>104,658</b>
		<b>(283,522)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(121,511)</b>

Due to an organisational restructure at the Authority in 2020/21, the 2019/20 Service expenditure and income has been regrouped in line with the new structure. The Adult Education expenditure and income has also moved into Continuing Operations, in 2019/20 it was reported separately under the heading Services transferred to the Authority.

## Authority Comprehensive Income and Expenditure Statement

2019/20	Restated 2019/20	2019/20		2020/21	2020/21	2020/21	
Gross Exp £000	Gross Income £000	Net Exp £000	Gross expenditure, gross income and net expenditure of continuing operations	Note	Gross Exp £000	Gross Income £000	Net Exp £000
9,727	(20)	9,707	Assembly & Secretariat		8,438	(8)	8,430
14,382	(863)	13,519	Chief Officer		14,379	(647)	13,732
31,570	(2,389)	29,181	Communities & Skills		48,404	(7,921)	40,483
107,814	(12,776)	95,038	Good Growth		133,164	(17,202)	115,962
729,050	(14,846)	714,204	Housing & Land		865,596	(55,743)	809,853
6,259	(38)	6,221	Mayor's Office		6,948	(34)	6,914
56,359	(3,065)	53,294	Resources		72,683	(2,551)	70,132
29,447	(7,972)	21,475	Strategy & Communications		29,335	(10,829)	18,506
186,415	(192,541)	(6,126)	Adult Education (AEB)		316,857	(323,134)	(6,277)
67,730	(6,747)	60,983	Corporate and Group Items		58,278	(6,168)	52,110
<b>1,238,753</b>	<b>(241,257)</b>	<b>997,496</b>	<b>Cost of Services</b>		<b>1,554,082</b>	<b>(424,237)</b>	<b>1,129,845</b>
		4,509,031	Other operating expenditure	11			3,371,280
		99,076	Financing and investment income and expenditure	12			91,646
		(5,832,405)	Taxation and non-specific grant income and expenditure	13			(4,858,592)
		<b>(226,802)</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>(265,821)</b>
			<b>Items that will be subsequently reclassified to the Surplus or Deficit on the Provision of Services</b>				
		(165)	(Surplus) or deficit on revaluation of non-current assets	43			(287)
		(24,682)	Remeasurements of the net defined benefit liability	21			111,539
		3,107	Net change in the fair value of assets classified as Fair Value through Other Comprehensive Income	43			(7,405)
		<b>(21,740)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>103,847</b>
		<b>(248,542)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(161,974)</b>

Due to an organisational restructure in 2020/21, the 2019/20 Service expenditure and income has been regrouped in line with the new structure. The Adult Education expenditure and income has also moved into Continuing Operations, in 2019/20 it was reported separately under the heading Services transferred to the Authority.



## Group Movement in Reserves Statement

2020/21	Note	Authority						Group					Total Reserves
		Non-Earmarked Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiaries' and Joint Venture's		Group Usable	Group Unusable	
		£000	£000	£000	£000	£000	£000	£000	Usable £000	Unusable £000	£000	£000	
<b>Balance at 1 April 2020</b>		(10,000)	(726,532)	(425,524)	(2,377,562)	(3,539,618)	4,266,881	727,263	(111,235)	232,968	(3,650,852)	4,499,848	848,996
<b>Movement in reserves in year</b>													
<b>Comprehensive Expenditure and Income</b>		(265,821)	-	-	-	(265,821)	103,847	(161,974)	39,652	811	(226,169)	104,658	(121,511)
Other adjustments		-	-	(1)	(1)	(1)	-	(1)	402	-	401	(1,040)	(639)
Adjustments between accounting basis and funding basis under regulations	9	(1,343,965)	-	(11,781)	(243,940)	(1,599,686)	1,599,686	-	(18,296)	18,296	(1,617,982)	1,617,982	-
<b>Net (Increase)/ Decrease before Transfers to Earmarked Reserves</b>		(1,609,786)	-	(11,782)	(243,941)	(1,865,508)	1,703,533	(161,975)	21,758	19,107	(1,843,750)	1,721,600	(122,150)
Transfers (to)/from Earmarked Reserves	10	1,609,786	(1,609,786)	-	-	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in year</b>		-	(1,609,786)	(11,782)	(243,941)	(1,865,508)	1,703,533	(161,975)	21,758	19,107	(1,843,750)	1,721,600	(122,150)
<b>Balance at 31 March 2021</b>		(10,000)	(2,336,318)	(437,306)	(2,621,503)	(5,405,126)	5,970,414	565,288	(89,477)	252,075	(5,494,602)	6,221,448	726,846

2019/20	Note	Authority						Group					Total Reserves
		Non-Earmarked Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiaries' and Joint Venture's		Group Usable	Group Unusable	
		£000	£000	£000	£000	£000	£000	£000	Usable £000	Unusable £000	£000	£000	
<b>Balance at 1 April 2019 - Restated</b>		(10,000)	(711,248)	(336,167)	(1,352,448)	(2,409,863)	3,385,668	975,805	(102,991)	270,775	(2,512,853)	3,644,615	1,131,762
<b>Movement in reserves in year</b>													
<b>Comprehensive Expenditure and Income</b>		(226,802)	-	-	-	(226,802)	(21,740)	(248,542)	(22,474)	(12,506)	(249,276)	(34,246)	(283,522)
Adjustment between authority accounts and group accounts		-	-	(9,850)	-	(9,850)	9,850	-	10,628	(9,872)	778	(22)	756
Other adjustment		-	-	-	-	-	-	-	-	(11,827)	-	-	-
Adjustments between accounting basis and funding basis under regulations	9	211,518	-	(79,507)	(1,025,114)	(893,103)	893,103	-	3,602	(3,602)	(889,501)	889,501	-
<b>Net (Increase)/ Decrease before Transfers to Earmarked Reserves</b>		(15,284)	-	(89,357)	(1,025,114)	(1,129,755)	881,213	(248,542)	(8,244)	(37,807)	(1,137,999)	855,233	(282,766)
Transfers (to)/from Earmarked Reserves	10	15,284	(15,284)	-	-	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in year</b>		-	(15,284)	(89,357)	(1,025,114)	(1,129,755)	881,213	(248,542)	(8,244)	(37,807)	(1,137,999)	855,233	(282,766)
<b>Balance at 31 March 2020</b>		(10,000)	(726,532)	(425,524)	(2,377,562)	(3,539,618)	4,266,881	727,263	(111,235)	232,968	(3,650,852)	4,499,848	848,996

The £9.85m adjustment between Authority accounts and Group accounts adjusts group usable reserves for the impact of intra group asset sales.

## Balance Sheet

	Note	Authority 31 March 2021 £000	Group 31 March 2021 £000	Authority 31 March 2020 £000	Group 31 March 2020 £000
Property, plant & equipment	25	5,400	165,343	5,415	149,222
Investment property	26	-	89,860	-	134,358
Intangible assets		3,331	3,601	3,212	3,351
Long term investments	29	746,921	1,141,423	245,894	713,672
Equity Investment in Limited Partnership	49	-	2	-	2
Long term debtors	34	781,339	133,333	782,459	129,583
Finance lease receivables	35	-	86,265	-	80,228
<b>Long Term Assets</b>		<b>1,536,991</b>	<b>1,619,827</b>	<b>1,036,980</b>	<b>1,210,416</b>
Short term investments	50	1,863,477	1,972,642	2,035,622	2,046,089
Finance lease receivables	35	-	10,910	-	61,156
Inventories	37	-	210,915	-	212,264
Trade and other receivables	38	2,175,292	1,877,087	964,740	705,376
Cash and Cash Equivalents	39	1,587,037	1,669,323	1,598,138	1,676,970
<b>Current Assets</b>		<b>5,625,806</b>	<b>5,740,877</b>	<b>4,598,500</b>	<b>4,701,855</b>
Short term borrowing	50,51	(447,973)	(391,317)	(153,380)	(152,880)
Short term creditors	40	(1,516,849)	(1,605,705)	(320,084)	(410,594)
Receipts in advance - revenue	16	(4,446)	(5,501)	(180,282)	(180,911)
Receipts in advance - capital	16	(53,716)	(53,716)	(76,355)	(76,355)
Finance lease liabilities	35	-	(1)	-	(1)
Provisions	41	(233)	(22,917)	-	(32,673)
<b>Current Liabilities</b>		<b>(2,023,217)</b>	<b>(2,079,157)</b>	<b>(730,101)</b>	<b>(853,414)</b>
Long term creditors		(2,243)	(61,877)	(2,078)	(66,064)
Provisions	41	(493,289)	(670,691)	(187,439)	(358,048)
Long term borrowing	50,51	(4,945,603)	(4,951,112)	(5,305,229)	(5,310,829)
Finance lease liabilities	35	-	(35)	-	(36)
Net pensions liability	21	(262,190)	(298,675)	(136,353)	(153,635)
Receipts in advance - revenue	16	-	(6,687)	-	-
Receipts in advance - capital	16	(1,543)	(8,156)	(1,542)	(8,095)
Deferred tax liability	52	-	(11,160)	-	(11,146)
<b>Long Term Liabilities</b>		<b>(5,704,868)</b>	<b>(6,008,393)</b>	<b>(5,632,641)</b>	<b>(5,907,853)</b>
<b>Net Assets/(Liabilities)</b>		<b>(565,288)</b>	<b>(726,846)</b>	<b>(727,262)</b>	<b>(848,996)</b>
Usable reserves		(5,405,126)	(5,494,602)	(3,539,619)	(3,650,852)
Unusable Reserves	43	5,970,414	6,221,448	4,266,881	4,499,848
<b>Total Reserves</b>		<b>565,288</b>	<b>726,846</b>	<b>727,262</b>	<b>848,996</b>

## Cash Flow Statement

	Note	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
Net surplus or (deficit) on the provision of services		265,821	226,169	226,802	249,520
Adjustments to net surplus or deficit on the provision of services for non-cash movements	44	83,699	198,347	67,814	90,377
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	45	(1,163,215)	(1,223,758)	(1,784,955)	(1,816,921)
<b>Net cash flows from Operating Activities</b>		<b>(813,695)</b>	<b>(799,242)</b>	<b>(1,490,339)</b>	<b>(1,477,024)</b>
Investing Activities	46	867,873	843,592	1,236,348	1,083,088
Financing Activities	47	(65,279)	(51,997)	910,696	1,053,222
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>(11,101)</b>	<b>(7,647)</b>	<b>656,705</b>	<b>659,286</b>
Cash and cash equivalents at 1 April	39	1,598,138	1,676,970	941,433	1,017,684
<b>Cash and cash equivalents at 31 March</b>		<b>1,587,037</b>	<b>1,669,323</b>	<b>1,598,138</b>	<b>1,676,970</b>



## Notes to the Core Financial Statements

### 1. Changes in accounting policies, prior period restatements and reclassifications

The Group has consistently applied the accounting policies set out in Note 2 to all periods presented in these financial statements.

In the CIES, the prior year's service expenditure has been restated to reflect changes to the organisational structure that took effect in 2020/21. The services affected are set out in the table below and reflects the transfer of the Technology Group and Facilities Management from the Chief Officer to Resources. There has been no impact on the total Cost of Services.

	2019/20 Gross Exp £000	2019/20 Gross Income £000	2019/20 Net Exp £000
Assembly & Secretariat	-	-	-
Chief Officer	(27,002)	2,068	(24,934)
Communities & Skills	-	-	-
Good Growth	-	-	-
Housing & Land	-	-	-
Mayor's Office	-	-	-
Resources	27,002	(2,068)	24,934
Strategy & Communications	-	-	-
Adult Education	-	-	-
Corporate and Group Items	-	-	-
<b>Cost of Services</b>	-	-	-

### 2. Accounting Policies

#### i. Code of Practice

The Statement of Accounts summarises the Greater London Authority's ("GLA"/" the Authority") and the GLA Group's ("the Group") transactions for the 2020/21 financial year and its position at 31 March 2020. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require the accounts to be prepared

in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (“the Code”) and the International Financial Reporting Standards (“IFRS”) adopted by the European Union (“Adopted IFRS”).

The Group financial statements have been prepared in accordance with the Code.

## **ii. Basis of Accounting**

The accounts are prepared as at 31 March.

The accounting policies set out below, have been applied consistently to all periods presented in these financial statements.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Where items are considered significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader’s understanding of the Authority and Group’s financial performance.

## **iii. Basis of Preparation of Group Accounts**

The Code requires local authorities with, in aggregate, material interests in subsidiary and associated companies and joint ventures, to prepare group financial statements.

The Group’s financial statements incorporate the financial statements of the Greater London Authority and its subsidiaries prepared as at the year-end date. Where significant, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used in line with other GLA Group entities.

## **Subsidiaries**

The Group accounts presented with the Authority’s accounts consolidate the individual accounts of the Greater London Authority and its subsidiaries. A subsidiary is an entity over which the Authority exercises or has the potential to exercise control. The income, expenditure, assets and liabilities of subsidiaries have been consolidated on a line-by-line basis, except for London Travel Watch, London Treasury Limited and London Power Co. Limited which have been excluded on materiality grounds. Material intragroup transactions and balances between the remaining GLA Group entities are eliminated.

The Authority's subsidiaries are:

Subsidiaries and sub-subsidiaries	Principal Activities
Greater London Authority Holdings Limited (GLAH)	Holding company
◦ GLA Land and Property Limited (GLAP)	Development, sale and rental of land and buildings
◦ London Power Co. Limited (LPC)	Energy services
◦ London Treasury Limited (LTL)	Fund management services
◦ LSR GP Limited (subsidiary of LTL)	Fund management services
London Legacy Development Corporation (LLDC)	Regeneration of the Queen Elizabeth Olympic Park
◦ Stratford East London Developments Limited (SELD)	Property development
◦ Stratford East London Holdings Limited (SELH)	Holding company and member of E20 Stadium LLP
◦ E20 Stadium LLP (E20) (LLDC & SELH are members)	Running the London Stadium
◦ London Stadium 185 Limited (LS185) (subsidiary of E20)	London Stadium operator
Old Oak and Park Royal Development Corporation (OPDC)	Regeneration of Old Oak and Park Royal
SME Wholesale Finance Limited (SMEWFL)	Financing of small and medium businesses
◦ London Co-Investment Fund LLP (LCIF)	Financing of small and medium businesses
◦ Greater London Investment Fund Limited (GLIF)	Financing of small and medium businesses
London Travel Watch (LTW)	Transport watchdog

On materiality grounds, LTL, LTW and LPC are not consolidated in the GLA's group accounts.

#### iv. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The financial statements have been prepared on a going concern basis as it is considered by the Mayor that the activities of the GLA and the GLA Group will continue in operational existence for 18 months to 31 March 2023, following the date of the auditor's report,

by meeting its liabilities as they fall due for payment.

### **2020/21 funding and outturn position**

In 2020/21 the GLA again formed part of a business rates retention pool with the 33 London local authorities. Unlike 2019/20 where there was a business rates pilot approved by the Government which allowed the London pool members to collectively retain 75% of all business rates growth above baseline in 2020/21 there was a GLA only pilot similar to the arrangements in place for 2017/18. This pilot meant that the GLA retained 37 per cent of eligible business rates growth above baseline subject to any collective levy on that growth payable to the Government through the London business rates pool. The GLA received around £3.27 billion in business rates income during the year in respect of 2020/21, £35.9 million relating to its share of the estimated 2019/20 collection fund surplus and a further £0.18 billion in section 31 grant funding (a receipt in advance paid by DLUHC in March 2020) in respect of Government funded rates reliefs based on the pre pandemic estimates supplied by billing authorities in January 2020. After deducting its £813.1 million tariff payable to DLUHC to support local services elsewhere in England and its budgeted levy and net contribution payable through the London business rates pool this left around £2.5 billion available to fund services across the GLA group. Of this around £1,879 million was allocated by the Mayor to support Transport for London with £118.7 million and £232.9 million applied respectively, to support MOPAC and the London Fire Commissioner (LFC). The balance was applied to fund the GLA and the two Mayoral Development Corporations as well as to manage future group wide risks through the Mayor's business rates reserve.

The Mayor also received just over £1 billion in council tax revenues in 2020/21, including the 2019/20 collection fund estimated surplus, of which £767.1 million was applied to fund policing in London through MOPAC and £168.6 million was used to fund the London Fire Commissioner. The balance was applied to fund the GLA and TfL.

The Government announced in March 2020 that in light of the pandemic eligible public facing businesses in the retail, leisure, hospitality (RLH) and nursery sectors would receive 100% business rates relief for the entire 2020/21 financial year. This in effect reduced the business rates tax base in London by more than one third with the lost revenues being compensated to local authorities via section 31 grant from the Government. Based on the provisional outturn data received from billing authorities the estimated cost of these Covid-19 related business rates relief schemes in London in 2020/21 was around £3.2 billion. The GLA's expected 37% share of this is just under £1.2 billion but this did not affect the sums received in instalments in year by the GLA as the associated revenue impacts were managed initially by billing authorities. The GLA is expected to receive section 31 grant from DLUHC to fund its share of the reduced revenues arising from these reliefs in March 2022 at which time it will also reimburse the 33 London billing authorities for its related share of the associated collection fund deficit.

The Government also announced in July 2020 that it would compensate local authorities for 75% of their estimated irrecoverable council tax and business rates losses during the 2020/21 financial year arising from the impact of the pandemic. The GLA is estimated to



be eligible to receive around £201.2 million in section 31 grant support through this compensation scheme (the Tax Income Guarantee or TIG) in 2020/21. This is based on the provisional unaudited billing authority outturn data for council tax and business rates and the final sum receivable may therefore change.

The Government introduced secondary legislation which came into force on 1 December 2020 to allow local authorities to spread their 2020/21 council tax losses and any business rates deficits – based on the estimated position in January 2021 - which did not relate to retail, leisure, hospitality and nursery rates relief over the following three financial years instead of bearing the full impact in their 2021/22 budgets. The impact of these estimates was considered in the Mayor's 2021/22 budget in February 2021.

### **Going concern assessment**

In carrying out an assessment that the going concern basis is appropriate, for the period to 31 March 2023, the Mayor and management have considered the financial risks and uncertainties facing the GLA Group over that period, and have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

### **Group financial risks and uncertainties**

#### **GLA: Mayor and Assembly**

The approved budget for the GLA for 2021-22 and indicative budget for 2022-23 reflect both the new structure of Recovery Missions and Foundations but also a significant reduction in resources anticipated to be available. This has led to a re-prioritisation of resources to focus on London's recovery from the pandemic, alongside savings in 'core' functions of £10m pa.

These significant changes in the GLA's forecasts of both income and expenditure require close monitoring. The GLA will continue to publish its quarterly financial and non-financial performance reports and has re-invigorated monthly budget monitoring reports to management. Further, new procedures for preparing staffing budgets and the approval of carry-forwards have been introduced to ensure more accurate budgetary accountability and control.

The approved budgets over the period of the going concern assessment do drawdown on reserves both to support specific programmes and some staffing. However, this usage is time limited and the key issue in the detailed preparation of the 2022-23 budget will be the management of this issue.

Nevertheless, the GLA's projected cashflow forecast remains strong, with cash balances forecast to be £1.8 bn at the end of the going concern period.

## Crossrail and the Northern Line Extension

The key elements of the GLA's loan repayments relate to Crossrail and the Northern Line Extension.

As part of the funding solution to Crossrail's cost overruns the GLA committed to pay TfL a further £1.4bn, under an agreement with the Department for Transport in December 2018. This additional sum comprised £1.3bn of borrowing and a £0.1bn direct contribution from prior year unapplied Crossrail Business Rate Supplement (BRS) revenues. This entire £1.4 billion amount was transferred to TfL to fund the Crossrail project prior to 31 March 2021 including £46 million in 2020/21.

In August 2020 it was confirmed that up to an additional £1.1billion of funding might be required to complete the Crossrail project. The GLA then agreed with the Department of Transport to provide a further contribution towards the project of £825 million in November 2020. This will be again funded using a loan from the Department for Transport. None of this additional £825 million was drawn down during the 2020/21 financial year but this has commenced in 2021/22. Negotiations will take place between the GLA, TfL and the Department for Transport to agree how any additional cost pressure above the £825m funding agreed will be met should this be required.

The GLA's Crossrail related borrowing from the original funding deal approved in 2010 as well as the supplementary agreements in December 2018 and November 2020 will be financed and repaid using Crossrail BRS and MCIL revenues.

Since 2019/20 the GLA has been permitted under regulations approved by Parliament (The Community Infrastructure Levy (Amendment) (England) Regulations 2019) to apply MCIL for capital financing purposes for Crossrail. MCIL income retained by GLA from 1 April 2019 is now reported as part of the Crossrail revenue account which includes the statutory BRS revenue account. This ensures that all the funds received and applied to fund the GLA's contributions to Crossrail and its associated financing costs are reported in one account. The Community Infrastructure Levy (Amendment) (England) Regulations 2021 laid before Parliament in March 2021 following the November 2020 Crossrail funding deal permit the Mayor to apply MCIL revenues to finance and repay the GLA's Crossrail debt up to 31 March 2043.

In line with the final related prospectus, it is estimated currently that the BRS for Crossrail will run for a period up to 31 years (i.e. no later than to 31 March 2041) and raise no more than £8.1 billion to finance and repay debt and/or provide a direct contribution towards Crossrail construction costs.

Despite the impact of the pandemic the GLA received more than sufficient revenues from these two revenue streams in 2020/21

to cover the financing costs on its Crossrail related debt as well as make repayments on its original tranche of borrowing for the period to 31 March 2023. Further information on the GLA's Crossrail related income and expenditure in 2020/21 is set out in the Crossrail Revenue Account (note 55).

The GLA agreed in 2014 to make a £1 billion contribution towards the Northern Line Extension (NLE) to Battersea Power Station (BPS) and Nine Elms of which just under £0.9 billion had been paid over by 31 March 2021. The GLA’s £1 billion contribution is being primarily funded using borrowing from the European Investment Bank and other sources. This borrowing will be financed and repaid using the business rates growth in the local designated area approved by Parliament in through the Non-Domestic Rating (Northern Line Extension) Regulations 2015 supported by local developer contributions collected by the London Boroughs of Lambeth and Wandsworth. The business rates growth is ring fenced for this purpose until at least March 2041 with the possibility if required of an extension for a further five years should the GLA’s borrowing not be repaid by that date.

The Northern Line extension is due to open in Autumn 2021 and thus the level of business rates income in the area is expected to accelerate significantly over the next two years as key commercial tenants move into the area. In 2019/20 and 2020/21, as reflected in the Mayor’s annual budget approved in February 2021, the GLA’s receipts from the two local authorities from business rates growth and developer contributions were insufficient to meet its financing costs and therefore a drawdown has been made from the GLA’s Business Rates Reserve (BRR) to meet the resulting deficits. The decision to utilise this Group reserve reflected the fact this project is being delivered and funded jointly by the GLA and TfL. It is intended that these deficits will be repaid to that reserve once business rates income increases following the opening of the NLE. This illustrates the GLA’s financial resilience in that it was able to meet these temporary deficits from its key risk and volatility related group reserve. Should business rates remain insufficient for the period to 31 March 2023, the GLA has sufficient balances in the business rates reserve to fund any future deficits. Further information on the GLA’s NLE related income and expenditure in 2020/21 is set out in the Northern Line Extension Revenue Account (note 53).

Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
31/3/21	£10m	£2,336m

At 31 March 2023, the Authority’s expected General Fund has a predicted balance of £10 million, this remains at the minimum level of General Fund balances as set by our Director of Resources; earmarked reserves are forecast at £ 470.6 million.

The LFC, MOPAC and TfL are required to meet any additional unforeseen expenditure themselves, rather than being a call on the GLA’s reserves.

## **LLDC group**

As the ultimate funder of LLDC, the GLA is exposed to the financial risks of its subsidiary, E20 Stadium LLP. The GLA continues to be committed to meeting the funding requirements of E20 Stadium LLP. It has agreed funding for E20 for 2021/22 through the GLA statutory budget process and the Mayor's Budget Guidance for 2022/23 recognises this on-going commitment in proposed funding for LLDC.

The LLDC long term model forms the basis for the GLA's assessment of the Corporation's financial obligations and accordingly the risks and possible impact on the GLA. The assumptions that underpin this incorporate independent professional advice to establish the expenditure requirements for the Corporation's development sites and the capital receipts that they will generate to repay its loan to the GLA. This continues to demonstrate that sufficient receipts can be generated and is subject to on-going review. The Corporation's borrowing limit remains capped at £520 million and the GLA will continue to provide additional grant funding during the going concern period, if necessary, to ensure that this level is not breached. There is on-going financial risk as the construction of East Bank progresses, in the operation of the London Stadium and from housing market developments.

The GLA's cash balances continue to mean that all cashflow requirements during the going concern period can be met. The Capital Funding Reserve for LLDC had a balance of £245.4 million at the end of March 2021 which includes an addition of £100 million due to a significant increase in the estimated final cost of East Bank (including the impact of Covid-19, other cost pressures and on-going risk).

## **GLAH Group**

The Authority is also exposed to the financial risks of its subsidiaries Greater London Authority Holdings group, the Funding London group and the Old Oak Park Corporation. It is management's view that none of these subsidiaries poses a significant financial risk to the Authority. GLAH group has a strong balance sheet with net assets of £248m as at 31 March 2021. Funding London investments are reviewed at the GLA's Financial Risk Oversight Board on a quarterly basis and the view is that these loans do not represent a material risk to the GLA during the going concern period. OPDC's funding requirement for 2022/23 is relatively small - £6.5m - and it does not have planned capital spending in the short term.

## **Conclusion**

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing beyond Crossrail.

The key assumptions within this forecast are set out above in relation to the Group's activities and financial responsibilities. We have considered a downside scenario, forecasting reductions in:

- business rates to Government safety net level
- reduction in council tax base of 1%
- expenditure within the GLA Missions and Foundations exceeds budget
- LLDC group requires additional grant funding to meet unforeseen expenditure in the period to 31 March 2023
- GLAH group expenditure exceeds budget, which would be met from within their own reserves position

The downside scenario modelled has the potential impact of requiring additional revenue savings of £193m across the Group. However, were that scenario to occur, the minimum level of general fund reserves is forecast to remain above £200m and liquidity would not be significantly affected during the same period, with forecast cash balances remaining above £1.6bn.

Having assessed the funding challenges and other uncertainties faced by the GLA Group, the Mayor considers it appropriate to adopt the going concern basis in preparing these financial statements given the Group's liquidity and reserves position and the ongoing action taken by the Authority to reduce spend commensurate with the forecast reduction in funding.

#### **v. Prior Period Adjustments, Changes in Accounting Policies and Errors and Estimates**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of a transaction, other events and conditions on the Group's financial position or financial performance. Where a change is made, it is applied retrospectively as if the new policy had always been applied (unless stated otherwise), by adjusting the comparative amounts for the prior period and the opening balances, if the adjustments have had a material effect on the financial position at the beginning of the comparative period, see note 1.

Material errors discovered in prior period figures or reclassifications are corrected retrospectively by adjusting the comparative amounts for the prior period and the opening balances, if the adjustments have had a material effect on the financial position at the beginning of the comparative period, see note 1.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

#### **vi. Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue (see Note 6). Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

#### **vii. Accruals of income and expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue is recognised when the Group has a contract with a customer and a performance obligation has been satisfied, at the transaction price allocated to that performance obligation. Where payment is deferred, the transaction price is adjusted for the time value of money.
- Development properties and land sales - Revenue is recognised in the income statement when control has been transferred to the purchaser. It is considered that control passes on legal completion. Revenue is recognised at the fair value of the consideration received or receivable on legal completion.
- Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet, see Inventories accounting policy xxii for further details

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- Interest receivable on investments and payable on borrowings are accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but the cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance, is applied and the resulting changes to impairment loss is written off to the Comprehensive Income and Expenditure Statement (CIES).

#### **viii. Government Grants and Third-Party Contributions**

##### **Revenue grants**

Whether paid on account, by instalments or in arrears, revenue government grants and third-party revenue contributions and donations are recognised as due to the Group when there is reasonable assurance that:

- the Group will comply with the conditions attached to the payments; and
- the revenue grants or contributions will be received.

Amounts recognised as due to the Group are not credited to the CIES until conditions, attached to the revenue grant or contribution, have been satisfied. Conditions are stipulations that specify how the revenue grant should be used by the Group, and which if not met require the grant to be returned to the transferor.

Monies advanced as revenue grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the revenue grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

Where revenue grant income has been received that has no conditions attaching to it, but where the grant has yet to be applied and there are restrictions as to how the monies are to be applied, the Group recognises this income in the CIES and then earmarked until it is applied.

### **Capital grants**

Capital grants recognised as due are not credited to the CIES until conditions attached to the capital grant have been satisfied. They are carried in the Balance Sheet as creditors (receipts-in-advance) until the conditions have been met.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### **ix. Council Tax Accounting**

The GLA is the only major preceptor on the 32 London Boroughs and City of London Corporation.

In their capacity as billing authorities, the boroughs and the City of London Corporation, act as the GLA's agent: they collect and distribute council tax income on behalf of themselves and the GLA.

The council tax income included in the CIES for the year will be the accrued income for that year. The difference between the income included in the CIES and the amount required by statute to be credited to the General Fund is managed by a transfer to or from the Collection Fund Adjustment Account in the Movement in Reserves Statement.

This ensures that the amount included in the General Fund is as required under statute and is the precept for the year plus the preceptor's share of the Council Tax surplus on the billing authorities' Collection Fund for the previous year or less its share of the Council Tax deficit on the Collection Fund for the previous year.

The Government also announced in July 2020 that it would compensate local authorities for 75% of their estimated irrecoverable council tax losses during the 2020-21 financial year arising from the impact of the pandemic. The methodology for this support – the so-called Tax Income Guarantee or TIG scheme – was not however confirmed by the Government in respect of council tax until early 2021. The GLA is estimated to be eligible to receive £3.4 million in TIG grant from DLUHC for 2020-21 for



council tax losses based on the published methodology and the quarter 3 outturn returns (the QRC3) submitted by billing authorities. A debtor has been raised for this sum as the TIG grant will be paid by DLUHC during the 2021-22 financial year. This £3.4 million figure is provisional and will not be finalised until the full outturn data – the QRC4 return – is published for all 33 London billing authorities and the final calculations can be completed.

Since the collection of council tax is in substance an agency arrangement, the cash collected by the boroughs and the City of London Corporation from council tax debtors belongs proportionately to them and the GLA. A debtor/creditor position between these billing authorities and the GLA is recognised since the net cash paid to the GLA in the year will not be its share of cash collected from council taxpayers.

#### **x. Non-domestic rates**

In their capacity as billing authorities, the 32 boroughs and the City of London Corporation, act as the Greater London Authority and the Secretary of State's agent: they collect and distribute non-domestic rates income on behalf of themselves, the Secretary of State and the GLA in proportion to the agreed shares set out in the Non-Domestic Rating (Rates Retention) Regulations 2013 as amended.

The non-domestic rates income included in the CIES for the year will be the GLA's share of accrued income for that year including any additional income in relation to the London business rates pool. The difference between the income included in the CIES and the amount required by statute to be credited to the General Fund is managed by a transfer to or from the Collection Fund Adjustment Account in the Movement in Reserves Statement.

This ensures that the amount included in the General Fund is as required under statute and is the Authority's proportionate share of non-domestic rates for the year plus the Authority's share of the Non-Domestic Rates surplus on the billing authorities' Collection Fund for the previous year or less its share of the Non-Domestic Rates deficit on the Collection Fund for the previous year.

Since April 2017 the GLA has participated in a business rates retention pilot arrangement. Under this pilot the GLA retains a higher share of business rates income than under the arrangements in place prior to this date following the rolling in to its funding baseline of TfL's former capital investment grant from the Department for Transport and the GLA's revenue support grant which includes resources for fire and rescue services, former GLA general grant and prior year council tax freeze grant income for policing. In 2020/21 – as in 2017/18 – the GLA operated as a freestanding pilot with a higher 37 per cent retention

share. In 2018/19 and 2019/20 it formed part of a wider pilot with the 33 London billing authorities within an overall London pooling arrangement. The London pooling arrangement continued in 2020/21.

Under the rates retention scheme the GLA was a 'tariff' authority in 2020/21, as was the case between 2013/14 and 2018/19 within the continuing London business rates pool. The tariff is paid in circumstances in which an authority, or group of authorities in a pool, has a higher business rates baseline (excluding growth), as estimated by central government, than the baseline funding level set by the Secretary of State as approved by the House of Commons in the Local Government Settlement. As the GLA formed part of a pool this tariff was paid via the lead authority (the City of London Corporation) to DLUHC. The GLA's tariff payment was £813.1 million in 2020/21 and is applied by the Government to support local services elsewhere in England. In 2019/20 the GLA was a top-up authority as its allocated share of business rates revenues was lower than its baseline funding, reflecting a temporary reduction to 27% in its statutory share of business rates income under the London 75% business rates pilot in operation that year.

As stated above the London pooling arrangements continued in 2020/21; however, the locally retained share was reduced from 75 per cent to 67 per cent, the same scheme as existed in 2017/18, prior to the increased retention arrangements in place for 2018/19 and 2019/20. In addition to the reduction in the retained share, the levy on business rates growth was reinstated. The collective levy rate for the pool – if business rates growth is sufficient to require one to be paid - equates to just over 19 per cent of the growth in business rates above the baseline set by DLUHC.

As a result of the lower level of retention by the 33 local authorities in 2020/21, it was agreed collectively by authorities involved in the pool, including the GLA, that any additional income retained specifically as a result of the financial benefit arising from pooling would be shared amongst those 33 authorities only. The GLA would continue to retain the growth above the business rates baseline from its 37 per cent share, subject to its contribution to the overall levy payment on growth. Where an overall deficit arises from pooling as is now estimated to be the case for 2020/21 based on the unaudited outturn data any deficit is shared proportionately between the pool members. Based on the provisional outturn the GLA is expected to make a net contribution of around £6.1 million towards the pool compared to just under £50 million compared to the original estimates.

In March 2020 the Government announced that ratepayers in the retail, leisure, hospitality and nursery sectors operating from public facing premises would receive 100 per cent relief on their business rates bills in 2020-21 due to the impact of the Covid-19 pandemic. This relief scheme is estimated to have reduced the level of business rates collected in London by over £3.2 billion in 2020-21 of which the GLA's forecast share is just under £1.2 billion which is offset in full by section 31 grant due to the GLA from

DLUHC. Local authorities also receive section 31 grant in respect of other reliefs and support provided to ratepayers including prior year caps or freezes in the NNDR multiplier compared to inflation and small business rate relief. Taking all these into account the level of section 31 grant estimated to be due to the GLA from DLUHC in respect of business rates retention reliefs and related support to ratepayers including sums already received by the GLA in March 2020 was just over £1.3 billion in 2020/21. The majority of this section 31 grant income – around £1.14 billion - is not due to be received from the Government in cash terms until March 2022 once the final reconciliation adjustments are made for 2020-21 and a debtor has been raised for this purpose.

The Government also announced in July 2020 that it would compensate local authorities for 75% of their estimated irrecoverable business rates losses during the 2020-21 financial year arising from the impact of the pandemic. The methodology for this support – the so-called Tax Income Guarantee or TIG scheme – in respect of NNDR was not however confirmed by the Government until May 2021. The GLA is estimated to be eligible to receive £197.8 million in TIG grant from DLUHC for 2020-21 in respect of business rates losses based on the published methodology and the unaudited year end returns received from billing authorities. A debtor has been raised for this sum as the TIG grant in 2020-21 is being paid by DLUHC during the 2021-22 financial year.

Top-up receipts from and tariff payments to central government along with safety net receipts and levy payments, if applicable, are recognised in the Comprehensive Income and Expenditure Account within the Surplus or Deficit on Provision of Services. Taking into account the above factors and the provisional London pool outturn calculations the GLA is not now expected to pay a levy through the pool or receive a safety net payment based on the current best assessment of the Government's expected methodology for determining levy and safety net payments. This methodology has still to be finalised and confirmed and it is therefore possible that this situation may change. On the basis of the current estimated pool outturn position reflected in these accounts the GLA is required, however, to make an estimated contribution of £6.1 million towards the pool based on its 37 per cent share of the current forecast pooling deficit

Since the collection of non-domestic rates is in substance an agency arrangement, the cash collected by the boroughs and the City of London Corporation from non-domestic rates debtors belongs proportionately to them, the GLA and, for prior years, notionally in respect of their centrally retained share the Secretary of State. A debtor/creditor position between these billing authorities and the GLA is recognised since the net cash paid to the GLA in the year will not be its share of cash collected from non-domestic rate payers.

Based on the provisional outturn calculations for the London pool, the GLA also has an estimated debtor position with the City of London – the lead authority for the pool – of £43.6 million as the overall income from business rates is lower than the original budgeted estimates made for 2020/21 in early 2020. These budgeted estimates implied a net contribution (including the estimated levy on growth) by the GLA to the pool of £49.7 million whereas in practice this contribution has now reduced to an estimated £6.1 million. This reflects the impact of the COVID 19 pandemic on the level of receipts which results in the GLA having to make a lower contribution towards the pool.

The GLA acted as an agent of the City of London in respect of managing cashflows and transfers between billing for the London pool in 2020-21 but at the financial year end only retains those sums due to the GLA for its purposes. The City of London makes the collective tariff payment for the pool – the net sum by which the adjusted business rates baseline income for London exceeds the aggregate funding baseline for the 34 pool members including the GLA’s element of £813.1 million – as well as any collective levy payment due directly to DLUHC. Due to the uncertainty in respect of future business rates income arising from the pandemic including potential large refunds to ratepayers relating to Material Changes of Circumstances challenges anticipated at that time the Mayor and 33 billing authorities agreed in January 2021 to suspend the London business rates pool for the 2021/22 financial year. The Secretary of State endorsed this request and formally removed the pooling designation with effect from 1 April 2021.

#### **xi. Crossrail Business Rate Supplement**

The GLA is empowered to levy a business rate supplement under the Business Rate Supplements Act 2009. It published a prospectus in January 2010 confirming its intention to levy a BRS to finance £4.1 billion of its contribution towards the cost of the Crossrail Transport project. It may therefore only apply its Business Rate Supplement revenues in respect of expenditure relating to this project.

The GLA accounts for its BRS related expenditure (its contribution to the Crossrail project) within the CIES and its interest payable on the associated borrowing within financing and investment income. BRS income is presented within “Taxation and Non-Specific Grant Income”. As the GLA is required to refund BRS levies that have not been used to finance the project (e.g. where the imposition of the Business Rate Supplement has come to an end) any BRS income is therefore subject to a condition, and therefore all BRS receipts are initially recognised as a creditor.

The GLA receives amounts in respect of BRS from billing authorities during the year based on a provisional estimate at the start of the year net of reliefs, borough collection costs and a 5% contingency allowance. After the financial year-end each billing authority calculates the amount it has collected in BRS after allowing for collection and other costs. This uses a different methodology - as specified in section 7 to Schedule II of the BRS Transfers to Revenue Business Rate Supplements (Transfers to Revenue Accounts) (England) Regulations 2009.

The amount calculated as having been collected in BRS under this methodology is based on the total amount paid into each billing authority's collection fund in business rates and BRS multiplied by the share which BRS liabilities represent of the total business rates liability for all ratepayers (including those not liable for BRS) adjusted for prior year liabilities and refunds. A debtor or creditor is raised depending on whether the amount calculated as having been collected is higher or lower than the amount paid in instalments based on the provisional estimate. There is no direct relationship between the methodology used to calculate the provisional returns and the final returns.

The GLA recognises its BRS revenue as income in the CIES only at the point the conditions it has set out in its final prospectus are satisfied (i.e. at the point that it makes its contribution to the Crossrail project by means of a payment made to Transport for London and is credited by them to the Crossrail Sponsor Funding Agreement (SFA) Account). This SFA account is administered by Transport for London and all monetary contributions by the GLA, TfL and the Secretary of State for Transport towards the cost of the project are paid into it.

The GLA has recognised all revenue expenditure (including interest incurred on that element of its contribution financed by borrowing) relating to its contribution towards the Crossrail project as expenditure in the relevant service revenue account(s) as it is incurred. Its contributions paid to Transport for London in respect of Crossrail have been recognised as Revenue Expenditure Funded from Capital under Statute ("REFCUS").

Where revenue expenditure is incurred in respect of a BRS project, the GLA transfers an amount equal to that expenditure from the Business Rate Supplement Account to the General Fund as the expenditure is incurred. Were capital expenditure in respect of a BRS project to be incurred, the GLA would transfer an amount equal to the capital expenditure from the Business Rate Supplement Account to the Capital Adjustment Account as the capital expenditure is incurred.

Where capital expenditure in respect of a BRS project has been funded from borrowing, the GLA transfers from its Business Rate Supplement Revenue Account to its General Fund an amount equal to the sum of the Minimum Revenue Provision (“MRP”) and interest charged to the General Fund in the year in respect of the BRS project. These transfers are reported in the Movement in Reserves Statement. As the GLA does not generate an asset from its BRS contributions no depreciation or impairment of assets are financed from BRS levies.

The GLA transfers an amount equal to its income receivable in respect of the Crossrail project once recognised in the financial year (net of administrative expenses incurred by it and the 33 billing authorities in London) from its General Fund to its Business Rate Supplement Revenue Account. Any difference between the cumulative income transferred to the Business Rate Supplement Revenue Account and the amount required by regulation to be transferred to that account (i.e. the amount reported by billing authorities as having been collected as specified in the BRS Transfers to Revenue Accounts regulations) is credited or debited to that account, with the corresponding debit or credit being made to the Collection Fund Adjustment Account.

The GLA is required to prepare and published a BRS revenue account setting out the expenditure applied using and income received from the BRS under Schedule 1 of the Business Rate Supplements (Accounting) (England) Regulations 2010. Since 2019/20 this statutory account has been incorporated within a wider Crossrail Revenue Account following the approval of the Community Infrastructure Levy (Amendment) (England) Regulations 2019 – 2019 966) by Parliament which allow MCIL revenues to also be applied to finance and repay the GLA’s Crossrail debt.

Where the GLA’s Crossrail Revenue Account (incorporating the statutory BRS revenue account) is in deficit, it transfers an amount equivalent to the deficit from its General Fund to that Revenue Account; this transfer being reported in the Movement in Reserves Statement.

Any deficit may be recaptured in future years from any surpluses arising on the account. Where deficits arise as a result of capital grants made to TfL (as above), capital finance regulations and the GLA’s minimum revenue provision policy ensure that there is no net impact on the General Fund. Therefore, the GLA’s contribution to Crossrail has no impact on the Precept or council taxpayer.

Where the GLA's Crossrail Revenue Account (incorporating the statutory BRS revenue account) is in surplus, it transfers the surplus to its General Fund to the extent that this reverses any amounts charged to that fund in the ten years immediately preceding the financial year having regard to the requirements of the BRS Accounting Regulations; this transfer being reported in the Movement in Reserves Statement.

As a result of the delay in completing the Crossrail project, the Mayor agreed, in December 2018, that the GLA would provide a further £1.4 billion contribution to the project, to be paid to TfL as a capital grant. This has been funded in cash terms using £100m of unapplied BRS revenues held as a provision against revaluation, financing cost and business rates appeals risks from prior years, and a £1.3 billion loan from the Department for Transport. The GLA had paid this entire £1.4 billion sum over to TfL by 31 March 2021 including £46 million during the 2020-21 financial year.

The GLA also agreed with the Department of Transport to provide a further contribution towards the Crossrail project of £825 million in November 2020. This will also be funded using a loan from the Department for Transport. None of this additional £825 million was drawn down during the 2020/21 financial year.

In line with the final prospectus, it is estimated currently that the BRS for Crossrail will run for a period up to 31 years and raise no more than £8.1 billion to finance and repay debt and/or provide a direct contribution towards Crossrail construction costs.

Where, in the final year of the BRS, and in the case of the GLA its associated borrowing has been repaid which is not expected to be before the late 2030s but be no later than 31 March 2041- the Business Rate Supplement Revenue Account is in surplus, the GLA will transfer this surplus to the Collection Fund Adjustment Account. These surplus funds will be transferred to each billing authority in proportion to the amounts paid in BRS by that authority over the lifetime of the BRS. Where such sums are material these surpluses will be repaid to those ratepayers liable to the BRS in its final year by that billing authority.

## **xii. Community Infrastructure Levy (CIL)**

The Authority has elected to charge a Mayoral CIL. The levy is charged on new builds (chargeable developments for the Authority) with appropriate planning consent. Under existing legislation, the GLA's CIL may only be applied to fund transport projects and the income from the levy is currently being used to fund Crossrail.

The Authority is the chargeable body and the London Boroughs and City of London Corporation – the 33 collecting authorities - collect the levy on the Authority's behalf. Transport for London manages the administration of CIL on behalf of the GLA under an agency arrangement.

Prior to 2019/20 MCIL income was paid into the Crossrail Sponsor Funding Agreement Account held by Transport for London before being applied by it to fund the Crossrail project.

From 2019/20 the GLA has been permitted under regulations approved by Parliament (The Community Infrastructure Levy (Amendment) (England) Regulations 2019) to apply MCIL for capital financing purposes for Crossrail. MCIL income retained by GLA from 1 April 2019 is now reported as part of the Crossrail revenue account which includes the statutory BRS revenue account. This ensures that all the funds received and applied to fund the GLA's contributions to Crossrail and its associated financing costs are reported in one account. The Community Infrastructure Levy (Amendment) (England) Regulations 2021 laid before Parliament in March 2021 following the November 2020 Crossrail funding deal permit the Mayor to apply MCIL revenues to finance and repay the GLA's Crossrail debt up to 31 March 2043.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion, of the charges, has been used to fund revenue expenditure. Further details on the CIL can be found in note 24.

### **xiii. Exceptional Items**

When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the CIES or in the notes to the accounts, depending on how significant the items are to an understanding of the Group's financial performance.

### **xiv. Charges to Revenue for Non-Current Assets**

Services and support services are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;



- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the annual contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## **xv. Employee Benefits**

### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include such benefits as salaries, other remuneration, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Group to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service in the CIES at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

### **Post-Employment Benefits**

Group employees are members of the following pension schemes:

- *Local Government Pension Scheme (LGPS):* Authority, LLDC and OPDC staff

- *London Principal Civil Service Pension Scheme (PCSPS):* TravelWatch
- *AVIVA:* GLA Assembly members

### **The Local Government Pension Scheme**

The Local Government Pension Scheme in respect of GLA, LLDC and OPDC employees is administered by the London Pensions Fund Authority (LPFA) and is accounted for as a defined benefits-scheme:

- The liabilities of the LPFA pension scheme attributable to the Authority, LLDC and OPDC are included in the balance sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, at a discount rate of 2.05%. An estimate of the Authority's future cashflows is made using notional cashflows based on an estimated service liability of 26 years. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30-year point). The assets of the LPFA pension fund attributable to the Authority, LLDC and OPDC are included in the Balance Sheet at their fair value as follows:
  - Quoted securities- bid value to bid value basis
  - Unquoted securities-professional estimate
  - Unitised securities- bid value to bid value basis
  - Property-market value

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - current service cost – the increase in liabilities, as a result of years of service earned this year- allocated in the CIES to the services for which the employees worked

- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs; and
- interest on the net defined benefit liability, i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - the return on plan assets – excluding amounts included in the interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with the assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary benefits**

Discretionary awards of retirement benefits are sometimes made in the event of early retirements. Any liabilities estimated to arise as a result of an award to a member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **The Principal Civil Service Pension Scheme**

The PCSPS is a multi-employer, unfunded, defined benefit scheme and it is therefore not possible to identify its share of the underlying liabilities. The scheme is accounted for as if it were a defined contribution scheme – no liability for future payments is recognised in the balance sheet and revenue is charged with the employer's contributions payable to the PCSPS in the year. The staff at London TravelWatch are members of the scheme.

### **Greater London Authority AVIVA master trust scheme**

The Greater London Authority AVIVA master trust scheme is a defined contribution scheme open to the Mayor and Assembly Members. As it is a defined contribution scheme no liability for future payments is recognised in the balance sheet and revenue is charged with the employer's contributions payable in the year. The scheme commenced on 1 March 2018.

### **Allianz Pensions Scheme (London House Brussels staff)**

On 1 January 2020, Brussels staff pensions transferred from the LGPS to a group insurance scheme operated by Allianz. This is a defined contributions scheme open solely to the three staff employed in the Authority's Brussels office. As it is a defined contribution scheme, no liability for future payments is recognised in the balance sheet and revenue is charged with the employer's contributions payable in the year.

### **xvi. Fair Value**

The Group measures some of its non-financial assets such as investment properties and some of its financial instruments such as equity mortgages at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between knowledgeable market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in its absence, in the most advantageous market for the asset or liability.

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interests.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

## **xvii. Financial Instruments**

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premia and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. Where material, the Group has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVTPL), and
- fair value through other comprehensive income (FVOCI)

#### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Group, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Group has made a number of loans to organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

#### Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost and at FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables. Only lifetime losses are recognised for trade receivables (debtors) held by the Group.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Group has a portfolio of a significant number of loans to subsidiaries and property developers. Losses have been assessed on an individual instrument basis, excluding loans to other local authorities as the Code excludes loans to other local authorities from impairment assessments.

#### Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and



- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets measured at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method and losses and impairment are recognised in the CIES. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to the CIES within Financing and Investment Income and Expenditure.

#### Financial Assets Measured at Fair Value through Profit of Loss (FVTPL)

Financial assets that do not meet the tests to be measured at amortised cost or at FVOCI are measured at FVTPL. They are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

#### **xviii. Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in ninety days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority and group members' cash management.

#### **xix. Foreign Currency Translation**

Where the Group has entered into a transaction denominated in a foreign currency, the transaction is converted to sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the CIES.

#### **xx. Interests in Companies and Other Entities**

The Authority has material interests in companies and other entities that have the nature of subsidiaries and associates that require it to prepare group accounts.

#### **xxi. Inventories**

##### **Greater London Authority Holdings Ltd**

Land and buildings held for sale in the normal course of business are classified as inventories. They are valued annually, by external professionally qualified valuers, at the lower of cost and net realisable value.

Inventory costs are comprised of direct materials, direct labour costs and those overheads which have been incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Land is recognised as inventory when control has been transferred.

Non-refundable land option payments are initially recognised in inventory and are written off to the income statements when it is probable that they will not be exercised.

## **xxii. Leases**

### **Finance Leases (the Group as lessee)**

#### **Leased Assets**

Leases are identified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

#### **Lease Payments**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rents are charged as expenses in the periods in which they are incurred.

**Finance Leases (the Group as lessor)**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

**Operating Leases (the Group as lessee)**

Rentals paid under operating leases are charged to the CIES as an expense of the services that benefit from use of the leased property, plant or equipment.

Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

**Operating Leases (the Group as lessee)**

Rental income from operating leases and initial direct costs are recognised in the CIES on a straight-line basis over the term of the relevant lease.

**xxiii. Intangible Assets**

Expenditure, of £10,000 and above, on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible assets to the Group.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible, is intended to be completed and will generate future economic benefits or deliver service potential through use of the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise services or goods.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held can be determined by reference to an active market. In practice, no intangible asset held meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service

lines in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service lines in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

The useful lives and amortisation methods for software costs are as follows:

Software costs: Straight line - 3 to 5 years

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement on Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

#### **xxiv. Property, Plant and Equipment**

Assets that have physical substance and are held for use in the supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

##### **Recognition**

Expenditure, of £10,000 and above, on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be reliably measured. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Expenditure below £10,000 may be grouped and capitalised where practicable to do so.

##### **De-recognition**

Where expenditure is incurred in the direct replacement of an existing asset or a significant component of an existing asset – that component is de-recognised prior to the recognition of any subsequent expenditure.

##### **Initial Measurement and Valuations**

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- Borrowing costs incurred are not capitalised whilst assets are under construction.

Assets are then measured on the Balance Sheet date using a current value basis:

- Specialised properties with no active market – measured at depreciated replacement cost (DRC), being the present value of the assets’ remaining service potential, which can be assumed equal to the cost of replacing that service potential;
- Non-specialised operational properties – measured at existing use value, being the market value based on the assumption that the property is sold as part of the continuing enterprise;
- Surplus assets – measured at fair value, being the price that would be received to sell an asset in an orderly transaction between market participants; and
- Plant and equipment – measured at cost less accumulated depreciation and accumulated impairment losses as a proxy for current value.

Assets under construction are measured at cost less accumulated impairment losses.

### **Valuations**

Assets included in the Balance Sheet at current and fair value are revalued annually to ensure that their carrying amount is not materially different from their current or fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Account in order to reverse a loss charged to services in a prior year.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and

- where there is an insufficient balance in the revaluation reserve, the revaluation reserve is written down to nil and the remaining amount of the decrease in value is written down against the relevant service line(s) in the CIES.

Where there is no balance in the Revaluation Reserve, the whole amount of the decrease in value is written down against the relevant service line(s) in the CIES.

### **Impairment**

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### **Depreciation**

Depreciation is provided on all Property, Plant and Equipment assets by systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets that are not yet available for use (i.e. assets under construction).

Depreciation is provided according to the following policy:

- Newly acquired assets are depreciated when they are brought into use or on an average basis; and
- Depreciation is calculated using the straight-line method and over the following useful lives:
  - Buildings – up to 60 years
  - Plant and equipment – 3 to 40 years

- IT infrastructure and development – 3 years
- Furniture, fixtures and fittings – 5 to 10 years
- Motor vehicles – 3 years

Where an item of Property, Plant and Equipment has major components with significantly different useful lives and the cost of which is significant in relation to the total cost of the item, the components are depreciated separately.

Land is not depreciated as it is deemed to have an indefinite useful life.

### **Disposals**

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of the disposal).

The following policy will be applied to the de-recognition of fully depreciated assets:

- Asset life 5 years – write off after 8 years if existing use cannot be determined (or sooner if confirmed no longer in use); and
- Asset life 3 years – write off after 5 years if existing use cannot be determined (or sooner if confirmed no longer in use).

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are apportioned to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of the disposal is not a charge against the Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **Non-current assets held for sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before



reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

## **xxv. Heritage Assets**

Heritage assets are assets that are held principally for their contribution to knowledge or culture and may be carried at cost or fair value based on market value. Most often this is deemed to be its insured value, for example in the case of works of art.

Two heritage assets were transferred on 1 April 2012 from the Homes and Community Agency both had depreciated to a nil carrying value. The assets held are of a unique nature and there is no historical cost information available and no comparable market value information.

The Group considers the cost of obtaining such information outweighs the benefits to the users of the financial statements. As a result, the assets have not been recognised on the Balance Sheet. The appropriate disclosures have been made in Note 28.

## **xxvi. Investment Property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is measured initially at cost, including transaction costs, and subsequently measured at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation and on disposal are recognised in the CIES. As statutory arrangements do not allow these gains and losses to impact the General Fund, they are subsequently reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve (sales proceeds). When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

External, professionally qualified valuers are used to measure fair value.

## **xxvii. Revenue expenditure funded from capital under statute (REFCUS)**

Revenue expenditure funded from capital under statute is expenditure that may be capitalised under statutory provisions but which does not result in the creation of a fixed asset to the Authority/Group. For example, grant paid to a third party for the purchase or creation of a fixed asset. This will include capital grants paid to Transport for London in respect of the Northern Line Extension, housing capital funding paid to London boroughs, developers and housing associations; and regeneration funding paid to London boroughs and other organisations.

REFCUS is charged as expenditure to the relevant service revenue account in the year. Where such expenditure is funded from capital grants or contributions, the grants or contributions (or the portions that relate to the expenditure) are recognised as revenue grants or contributions. Both the expenditure and the grant or contributions are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account so there is no impact on the level of the precept.

## **xxviii. Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place that gives rise to a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives rise to a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives rise to a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent

assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

#### **xxix. Reserves**

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Capital reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Group – these reserves are explained in the relevant accounting policies.

#### **xxx. VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

#### **xxxi. Corporation Tax**

Corporation tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the CIES except to the extent that it relates to a business combination, or to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set off.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **xxxii. Minimum Revenue Provision**

A minimum revenue provision (MRP) is a requirement to spread the revenue cost of capital expenditure over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The provision is in respect of capital financed by borrowing or credit arrangements. The scheme for calculating MRP is set out in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

The GLA's relevant capital expenditure currently relates to major infrastructure projects, namely Crossrail and the Northern Line Extension (NLE). Due to the scale of the GLA commitment to these projects (£6.1bn and £1bn respectively), the GLA considers it prudent to maintain ringfenced project accounts for each. In the case of Crossrail, the ringfencing is prescribed by statute.

In both cases, the GLA's expenditure takes the form of grants to TfL to fund all or part of the project costs. Various statutory or contractual income streams are available to the GLA to meet these costs, and are credited to the relevant ringfenced project accounts, either to fund grants directly or meet associated financing costs, including repayment of borrowing.

- In the case of Crossrail, the principal income stream is Crossrail Business Rates Supplement (BRS), supplemented from 2020/21 by the Mayoral Community Infrastructure Levy (MCIL)
- For the NLE, the funding is collected by the London Boroughs of Lambeth and Wandsworth and comprises a share of the ring-fenced business rates growth in the Battersea and Nine Elms designated area and charges on developers in the area of the extension.

For each project, the annual MRP is set at the surplus of income credited to the project account over the net financing and other revenue expenditure, including the making good of prior year project account deficits. This is a prudent provision, since it will fully fund the costs attributable to each project over a period of time reasonably commensurate with the benefits of that project.

Where the GLA incurs capital expenditure as a result of making a loan to another entity for purposes that, had the GLA undertaken these directly, would be treated as capital expenditure, then the capital financing requirement element arising from such loans shall be excluded from the minimum revenue provision calculations to reflect the policy that the capital receipt arising from the repayment of the loan will be applied in full to meet the initial expenditure. The Executive Director of Resources may override this exemption on the grounds of prudence, directing a provision to be made in accordance with the methodology set out in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. However, the impact of such direction on the revenue account shall be accounted for as a voluntary revenue provision (VRP).

### **3. Accounting Standards issued but not yet effective**

At the date of authorisation of the Group financial statements, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

#### IFRS 16 Leases

- IFRS 16 Leases replaces IAS 17 Leases and will be effective for annual periods beginning on or after 1 April 2022. The Group's accounting as a lessor will remain aligned to the current approach under IAS 17; however, for lessee accounting there will no longer be a distinction between finance and operating leases. The transition approach adopted by the Group will result in the recognition of right of use assets and lease liabilities in respect of leased properties previously accounted for as operating

leases. Work is currently underway to quantify the lease liabilities. As permitted by the transition options under IFRS 16, comparative figures for the prior year will not be restated. Going forward, the Group will recognise a finance charge on the lease liability and a depreciation charge on the right-of-use asset, whereas previously the Group included lease rentals within the respective service area's expenditure. The Group intends to take advantage of the exemption to not recognise a lease liability and a right-of-use asset for leases for which the underlying asset is of low value.

#### **4. Transfer of function**

There were no transfers of function in 2020/21.

#### **5. Use of estimates and judgements**

The preparation of financial statements in conformity with the Code requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed below:

##### **Estimates**

##### **Fair Value**

A range of judgements and estimates are made when determining the fair values of property assets and financial instruments held at fair value. Where applicable the impact of COVID-19 on rental income and comparable property values has been taken into account by the Valuers.

##### **Fair values of properties**

Investment Properties are valued at fair value. The carrying value of investment properties at Group level, at 31 March 2021, totalled £89.9m, see note 26 for further details.

The significant assumptions applied in estimating the fair values of investment properties are:

For income producing properties, the Valuers adopt an investment approach where they apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. The significant unobservable inputs used in the fair

value measurement include management assumptions regarding rent growth, vacancy levels and discount rates – adjusted for regional factors. Following market practice, they construct their valuations adopting methodology where the reversions are generated from regular short-term uplifts of market rent. They would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation;

- the assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Global Standards 2017 – UK national supplement as applicable (‘the RICS Red Book’). Where circumstances dictate that it is necessary to utilise a different rental value in the capital valuation, the Valuers will generally set out the reasons for this in their report;
- vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable; and
- where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. This requires assumptions being made on the nature, size and specification of the modern equivalent building and all other necessary improvements; and calculating the cost of providing these by reference to published building cost data. Assumptions are also made on the percentage depreciation required to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued.

### **Fair values of financial instruments**

Where quoted market prices are not available, valuation techniques are used to value financial instruments. These include models using both observable and unobservable market inputs. The valuation techniques involve judgement regarding the valuation models used and the inputs to these models can lead to a range of plausible valuation for financial investments. Inputs include forecast cash flows, appropriate market interest rates and for property backed loans a key input is the underlying property valuation.



### **Inventory (Development Property)**

The Group holds land and buildings for sale and for development and subsequent sale as Inventory. Annual valuation reviews are undertaken to identify property held for sale or developments in progress where the balance sheet value is more than the lower of cost or net realisable value.

Where the estimated net realisable value is less than the carrying value within the balance sheet, the Group has written down the land property and development in progress value.

In the period to 31 March 2021, this review resulted in a £25.7m reversal of previous write downs to fair value and a write down to fair value of £1.7m. See note 37 for further details.

### **Affordable housing assumptions**

Property valuations are based on current intentions for assets, contracts and tendering activity. The asset valuations are subject to assumptions around the levels of affordable housing, which is a factor in valuing development property and in determining the highest and best use for investment properties. The London Plan 2021 was published on 2 March 2021 and the strategic target remains at 50 per cent of all new homes delivered across London to be genuinely affordable. An increase in the affordable housing levels on what is currently assumed in the 31 March valuations would lead to a decrease in value.

### **Property, plant and equipment**

In determining the useful economic life of property, plant and equipment, judgement needs to be exercised in estimating the length of time that assets will be operational. Judgements are also required regarding the valuation of property, plant and equipment, the classification of specialist/non-specialist assets and in determining residual values.

The carrying value of property, plant and equipment at Group level, at 31 March 2021, totalled £165.3m, see note 25 for further details.

### **Fair value of Equity Mortgages**

Equity Mortgages are held as non-current financial instruments valued at fair value through profit and loss. These are amounts receivable individually from the private owners of housing units when their properties are sold and are secured by a second charge over their property.

Equity mortgages are valued with reference to published house price indices. For equity interests in housing units, the fair value at the balance sheet date is calculated using movements in the Land Registry house price index for the London region, this being the most relevant available observable market data. At 31 March 2021 the asset recognised on the balance sheet was £34.8m. See note 29 for further details

### **Financial Instruments – Allowances for Impairment Losses**

Expected credit loss allowances (ECL) reflect past performance, current conditions and the Group's view of economic conditions over the expected lives of financial assets, notably loan investments and trade receivables held at amortised cost.

#### Definition of default

The probability of default (PD) of an exposure, both over a 12-month period and over its lifetime, is a key input to the measurement of the ECL allowance. Default has occurred when there is evidence that the customer is experiencing significant financial difficulty which is likely to affect the ability to repay amounts due or has failed to comply with key financial covenants and other performance obligations in development agreements

### **E20 Stadium LLP Onerous Contract**

The provision for onerous contracts is based largely upon E20 Stadium LLP's 5-year forecast. Years 1-5 are discounted to present day at a rate of 5%. Years 6-10 are used to create an average loss which is assumed in perpetuity at a rate of 7.75%. If actual results were to differ from the underlying assumptions then this could have a material impact upon the Group's share of reported losses. The provision is currently estimated at £200m (Note 41).

### **Post-retirement benefits**

Pensions liability – the estimation of the net liability to pay pensions depends on complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. The assumptions made and sensitivity analysis, are provided in Note 21. The carrying value of the pensions liability, at Group level, totalled £298.7m at 31 March 2021.

## Judgements

### Council tax accounting

The Authority's share of the current year's council tax deficit is £17.1m. This is based on unaudited figures from the 32 London boroughs and the City of London Corporation. Any post audit amendments on Council Tax are incorporated into the following year's accounts.

The *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21* sets out the methodology for determining the Authority's attributable share of council tax and non-domestic debtors and creditors. It is an estimate based on the demand/precept proportions for the next financial year.

### Non-domestic rates accounting

In respect of business rates retention, the GLA's share of rates income, related section 31 grants, debtors, creditors, bad debt provisions and appeals provisions in 2020/21 was set at 37 per cent of the total for each of the 33 London billing authorities. This is the prescribed percentage share set out under regulations. The Authority's share of the collection fund surpluses and deficits is also calculated in accordance with the same regulations, which set out a methodology that apportion the surpluses and deficits to take into account the change in the GLA's percentage share of non-domestic rates income between 2017/18 (37 per cent), 2018-19 (36 per cent), 2019/20 (27 per cent) and 2020/21 (37 per cent).

The amounts recorded are derived from the draft National Non-Domestic Rates 3 outturn returns submitted to the GLA by each authority in June and July 2021 which will be materially consistent with the information reported in the collection fund statements within their draft statutory accounts. Their accounts including their collection fund statements remain subject to audit.

The final statutory accounts due for publication by 30 September will incorporate, where practical, amendments made compared to these draft figures where these have been advised to the GLA on a timely basis in advance of this deadline. Any variations arising from the final NNDR3 returns not received by the date the authority's accounts are approved will generally be incorporated in the cumulative balances, accruals, non-domestic rating income figures and provisions in the following year's statutory accounts.

Under statutory regulations the aggregate sums reported by billing authorities provide the source data for these estimates and provisions and determine the income and potential levy and safety net payments to or from the Secretary of State that the GLA

is required to provide for and recognise. The instalments payable to the GLA during the financial year and used for budgeting purposes are calculated based on the National Non-Domestic Rates 1 estimates submitted by the 31 January prior to the start of the financial year.

The most significant provision relates to the estimate for potential refunds to ratepayers arising from successful non-domestic rating appeals and other changes to the valuation list relating both to the 2020/21 financial year and for backdated amounts for prior accounting periods. In estimating their provision each London billing authority has had regard to the settlement rates of historical appeals and the level of challenges unresolved at the financial year end as well as risks of future challenges which have a backdated impact including those arising from material changes of circumstances (MCC) in relation to a hereditament or its locality. Billing authorities have also generally considered the case for incorporating an estimate for the potential impact of challenges and appeals not lodged by the balance sheet date and made an assessment as to their potential materiality as part of the determination of their final provision estimates.

The GLA has considered the possibility that billing authorities may have under or over provided for the impact of challenges to valuations. Over provisions may arise where the Valuation Office and Valuation Tribunal rejects a greater proportion of challenges than anticipated because it considers that the rating list is generally accurate or successful appeals are backdated to an earlier reference date. Under provisions may occur if a higher proportion of the rating list is ultimately challenged successfully by ratepayers or there may be changes to national rating policies for certain business sectors which have a greater material impact in some billing authorities.

During 2020/21 ratepayers in the office and other sectors made material change of circumstances (MCC) challenges against their property valuations due to the impact of the pandemic. The losses arising from these challenges if applied more widely to ratepayers could on informed estimates made by billing authorities have reduced business rates income in London by at least 25 per cent and potentially more on an ongoing basis until at least the next scheduled revaluation in April 2023. On 25 March 2021 the Government announced it would introduce legislation preventing MCC challenges due to factors linked to the pandemic or the Government's response. A related £1.5 billion rates relief scheme for ratepayers was also announced at the same time although details on the distribution of this has still to be announced. This legislation is expected to receive Royal Assent before the end of 2021 and subject to this taking place this previously assumed material risk to the GLA's finances is mitigated and potentially eliminated. In setting their provisions authorities will have considered and addressed this particular issue.

In setting their baseline forecasts for business rates income at the start of the 2010 rating list the Office of Budget Responsibility and the then Department for Communities and Local Government assumed a 5% calibration adjustment factor for potential reductions to rates income due to factors such as rating appeals over the period of a rating list. The Government also applied a further adjustment factor of 3 per cent in calculating the business rates baselines for 2013/14 – the first year of the rates retention system - to allow for outlier authorities where the risk of appeals might be considered to be greatest. For those authorities accounting for the largest proportion of the GLA's income the provisions made exceed these percentage rates assumed by central government. For the new 2017 rating list which came into force on the 1 April 2017 the Government assumed an average 4.5 per cent reduction due to losses on appeals over the life of the list when setting the NNDR multiplier for 2017/18.

The GLA considers that the appeals provisions made are reasonable having regard to the risks associated with business rates retention, the fact that it is supported by Valuation Office data on checks, challenges and assessment reviews against the 2010 and 2017 local rating lists at 31 March 2021, and that billing authorities have had regard to Accounting Standards and their knowledge of historic trends in relation to the variation in the rating list in preparing their estimates.

### **London Power Co. Limited (LPC)**

London Power Co. Limited is a private company limited by shares. It was incorporated on 19 July 2019, issued one £1 share and Greater London Authority Holdings Limited (GLAH) is the sole shareholder.

LPC has contracted the services of energy supplier Octopus Energy Limited to provide gas and electricity to Londoners.

LPC has not been consolidated into GLA's group accounts on materiality grounds. The assessment considered LPC's net assets relative to the GLA's net asset position.

### **London Fire Commissioner (LFC)**

In January 2016, the Government announced its decision to abolish the previous London Fire and Emergency Planning Authority (LFEPA) and make the Mayor directly responsible for fire and rescue services. The Policing and Crime Act 2017 replaces LFEPA with a London Fire Commissioner and a Deputy Mayor for Fire. The London Fire Commissioner was established as a corporation sole and new functional body from 1 April 2018.

LFC is the fire and rescue authority for London. It is responsible for providing London's fire and rescue service, ensuring that it is effective and efficient. All formal decisions about London Fire Brigade (LFB) are approved by the LFC, though some decisions may need to receive prior approval from, or be consulted on, with the Deputy Mayor for Fire and Resilience or the Mayor of London.

A review of the governance arrangements was undertaken by management to determine whether the new arrangements meant LFC was now controlled by the GLA and, in accordance with IFRS 10, be consolidated in the GLA's group accounts. The review found that while the GLA has had more control over the LFB in the period since the change of governance arrangements on 1 April 2018 than it did previously, there are no direct benefits accruing to the GLA from this oversight, as the LFB primarily remains part of a nationwide fire service. Furthermore, operational control of the LFB clearly rests with the London Fire Commissioner rather than the GLA. While the GLA may provide some policy and resource oversight, as well as a challenge function, most of the LFB's activities continue as before – in an operational sense – without reference back to the GLA. In management's judgement the governance arrangements do not bring the LFC under the Authority's control and it will therefore not form part of the GLA's group accounts going forward.

### **London Treasury Limited (LTL)**

London Treasury Limited is a private company limited by shares. On 21 August 2018, Greater London Authority Holdings Limited (GLAH) acquired the total shares issued by LTL.

LTL through an investment management agreement carries out investment services on behalf of the GLA and other organisations to which the GLA provides treasury management services. Specifically, it enables the GLA to share investment services with London Boroughs through London Treasury Limited having the Financial Services and Markets Act 2000 authorisation required specifically by the London Boroughs for any entity carrying out investments services on their behalf.

LTL has not been consolidated into GLA's group accounts on materiality grounds. The assessment considered LTL's net assets relative to the GLA's net asset position.

## **Related Party Transactions**

In reporting related party transactions, the Authority has judged that transactions of £1m or more with central government departments, non-department public bodies and government agencies are significant to both parties; transactions of £100,000 or more with local authorities and functional bodies are significant to both parties; and applied a judgement that expenditure of £5,000 or more is appropriate for reporting of transactions with all other related parties.

## **Investment Property**

IAS 40 Investment properties (IAS 40), requires that properties are classified as investment properties where they are held for the purpose of capital appreciation or to earn rentals. To comply with IAS 40, judgement needs to be exercised in determining whether these properties should be classified as investment properties. As investment properties are valued at fair value with movements in the fair value being recorded in the income statement this could have a significant effect on the reported surplus or deficit of the Group.

The carrying value of investment properties at Group level, at 31 March 2021, totalled £89.9m, see note 26 for further details.

## **Leases**

In assessing whether a lease is an operating lease or a finance lease, judgement needs to be exercised in determining whether or not substantially all the risks and rewards of ownership of the leased asset are held or have been transferred by the Group. Given that finance lease obligations/receivables are recognised as liabilities/assets, and operating lease obligations/receivables are not, this can have a significant effect on the reported financial position of the Group.

At 31 March 2021, the carrying values of finance lease receivables at Group level were significant, totalling £97.2m, see note 35 for further details.

## **Determining whether an arrangement contains a lease**

When determining whether an arrangement contains a lease, as required by IFRIC 4, judgement needs to be exercised in determining whether the arrangement conveys the right to use an asset. Given that this could result in additional finance leases being recognised on the Balance Sheet this can have a significant effect on the reported financial position of the Group.

### **Financial instruments - Classification**

The classification decision for non-equity financial assets under IFRS 9, is dependent on two key criteria:

- The business model within which the asset is held (the business model test), and
- The contractual cash flows of the asset (the SPPI test).

Determining the appropriate business model and assessing whether the cash flows generated by an asset consist solely of payments of principal and interest requires management judgement and can affect whether the financial instrument is held at amortised cost or fair value and whether changes in fair value are recognised in the Income and Expenditure Account or in Other Comprehensive Income.

### **6. Authorisation of the Statement of Accounts**

The Statement of Accounts was authorised for issue on the date the Executive Director of Resources certified that the accounts give a true and fair view of the financial position of the Authority at the year-end; and its income and expenditure, see the “Statement of Responsibilities for the Statement of Accounts”. This is the date up to which events after the balance sheet date have been considered (Note 55).





## 7. Expenditure and Income analysed by nature

The Authority's expenditure and income is analysed as follows:

	2020/21 £000	2019/20 £000
<b>Expenditure</b>		
Employee benefits expenses	95,509	91,017
Other service expenses	3,882,880	4,739,213
Depreciation, amortisation and impairment	3,055	2,297
Interest payments and similar charges	164,226	177,158
Precepts and other payments to Functional Bodies	951,692	908,837
Non-domestic rate levy and pool contribution	6,110	-
BRR Tariff Payment	813,072	-
<b>Total Expenditure</b>	<b>5,916,544</b>	<b>5,918,521</b>
<b>Income</b>		
Government grants and other contributions	(3,272,480)	(2,394,558)
Income from council tax and non-domestic rates	(2,803,048)	(3,668,006)
Fees, charges and other service income	(34,257)	(21,937)
Interest and investment income	(72,580)	(60,822)
<b>Total Income</b>	<b>(6,182,365)</b>	<b>(6,145,323)</b>
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(265,821)</b>	<b>(226,802)</b>

\*BRR-Business Rates Retention

## 8. Expenditure and Funding Analysis

The Expenditure and Funding Analysis (“EFA”) shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

2019/20 Restated			Authority	2020/21		
Net Exp Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Exp in the CIES*		Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Exp in the CIES*
£000	£000	£000		£000	£000	£000
(6,612)	486	(6,126)	Adult Education	(6,689)	412	(6,277)
8,953	754	9,707	Assembly & Secretariat	7,762	669	8,431
12,938	580	13,518	Chief Officer	13,188	544	13,732
27,990	1,191	29,181	Communities & Skills	39,013	1,470	40,483
48,102	46,936	95,038	Good Growth	59,038	56,924	115,962
23,866	690,338	714,204	Housing & Land	27,889	781,965	809,854
5,420	801	6,221	Mayor's Office	5,946	968	6,914
33,190	20,105	53,295	Resources	31,473	38,659	70,132
19,846	1,629	21,475	Strategy & Communications	16,793	1,713	18,506
404,735	(343,751)	60,984	Corporate Items & Group Items	204,057	(151,949)	52,108
<b>578,428</b>	<b>419,069</b>	<b>997,497</b>	<b>Net Cost of Services</b>	<b>398,470</b>	<b>731,375</b>	<b>1,129,845</b>
(593,710)	(630,589)	(1,224,299)	Other Income and Expenditure	(2,008,593)	612,927	(1,395,666)
<b>(15,282)</b>	<b>(211,520)</b>	<b>(226,802)</b>	<b>Surplus or Deficit</b>	<b>(1,610,123)</b>	<b>1,344,302</b>	<b>(265,821)</b>
(721,250)			<b>Opening General Fund Balance</b>	(736,532)		
(15,282)			<b>Less/Plus Surplus or (Deficit)</b>	(1,610,123)		
			<b>Transfer from Deferred Capital Receipts Reserve</b>	337		
<b>(736,532)</b>			<b>Closing General Fund Balance</b>	<b>(2,346,318)</b>		

\*CIES-Comprehensive Income and Expenditure Account

Due to an organisational restructure in 2020/21, the 2019/20 Service expenditure and income has been regrouped in line with the new structure. The Adult Education expenditure and income has also moved into Continuing Operations, in 2019/20 it was reported separately under the heading Services transferred to the Authority.

## 8a. EFA – Adjustments between funding and accounting basis

### Authority 2020/21

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Net change for the			Total Adjustments
	Adjustments for Capital Purposes	Pensions Adjustments	Other Differences	
	£000	£000	£000	£000
Adult Education	-	385	27	<b>412</b>
Assembly & Secretariat	-	573	96	<b>669</b>
Chief Officer	-	502	42	<b>544</b>
Communities & Skills	-	1,347	123	<b>1,470</b>
Good Growth	53,889	2,736	298	<b>56,923</b>
Housing & Land	780,036	1,744	185	<b>781,965</b>
Mayor's Office	-	835	133	<b>968</b>
Resources	37,068	1,494	97	<b>38,659</b>
Strategy & Communications	-	1,552	161	<b>1,713</b>
Corporate and Group Items	3,055	6	(155,009)	<b>(151,948)</b>
<b>Net Cost of Services</b>	<b>874,048</b>	<b>11,174</b>	<b>(153,847)</b>	<b>731,375</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(1,040,151)	3,125	1,649,953	<b>612,927</b>
<b>Difference between surplus or deficit on the General Fund and the CIES</b>	<b>(166,103)</b>	<b>14,299</b>	<b>1,496,106</b>	<b>1,344,302</b>

## Authority 2019/20 Restated

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Net change			Total Adjustments
	Adjustments for Capital Purposes	for the Pensions Adjustments	Other Differences	
	£000	£000	£000	£000
Adult Education	-	427	59	486
Assembly & Secretariat	-	702	52	754
Chief Officer	-	521	59	580
Communities & Skills	(15)	1,238	(32)	1,191
Good Growth	43,198	2,876	862	46,936
Housing & Land	687,639	1,523	1,176	690,338
Mayor's Office	-	820	(19)	801
Resources	17,609	2,416	80	20,105
Strategy & Communications	-	1,525	104	1,629
Corporate and Group Items	2,297	4	(346,052)	(343,751)
<b>Net Cost of Services</b>	<b>750,728</b>	<b>12,052</b>	<b>(343,711)</b>	<b>419,069</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(636,489)	3,487	2,413	(630,589)
<b>Difference between surplus or deficit on the General Fund and the CIES</b>	<b>114,239</b>	<b>15,539</b>	<b>(341,298)</b>	<b>(211,520)</b>

Due to an organisational restructure in 2020/21, the 2019/20 Service expenditure and income has been regrouped in line with the new structure. The Adult Education expenditure and income has also moved into Continuing Operations, in 2019/20 it was reported separately under the heading Services transferred to the Authority.

## 9. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice, and to the resources that are specified by statutory provisions as being available to the Group

### Group

2020/21

	USABLE RESERVES			Total Usable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments to Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:</b>				
Pension Costs transferred to/(from) the Pensions Reserve	(16,915)	-	-	(16,915)
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	2,162	-	-	2,162
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	(1,664,555)	-	-	(1,664,555)
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	(1,392)	-	-	(1,392)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,067,551)	-	-	(1,067,551)
<b>Total Adjustments to Revenue Resources</b>	<b>(2,748,251)</b>	<b>-</b>	<b>-</b>	<b>(2,748,251)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of capital grant reclaims and non-current asset sale proceeds from revenue to the Capital Receipts Reserve	324,152	(324,152)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	839,063	-	(839,063)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	152,138	-	-	152,138
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,871	-	-	2,871
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>1,318,224</b>	<b>(324,152)</b>	<b>(839,063)</b>	<b>155,009</b>
<b>Adjustments to Capital Resources</b>				
Application of capital grants to finance capital expenditure	-	-	595,123	595,123
Capital receipt and capital grant financing swap	-	9,232	-	9,232
Cash receipts in relation to long term capital debtors	-	(36,588)	-	(36,588)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	407,493	-	407,493
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal	67,766	(67,766)	-	-
<b>Total Adjustments to Capital Resources</b>	<b>67,766</b>	<b>312,371</b>	<b>595,123</b>	<b>975,260</b>
<b>Total Adjustments</b>	<b>(1,362,261)</b>	<b>(11,781)</b>	<b>(243,940)</b>	<b>(1,617,982)</b>

## Group (continued)

2019/20

	USABLE RESERVES			Total Usable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments to Revenue Resources</b>				
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs transferred to/(from) the Pensions Reserve	(18,713)	-	-	(18,713)
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	1,600	-	-	1,600
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	184	-	-	184
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	(523)	-	-	(523)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,928,021)	-	-	(1,928,021)
<b>Total Adjustments to Revenue Resources</b>	<b>(1,945,473)</b>	<b>-</b>	<b>-</b>	<b>(1,945,473)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of capital grant reclaims and non-current asset sale proceeds from revenue to the Capital Receipts Reserve	112,270	(112,270)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,702,255	29,570	(1,702,255)	29,570
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	315,813	-	-	315,813
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	30,240	-	-	30,240
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>2,160,578</b>	<b>(82,700)</b>	<b>(1,702,255)</b>	<b>375,623</b>
<b>Adjustments to Capital Resources</b>				
Application of capital grants to finance capital expenditure	-	13,644	701,740	715,384
Capital receipt and capital grant financing swap and capital grant transferred from CAA to capital grants unapplied	-	3,772	(24,599)	(20,827)
Cash receipts in relation to long term capital debtors	-	(14,223)	-	(14,223)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal	15	-	-	15
<b>Total Adjustments to Capital Resources</b>	<b>15</b>	<b>3,193</b>	<b>677,141</b>	<b>680,349</b>
<b>Total Adjustments</b>	<b>215,120</b>	<b>(79,507)</b>	<b>(1,025,114)</b>	<b>(889,501)</b>

## Authority

### Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice and to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2020/21

	USABLE RESERVES			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
<b>Adjustments to Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:</b>				
Pension Costs transferred to/(from) the Pensions Reserve	(14,298)	-	-	(14,298)
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	2,162	-	-	2,162
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	(1,664,555)	-	-	(1,664,555)
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	(1,162)	-	-	(1,162)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(984,336)	-	-	(984,336)
<b>Total Adjustments to Revenue Resources</b>	<b>(2,662,189)</b>	<b>-</b>	<b>-</b>	<b>(2,662,189)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of capital grant reclaims from revenue to the Capital Receipts Reserve	324,152	(324,152)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	839,063	-	(839,063)	-
Statutory provision for the repayment of debt (transfer to/(from) the Capital Adjustment Account)	152,138	-	-	152,138
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,871	-	-	2,871
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>1,318,224</b>	<b>(324,152)</b>	<b>(839,063)</b>	<b>155,009</b>
<b>Adjustments to Capital Resources</b>				
Application of capital grants to finance capital expenditure	-	-	595,123	595,123
Capital receipt and capital grant financing swap	-	9,232	-	9,232
Capital receipts used to finance capital expenditure	-	339,727	-	339,727
Cash receipts in relation to capital debtors	-	(36,588)	-	(36,588)
Cash receipts in relation to deferred capital receipts	-	-	-	-
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>312,371</b>	<b>595,123</b>	<b>907,494</b>
<b>Total Adjustments</b>	<b>(1,343,965)</b>	<b>(11,781)</b>	<b>(243,940)</b>	<b>(1,599,686)</b>



## Authority (continued)

2019/20

	USABLE RESERVES			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
<b>Adjustments to Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:</b>				
Pension Costs transferred to/(from) the Pensions Reserve	(15,540)	-	-	(15,540)
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	1,600	-	-	1,600
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	184	-	-	184
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	(425)	-	-	(425)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,905,308)	-	-	(1,905,308)
<b>Total Adjustments to Revenue Resources</b>	<b>(1,919,489)</b>	<b>-</b>	<b>-</b>	<b>(1,919,489)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of capital grant reclaims from revenue to the Capital Receipts Reserve	82,700	(82,700)	-	-
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,702,255	-	(1,702,255)	-
Statutory provision for the repayment of debt (transfer to/(from) the Capital Adjustment Account)	315,813	-	-	315,813
Voluntary provision for the repayment of debt (transfer to/(from) the Capital Adjustment Account)	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	30,240	-	-	30,240
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>2,131,008</b>	<b>(82,700)</b>	<b>(1,702,255)</b>	<b>346,053</b>
<b>Adjustments to Capital Resources</b>				
Application of capital resources to finance capital expenditure	-	13,644	701,740	715,384
Capital receipt and capital grant financing swap and capital grant transferred from CAA to capital grants unapplied	-	3,772	(24,599)	(20,827)
Cash receipts in relation to capital debtors	-	(14,223)	-	(14,223)
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>3,193</b>	<b>677,141</b>	<b>680,334</b>
<b>Total Adjustments</b>	<b>211,519</b>	<b>(79,507)</b>	<b>(1,025,114)</b>	<b>(893,102)</b>

## 10. Transfers to/from Earmarked Reserves – Authority

This note sets out the amounts set aside, by the Authority, from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in year.

	1 April 2020	Transfers In	Transfers Out	31 March 2021
	£000	£000	£000	£000
<b>GLA Reserves</b>				
Assembly Development & Resettlement	457	843	(40)	1,260
Capital Programme	51,011	5,090	(14,359)	41,742
City Hall Lease Smoothing	3,143	-	(3,143)	-
Compulsory Purchase Orders	1,329	-	-	1,329
COVID-19 Reserve	9,086	18,553	(27,639)	-
Development	1,532	962	(1,450)	1,044
Dilapidations	-	10,000	-	10,000
Directorate (Programme reserve)	42,877	67,903	(39,773)	71,007
Election	13,357	16,375	(7,911)	21,821
Environment Drainage	701	26	-	727
Estates	7,690	164	(7,022)	832
Interest Smoothing	-	4,953	-	4,953
Land Fund	-	10,028	(787)	9,241
LLDC Capital Funding Reserve	145,237	100,200	-	245,437
London and Partners	2,245	-	-	2,245
London Green Fund Reserve	731	1,232	(1,606)	357
Major Events	15,009	10,209	(8,263)	16,955
Mayoral Resettlement	77	-	-	77
New Homes Bonus LEP grant reserve	2,573	106	(1,109)	1,570
New Museum Project	12,000	4,000	-	16,000
Planning Smoothing	532	698	(1,032)	198
Pre-Application Planning	1,942	991	(237)	2,696
Redundancy	-	500	(252)	248
Recycled Capital Grant Fund Interest	-	83	-	83
Revenue Grants Unapplied	59,922	206,465	(188,422)	77,965
Right to Buy Revenue Grant	-	19,047	-	19,047
Sport Unites	4,512	1,918	(3,670)	2,760
The Royal Docks Enterprise Zone Reserve	3,860	2,115	-	5,975
Young Londoners Fund Reserve	27,664	35,046	(26,789)	35,921
<b>Sub-Total</b>	<b>407,487</b>	<b>517,508</b>	<b>(333,503)</b>	<b>591,492</b>
<b>GLA Group Reserves</b>				
Business Rates Reserve	126,769	1,627,253	(120,004)	1,634,018
Development Corporations	21,386	44,892	(30,573)	35,706
Strategic Investment Fund	170,889	1,607	(97,394)	75,102
<b>Sub-Total</b>	<b>319,044</b>	<b>1,673,752</b>	<b>(247,971)</b>	<b>1,744,826</b>
<b>Total Earmarked Reserves</b>	<b>726,531</b>	<b>2,191,260</b>	<b>(581,473)</b>	<b>2,336,318</b>

**The purpose of each reserve is detailed below:**

**GLA Reserves**

The **Assembly Development and Resettlement Reserve** exists to ensure adequate funding is built up for future pay settlements, reviews and resettlement grants for the Assembly and Secretariat Directorate.

The **Capital Programme Reserve** provides a source of funding for those capital projects falling outside the programmes in housing and regeneration which are directly funded by Government grant.

The **City Hall Lease Smoothing Reserve** is used to ensure that the fixed percentage increases in the City Hall operating lease are charged to the Comprehensive Income and Expenditure Account on a straight-line basis over the lease term and to smooth the budgetary impact on the revenue account of the increase in lease payments.

The **Compulsory Purchase Orders Reserve** has been created to provide for estimated future costs related to the settlement of a number of significant programmes inherited by a statutory transfer scheme from the London Development Agency.

The **COVID-19 Reserve** exist to support COVID-19 related activities.

The **Development Reserve** exists to fund organisational change and business improvement projects.

The **Dilapidations Reserve** exists to fund repairs required at the end of the GLA tenancy lease at the current City Hall.

The **Directorate (Programme Reserve)** represents underspends on directorate and budgets carried forward to fund projects that were delayed and are due to start or be completed within the next financial year.

The **Election Reserve** exists to fund the Mayor and Assembly elections when they fall due every four years.

The **Environment Drainage Reserve** has been created to earmark the funding received from central government for the preparation of surface water management plans.

The **Estates Reserve** has been created to fund exceptional repairs and maintenance works across the GLA Estate, works undertaken at Parliament and Trafalgar Squares and the development of land and property schemes.

The **Interest Smoothing Reserve** has been created to manage fluctuations in interest receipts.

The **Land Fund Reserve** has been created to hold the fund for future revenue works required where it does not meet the conditions of the capital grant receipts from DLUHC approved under MD2396.

The **LLDC Capital Funding Reserve** provides a source of funding for revenue grants to LLDC for the financing of future LLDC capital expenditure.

The **London and Partners Reserve** has been created to ensure that adequate funding is built up for future reviews of the organisation.

The **London Green Fund Reserve** exists to fund schemes that cut London's carbon emission.

The **Major Events Reserve** represents sums set aside to build up resources for future events.

The **Mayoral Resettlement Reserve** funds the resettlement grants paid to the former Mayor following the Mayoral elections.

The **New Museum Project Reserve** has been created to ensure adequate funding is accumulated to meet future costs relating to the proposed relocation of the Museum of London.

The **New Homes Bonus LEP grant reserve** consists of New Homes Bonus grant that has been set aside to fund revenue expenditure that will be incurred by London Boroughs on regeneration schemes in future years.

The **Planning Smoothing Reserve** has been created to smooth the funding of the Examination in Public of the London Plan and other planning functions.

The **Pre-Application Planning Reserve** carries forward surplus pre-application planning income to fund the running costs of the Pre-Application Planning service in future years.

The **Redundancy Reserve** has been created to fund restructuring costs.

The **Recycled Capital Grant Fund Interest** reserve holds interest received on unutilised capital grants that have been returned for redistribution.

The **Revenue Grants Unapplied Reserve** contains grants and contributions received that have no repayment conditions attached. Where expenditure has not yet been incurred this income is rolled forward and will be released when expenditure is incurred on the relevant project or initiative.

The **Right to Buy (RTB) Revenue Grant Reserve** holds grants received for expenditure towards the Mayor's Homes for Londoners: Affordable Homes Programme.

The **Royal Docks Enterprise Zone Reserve** manages the funding flows of the Royal Docks Programme, which is a joint initiative from the Mayor and the London Borough of Newham to develop the Royal Docks area in the east of London. The project will create jobs and new homes and promote cultural and economic development of the Docks on a local, regional and international level over the coming years.

The **Sport Unites Reserve** exists to support the Mayor's community sports initiatives which are currently under development.

The **Young Londoners' Fund Reserve** exists to support the Mayor's £45 million Young Londoners' Fund is helping children and young people to fulfil their potential, particularly those at risk of getting caught up in crime. It is supporting a range of education, sport, cultural and other activities for young Londoners.

### **GLA Group Reserves**

The **Business Rates Reserve** (formerly the Resilience Reserve) has been created to manage special risk to which the GLA is exposed as a result of the timing and the potential quantum of changes to the council tax base, retained business rates, collection fund shares and grant settlements as well as wider volatility in those key income streams. The balance held on this reserve has increased in 2020/21 by just over £1.5 billion reflecting accrued grant income from DLUHC for business rates and council tax losses under the TIG scheme and for the costs of Covid-19 business rates reliefs as well as unapplied revenues received in year. The additional funding held in this reserve will be required to meet the £1.6 billion collection fund deficit for business rates in 2020/21 which will be repayable in 2021/22 and future years to London billing authorities.

The **Development Corporation Reserve** has been created to ensure that adequate contingency funding is available for unexpected costs relating to Mayoral Development Corporations.

The **Strategic Investment Fund Reserve** exists to support the Mayor's commitment to spend additional income generated from the London business rates retention pooling arrangements in 2018/19 and 2019/20 on strategic investment projects which will

contribute to the sustainable growth of London's economy. This has been allocated in full to fund various strategic investment projects and is therefore due to be reduced to a nil balance as the approved funding is drawn down.

## 11. Other Operating Expenditure

Sections 102 and 103 of the Greater London Authority Act 1999 (as amended) require the Greater London Authority to pay over to the functional bodies, their share of government grants and precepts required to fund their budget requirements, as calculated under section 85(4) to (7) of the aforementioned Act. The table below sets out the allocation of the council tax precepts and retained business rates to the functional bodies. The allocation of specific and general government grants to the functional bodies is shown in the Fund Account. Business rates payments to the Functional Bodies form part of the cost of services analysis in the CIES.

	<b>Authority 2020/21 £000</b>	<b>Group 2020/21 £000</b>	<b>Authority 2019/20 £000</b>	<b>Group 2019/20 £000</b>
Precept payable to the Functional Bodies	951,692	951,692	908,837	908,837
Fire Services	234,791	234,791	233,152	233,152
Police Services	118,988	118,988	219,979	219,979
Transport Services	2,065,809	2,065,809	3,147,063	3,147,063
<b>Total</b>	<b>3,371,280</b>	<b>3,371,280</b>	<b>4,509,031</b>	<b>4,509,031</b>

## 12. Financing and Investment Income and Expenditure

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
Interest payable and similar charges	161,101	167,701	156,410	156,831
Net interest on the net defined liability	3,125	3,591	3,488	4,007
Interest receivable and similar income	(58,433)	(47,586)	(65,472)	(53,087)
Other investment Income	-	(736)	-	(506)
Net (gain)/loss from financial assets at fair value through profit and loss	(14,029)	(33,593)	4,650	(1,440)
Net (gain)/loss from financial assets at fair value through other comprehensive income	(118)	(118)	-	-
Income and expenditure in relation to investment properties	-	2,283	-	(5,835)
<b>Total</b>	<b>91,646</b>	<b>91,542</b>	<b>99,076</b>	<b>99,970</b>

## 13. Taxation and Non-Specific Grant Income and Expenditure

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
Precept receivable from Council Tax payers	(993,816)	(993,816)	(969,453)	(969,453)
Non-domestic rate income	(1,635,652)	(1,635,652)	(2,406,437)	(2,406,437)
Non-domestic rate top-up receipt	-	-	(5,758)	(5,758)
Non-domestic rate tariff payment	813,072	813,072	-	-
Non domestic rate levy and pool contribution	6,110	6,110	-	-
Business Rate Supplement - Crossrail	(163,693)	(163,694)	(272,111)	(272,111)
Community Infrastructure Levy - Crossrail	(132,069)	(132,069)	(194,780)	(194,780)
Non-ringfenced revenue government grants (see Note 16)	(1,532,614)	(1,532,614)	(160,426)	(160,426)
Capital grants and contributions (see Note 16)	(1,219,930)	(1,246,397)	(1,823,440)	(1,837,502)
<b>Total</b>	<b>(4,858,592)</b>	<b>(4,885,060)</b>	<b>(5,832,405)</b>	<b>(5,846,467)</b>

## 14. Council Tax Precepts

The CIES contains the 2020/21 council tax precept issued by the Greater London Authority on the 32 London boroughs and the City of London Corporation and the Authority's share of the actual net surplus or deficit on their collection funds in respect of Council Tax. In the Movement in Reserves Statement the 2020/21 share of the council tax net surplus or deficit on their collection funds is reversed from the General Fund balance and taken to the Collection Fund Adjustment account and the cash received in 2020/21 for the Authority's estimated share of the 2019/20 net surplus/deficit – based on the forecasts submitted by billing authorities in January 2020 - is brought in as the amount required by statute to be credited to the General Fund. An analysis of these amounts is contained in the following table:

	2020/21 Precept Demand	2020/21 (surplus) / deficit	Share of 2019/20 Estimated (Surplus) / Deficit	2019/20 Precept Demand	2019/20 (surplus) / deficit	Share of 2018/19 Estimated (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Corporation of London	(651)	(32)	(105)	(610)	(66)	(92)
Barking & Dagenham	(17,003)	(759)	20	(16,028)	(580)	(1,129)
Barnet	(49,084)	1,077	-	(46,653)	613	-
Bexley	(27,302)	(229)	(266)	(26,263)	(636)	(1,108)
Brent	(32,412)	1,746	-	(30,974)	282	(191)
Bromley	(43,842)	(715)	(1,547)	(42,124)	(1,353)	(1,715)
Camden	(30,783)	1,560	(772)	(29,006)	441	(99)
Croydon	(44,075)	1,057	(139)	(41,324)	(11)	(891)
Ealing	(38,798)	1,180	(331)	(37,016)	(262)	(1,389)
Enfield	(32,452)	(300)	(83)	(31,113)	429	(580)
Greenwich	(27,783)	(26)	(1,699)	(26,553)	(888)	(1,003)
Hackney	(24,701)	773	(881)	(23,254)	(610)	(693)
Hammersmith & Fulham	(26,730)	527	(2,222)	(25,403)	(1,586)	(90)
Haringey	(26,082)	1,017	(1,738)	(24,764)	(760)	(997)
Harrow	(29,112)	599	(451)	(27,644)	(364)	(633)
Havering	(29,515)	(21)	-	(28,409)	259	(99)
Hillingdon	(33,907)	833	11	(32,202)	45	(194)
Hounslow	(28,642)	(70)	(831)	(27,306)	(429)	(1,403)
Islington	(26,971)	562	(117)	(25,488)	(247)	(174)
Kensington & Chelsea	(32,379)	2,318	(921)	(31,227)	(695)	(2,018)
Kingston Upon Thames	(21,204)	480	(32)	(20,130)	(34)	-
Lambeth	(37,032)	(213)	(1,035)	(35,018)	(123)	(1,037)
Lewisham	(29,919)	1,138	91	(28,335)	60	(415)
Merton	(25,234)	378	(396)	(24,023)	(286)	(489)
Newham	(27,090)	1,908	(348)	(25,290)	(225)	(241)
Redbridge	(30,427)	390	(444)	(28,970)	(167)	(1,308)
Richmond Upon Thames	(29,469)	(43)	(270)	(28,354)	(124)	(312)
Southwark	(35,294)	784	(428)	(33,225)	433	(1,097)
Sutton	(24,409)	464	(42)	(23,476)	42	(118)
Tower Hamlets	(33,959)	675	158	(31,537)	471	-
Waltham Forest	(25,643)	226	(674)	(24,386)	(419)	(551)
Wandsworth	(44,938)	(745)	(1,101)	(42,697)	(1,102)	(1,483)
City of Westminster	(44,065)	554	(768)	(41,769)	(992)	(598)
<b>Amounts receivable</b>	<b>(1,010,907)</b>	<b>17,092</b>	<b>(17,363)</b>	<b>(960,569)</b>	<b>(8,884)</b>	<b>(22,144)</b>



## 15. Non-Domestic Rates income (NDR)

The CIES contains the Authority's share of 2020/21 non-domestic rates estimated collectable by the 32 London boroughs and the City of London Corporation when the 2020/21 original budget was set and the Authority's share of the actual net surplus or deficit on their collection funds in respect of non-domestic rates. In the Movement in Reserves Statement the 2020/21 share of the actual net surplus or deficit in respect of non-domestic rates is reversed from the General Fund balance and taken to the Collection Fund Adjustment account and the Authority's estimated share of the 2019/20 net surplus/deficit – based on the forecasts submitted by billing authorities in January 2020 used for budgeting purposes - is brought in as the amount required by statute to be credited to the General Fund. The 2020/21 NDR income figure in this table is the original budgeted estimate therefore before any collection fund deficits for 2020/21 are taken into account including the impact of Government funded Covid-19 pandemic business rates relief schemes and is therefore materially higher than the GLA's share of the actual level of business rates collected. An analysis of the NDR income received in 2020/21 and 2019/20 is contained in the following table:

	2020/21 NDR (Surplus) / Income	2020/21 Deficit	Share of 2019/20 Estimated (Surplus) / Deficit	2019/20 NDR (Surplus) / Income	2019/20 Deficit	Share of 2018/19 Estimated (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Corporation of London	(458,687)	76,547	(10,791)	(325,175)	(13,294)	(14,635)
Barking & Dagenham	(25,012)	10,930	(1,094)	(14,360)	(406)	2,133
Barnet	(40,823)	40,137	(177)	(25,694)	(858)	3,185
Bexley	(30,255)	14,152	(1,820)	(20,642)	(1,316)	(1,481)
Brent	(45,261)	34,386	1,961	(35,778)	699	(691)
Bromley	(34,543)	21,224	244	(24,096)	298	905
Camden	(246,592)	87,000	(912)	(172,642)	(1,069)	4,478
Croydon	(45,093)	38,928	970	(33,567)	1,404	49
Ealing	(56,246)	28,785	(7)	(41,455)	(683)	(1,257)
Enfield	(41,408)	19,717	294	(28,537)	(623)	1,817
Greenwich	(39,062)	22,044	(2,967)	(27,720)	(2,432)	(4,255)
Hackney	(54,011)	24,830	389	(40,106)	(3,309)	(3,985)
Hammersmith & Fulham	(89,261)	47,927	(2,709)	(71,697)	134	(7,929)
Haringey	(29,992)	29,969	(2,246)	(18,492)	204	1,079
Harrow	(18,459)	12,252	(30)	(13,550)	(63)	421
Havering	(28,615)	20,377	749	(21,239)	657	178
Hillingdon	(138,284)	40,770	237	(99,750)	(143)	(181)
Hounslow	(74,775)	33,180	1,682	(47,823)	2,446	7,276
Islington	(111,515)	28,297	(3,716)	(78,378)	(1,698)	(2,173)
Kensington & Chelsea	(129,420)	105,959	(1,915)	(91,237)	(4,501)	(1,188)
Kingston Upon Thames	(30,982)	24,167	902	(24,947)	395	(1,576)
Lambeth	(67,681)	30,421	(3,150)	(50,664)	(1,909)	(5,303)
Lewisham	(23,095)	18,929	762	(17,683)	510	(487)
Merton	(31,457)	18,438	674	(22,156)	959	1,621
Newham	(60,525)	31,428	(4,010)	(37,438)	(4,097)	921
Redbridge	(21,718)	14,440	(1,040)	(10,255)	(1,267)	4,188
Richmond Upon Thames	(33,676)	22,068	158	(26,969)	1,140	(2,649)
Southwark	(115,597)	51,915	9,373	(92,447)	1,228	(1,429)
Sutton	(21,996)	13,542	59	(15,575)	47	(221)
Tower Hamlets	(162,866)	99,918	10,080	(126,743)	4,566	(345)
Waltham Forest	(24,825)	15,875	(336)	(17,519)	(994)	(79)
Wandsworth	(44,810)	29,083	(87)	(33,480)	(318)	(1,982)
City of Westminster	(889,207)	485,745	(27,386)	(601,290)	(11,284)	(875)
<b>Amounts receivable</b>	<b>(3,265,749)</b>	<b>1,593,380</b>	<b>(35,859)</b>	<b>(2,309,104)</b>	<b>(35,577)</b>	<b>(24,470)</b>

## 16. Grant Income

The Authority credited the following grants and contributions to the CIES.

Credited to Taxation & Non Specific Grant Income	2020/21 £000	2019/20 £000
<b>Non-ringfenced government grants (Revenue):</b>		
DLUHC* - S31 grant NDR reliefs	1,320,493	132,992
DLUHC - Local Tax Income Guarantee - NDR	197,815	-
DLUHC - Local Tax Income Guarantee - Council Tax	3,387	-
DLUHC - COVID-19	9,250	9,303
DLUHC - New Homes Bonus (revenue capital swap)	106	(248)
DLUHC - Right to Buy revenue	1,116	17,931
DLUHC - Other revenue grants	448	448
	<b>1,532,615</b>	<b>160,426</b>
<b>Capital grants and contributions:</b>		
DLUHC - Capital grants (Housing)	597,904	1,554,621
DLUHC - New Homes Bonus (revenue capital swap)	(106)	248
DLUHC - Local Growth Fund	87,766	34,142
DLUHC - Move-on funding	-	14,040
DLUHC - Community Led Housing	-	30,000
DLUHC - East Bank	71,800	15,000
DLUHC - Housing Infrastructure Fund - Marginal Viability Funding	27,718	7,893
DLUHC - Cladding remediation grant-Social Sector	17,419	55,162
DLUHC - Cladding remediation grant-Private Sector	10,095	49
DLUHC - Building Safety Fund	10,831	-
DLUHC - Rough Sleeping Accommodation Programme	49,314	-
DOH*- Care & Support Fund	20,942	28,457
Housing Grant reclaims	322,821	81,916
London Boroughs contributions for Elephant & Castle roundabout	992	-
Other Contributions	2,434	1,912
<b>Total</b>	<b>1,219,930</b>	<b>1,823,440</b>
	<b>2,752,545</b>	<b>1,983,866</b>

	<b>2020/21</b>	<b>2019/20</b>
<b>Credited to Services</b>	<b>£000</b>	<b>£000</b>
DfE* - Adult Education	321,643	192,466
DLUHC Voluntary RtB Pilot Fund	-	383
DLUHC ERDF (Specific Grant)	4,039	2,397
DLUHC - ERDF London Homes Eff Prog	101	108
DLUHC - Move-on funding	1,473	1,447
DLUHC - Homelessness & Rough Sleeping	46,289	-
DWP* - European Social Fund	6,519	975
Fuel Cells & Hydrogen Joint Undertaking	-	23
Home Office	156	125
NHS* Commissioning Board	1,100	188
European Commission - Horizon 2020	157	5,562
LB Newham - Royal Docks Enterprise Zones	1,809	3,877
Other contributions	11,201	8,914
<b>Total</b>	<b>394,487</b>	<b>216,465</b>

The following grants have conditions which have not yet been met and are held as creditors in the balance sheet. They will be recognised as income in future years.

	<b>2020/21</b>	<b>2019/20</b>
<b>Grants Receipts In Advance (Capital Grants)</b>	<b>£000</b>	<b>£000</b>
DLUHC - Growing Places Fund	15,230	39,100
DLUHC - Local Growth Fund	-	4,134
London Borough of Southwark-S106 Elephant & Castle	28,502	24,493
DLUHC - Housing Infrastructure Fund - Marginal Viability Funding	420	8,508
BEIS* - Warmer Homes	9,444	-
Other grants	119	119
Housing Action Trust dowry	1,544	1,543
	<b>55,259</b>	<b>77,897</b>

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
<b>Grants Receipts In Advance (Revenue Grants)</b>		
DLUHC - NNDR1 2020/21 rate relief payment on account	-	180,282
BEIS - Social Housing Decarbonisation Fund	3,450	-
Other grants and contributions	996	-
	<b>4,446</b>	<b>180,282</b>

\*DLUHC-Department for Levelling Up, Housing and Communities; DOH-Dept of Health & Social Care; DfE-Dept for Education; DWP-Dept for Works and Pensions; NHS-National Health Service; BEIS-Department for Business, Energy & Industrial Strategy

## 17. Elections

The table below contains a summary of the expenditure incurred in year in preparation for the Mayor of London and London Assembly elections in May 2021. These elections were postponed by a year in March 2020 with only six weeks' notice due to the COVID 19 pandemic. This resulted in unavoidable 2020/21 expenditure in relation to the cancelled elections that has been met from the Reserves. The May 2021 elections incurred costs in 2020/21 and will also do so in 2021/22.

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
<b>Gross Income</b>	(32)	-
<b>Gross Expenditure</b>		
Staff	449	299
Premises	343	60
Reimbursement of London Borough costs	388	-
Supplies and Services	6,763	5,512
<b>Net Expenditure</b>	<b>7,911</b>	<b>5,871</b>
Net contribution to/ (from) Reserves	8,464	504
<b>Amount to be met by Grant and Taxpayer</b>	<b>16,375</b>	<b>6,375</b>

## 18. Operating Leases

### Authority and Group as Lessee

The Group has the following operating leases:

#### Greater London Authority

- Property lease - City Hall, The Queen's Walk, London SE1 2AA which is the Authority's main headquarters;
- Property lease – Union Street, London (part of the ground and first floor) - accommodation for some of the Authority's directorates; and
- Property lease - London House, Leopold Plaza, Rue de Trône, Brussels which houses the London European Office

#### London Legacy Development Corporation

- Property lease- LLDC leases office accommodation under a 10-year lease
- Waterways lease – rent payable to the Canal River Trust. This lease was signed on 31 March 2015 but as payments are contingent the rent payable in future years has not been included in the table below.

The minimum lease payments due under non-cancellable leases in future years are:

	<b>Authority 31 March 2021 £000</b>	<b>Group 31 March 2021 £000</b>	<b>Authority 31 March 2020 £000</b>	<b>Group 31 March 2020 £000</b>
Not later than one year	6,007	8,857	9,476	12,556
Later than one year and not later than five years	172	7,536	36,567	44,957
Later than five years	86	35,957	16,662	54,357
	<b>6,265</b>	<b>52,350</b>	<b>62,705</b>	<b>111,870</b>

The expenditure charged to the CIES during the year in relation to these leases amounted to:

	<b>Authority 2020/ 21 £000</b>	<b>Group 2020/ 21 £000</b>	<b>Authority 2019/ 20 £000</b>	<b>Group 2019/ 20 £000</b>
Rent payable in year	9,477	12,639	9,477	12,650
	<b>9,477</b>	<b>12,639</b>	<b>9,477</b>	<b>12,650</b>

### Authority and Group as Lessor

Details of properties leased out as operating leases include:

#### GLA Land and Property Limited

- Thames Wharf – Dock Road and Scarab Close - the site is currently occupied by a number of industrial type occupiers comprising waste management, aggregate storage and a concrete batching facility;
- Wick Lane, Poplar London - a 3 bedroomed semi-detached house;
- North Middlesex Hospital – rented to an NHS Trust;
- Charles Street – occupied by an industrial type business; and
- Royal Docks – Silvertown Dock, Albert Island, Thames Barrier Park – various properties currently occupied by a number of commercial and industrial type businesses;

#### London Legacy Development Corporation

- London Aquatics Centre and Copper Box Arena - Greenwich Leisure Limited has been appointed as the operator of the Aquatics Centre and Copper Box Arena under a 10-year arrangement.
- Stadium Island - leased to E20 Stadium LLP under a 102-year lease arrangement
- Here East - leased to iCITY (London) Limited over a 200-years lease.
- Multi Storey Car Park: proportion of spaces leased to iCITY (London) Limited
- On and Off Park rentals: currently leased by a mixture of industrial and residential tenants.
- Queen Elizabeth Olympic Park - various cafés and kiosks leased across the Park, including the Podium and Timber Lodge.
- Chobham Manor - leased to Chobham Manor LLP for residential and business development.

The total minimum lease payments receivable under non-cancellable leases in future years are:

	<b>Group</b>	<b>Group</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	5,872	5,283
Later than one year and not later than five years	15,563	14,160
Later than five years	425,365	432,869
	<b>446,800</b>	<b>452,312</b>

The income credited to the CIES during the year in relation to these leases amounted to:

	<b>Group</b>	<b>Group</b>
	<b>2020/ 21</b>	<b>2019/ 20</b>
	<b>£000</b>	<b>£000</b>
Rent receivable in year	7,485	5,741
Lease surrender premium	-	11,515
	<b>7,485</b>	<b>17,256</b>

## 19. Mayor and Assembly Members' remuneration and expenses

The table below shows the total amount of remuneration and expenses reclaimed by the Mayor and Assembly members during the year. The amount for travel cards is the cash value of travel cards issued during the year.

		Salary	Employer Pension Contribution	Travel Card	Taxi Invoices	Taxi Expense Claims	Other	Total
		£	£	£	£	£	£	£
<b>Mayor</b>	Khan, Sadiq	141,279	-	-	-	-	-	141,279
<b>Statutory Deputy Mayor</b>	McCartney, Joanne	105,269	12,632	-	-	-	-	117,901
<b>Current Assembly Members</b>								
Assembly Member	Arbour, Tony	58,543	-	-	-	-	-	58,543
Assembly Member	Arnold, Jennette	59,956	7,195	-	-	-	-	67,151
Assembly Member	Bacon, Gareth *	19,514	2,342	2,640	-	-	-	24,496
Assembly Member	Bailey, Shaun	58,543	-	2,640	-	-	-	61,183
Assembly Member	Berry, Sian	58,543	7,025	-	-	-	-	65,568
Assembly Member	Boff, Andrew	58,543	7,025	-	-	-	-	65,568
Assembly Member	Cooper, Leonie	58,543	7,025	2,640	-	-	-	68,208
Assembly Member	Desai, Unmesh	58,543	7,025	-	360	-	-	65,928
Assembly Member	Devenish, Tony	58,543	7,025	1,444	-	-	-	67,012
Assembly Member	Dismore, Andrew	58,543	7,025	-	-	-	-	65,568
Assembly Member	Duvall, Len	58,543	7,025	2,640	-	14	-	68,222
Assembly Member	Eshalomi, Florence *	19,514	2,342	2,076	-	-	-	23,932
Assembly Member	Gavron, Nicky	58,543	-	-	-	-	-	58,543
Assembly Member	Hall, Susan	58,543	7,025	-	-	-	-	65,568
Assembly Member	Kurten, David	58,543	7,025	2,640	-	-	-	68,208
Assembly Member	Moore, Alison	58,543	7,195	-	120	-	-	65,858
Assembly Member	O'Connell, Stephen	58,543	7,025	-	-	-	-	65,568
Assembly Member	Pidgeon, Caroline	58,543	7,025	-	-	-	-	65,568
Assembly Member	Prince, Keith	58,543	7,025	-	-	-	-	65,568
Assembly Member	Qureshi, Murad	58,543	6,440	2,640	-	-	-	67,623
Assembly Member	Russell, Caroline	58,543	7,025	-	-	-	-	65,568
Assembly Member	Sahota, Onkar	58,543	-	-	480	-	-	59,023
Assembly Member	Shah, Navin **	68,812	8,257	-	2,112	-	-	79,181
Assembly Member	Whittle, Peter	58,543	7,025	-	-	-	-	65,568
<b>Total 2020/ 21</b>		<b>1,585,204</b>	<b>144,755</b>	<b>19,360</b>	<b>3,072</b>	<b>14</b>	<b>-</b>	<b>1,752,405</b>
<b>Total 2019/ 20</b>		<b>1,702,479</b>	<b>156,859</b>	<b>32,224</b>	<b>-</b>	<b>-</b>	<b>648</b>	<b>1,892,210</b>

\* Abatement salary for Assembly Members

\*\* Chair of the London Assembly during 2020/21



## 20. Senior Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

2020/21

Post	Name of Post Holder	Salary (Including fees and allowances) £	Compensation for loss of office £	Employer Pension Contributions £	Total Remuneration including pension contributions £
<b>GLA Staff</b>					
Chief Officer	Mary Harpley	193,800	-	23,256	217,056
Executive Director of Resources	David Gallie	130,000	-	15,600	145,600
Executive Director of Secretariat	Ed Williams	139,988	-	16,799	156,787
Executive Director of Good Growth	Philip Graham	130,478	-	15,600	146,078
Executive Director Communities and Skills (Job Share)	Halima Khan	82,333	-	9,880	92,213
Executive Director Communities and Skills (Job Share)	Sarah Mulley	82,333	-	9,880	92,213
Executive Director of Housing and Land (from 01/01/2021) Note 1	Rickardo Hyatt	147,528	-	17,703	165,231
Assistant Director of Human Resources & Organisational Development	Charmaine De Souza	119,266	-	14,312	133,578
<b>Inward Seconded</b>					
Executive Director of Strategy and Communications Note 2	Niranjeet Mothada	178,670	-	-	178,670
<b>Mayoral Team</b>					
Statutory Deputy Mayor / Deputy Mayor, Education and Childcare	Joanne McCartney			See note 19	
Chief of Staff	David Bellamy	140,227	-	16,799	157,026
Deputy Mayor for Business	Rajesh Agrawal	132,664	-	15,920	148,584
Deputy Mayor for Housing and Residential Development	Tom Copley	132,664	-	15,920	148,584
Deputy Mayor for Planning, Regeneration and Skills	Jules Pipe	132,664	-	15,920	148,584
Deputy Mayor for Environment and Energy	Shirley Rodrigues	132,664	-	15,920	148,584
Deputy Mayor for Social Integration, Social Mobility and Community Engagement	Debbie Weekes-Bernard	132,664	-	15,920	148,584
Deputy Mayor for Transport	Heidi Alexander	132,664	-	15,920	148,584
Deputy Mayor for Culture and the Creative Industries	Justine Simons	132,664	-	15,920	148,584
Deputy Mayor for Fire and Resilience	Fiona Twycross	132,664	-	15,920	148,584
Mayoral Director, Policy	Nick Bowes	120,100	-	14,312	134,412
Mayoral Director, Communications	Patrick Hennessy	127,357	-	15,283	142,640
Mayoral Director, External and International Affairs	Leah Kreitzman	119,266	-	14,312	133,578
Mayoral Director, Political and Public Affairs (up to 19/03/2021)	Jack Stenner	108,437	59,633	12,658	180,728
Deputy Mayor for Policing and Crime	Sophie Linden				Remuneration paid by the Mayor's Office for Policing and Crime

Note 1: Full year salary includes previous post as Interim Executive Director of Housing and Land

Note 2: The amount reported is the fee charged by DEFRA and includes employer NI and pension

## **Mayoral Team**

The London Mayor and Assembly elections were held on 6 May 2021. The employment contracts of all Mayoral Appointees terminate by operation of law (section 67(4) of the GLA Act) at the end of the Mayor's term of office. Prior to 31 March 2021, the Authority entered into settlement agreements with Mayoral Appointees, under which the Authority agreed to pay each of the Mayoral Appointees a termination payment in full and final settlement of all claims they may have arising from their employment and/or its termination.

These agreements created a constructive obligation at 31 March 2021, but whether the payments were actually made was contingent on the election results in May 2021 and decisions taken by the Mayor to re-appoint and current post holders accepting re-appointment.

One Mayoral Appointee's contract was terminated prior to 31 March 2021 to realise a saving ahead of the Mayoral elections and this termination payment is reported in the table above. Subsequent to the 6 May 2021 elections, three Mayoral Appointee's contracts were not renewed and costs totalling £204k were paid under the settlement agreements. As these are liabilities that crystallised in May 2021, the details will be reported in the 2021/22 financial year.

Post	Name of Post Holder	Salary (Including fees and allowances) £	Compensation for loss of office £	Employer Pension Contributions £	Total Remuneration including pension contributions £
<b>GLA Staff</b>					
Chief Officer	Mary Harpley	193,800	-	23,256	217,056
Executive Director of Resources Note 1	Martin Clarke	153,371	-	18,405	171,776
Executive Director of Housing and Land	David Lunts	177,033	-	21,244	198,277
Executive Director of Secretariat	Ed Williams	139,988	-	16,799	156,787
Executive Director of Good Growth (from 13/01/2020) Note 2	Philip Graham	28,306	-	3,397	31,703
Monitoring Officer & Assistant Director of External Affairs Note 3	Emma Strain	148,420	-	17,810	166,231
Interim Executive Director of Communities and Intelligence (from 08/01/2020) Note 4	Halima Khan	18,032	-	2,164	20,196
Interim Executive Director of Communities and Intelligence	Sarah Mulley	99,257	-	11,911	111,168
Executive Director of Strategy and Communications (from 03/12/2019 inward secondees) Note 5	Niranjeet Mothada	52,020	-	0	52,020
Interim Executive Director of Housing and Land	Rickardo Hyatt	140,811	-	16,897	157,708
<b>Former GLA Staff</b>					
Former Interim Executive Director of Good Growth (up to 13/01/2020)	Debbie Jackson	141,423	-	16,971	158,394
<b>Mayoral Team</b>					
Statutory Deputy Mayor / Deputy Mayor, Education and Childcare	Joanne McCartney		See note 19		
Chief of Staff	David Bellamy	140,456	-	16,799	157,255
Deputy Mayor for Business	Rajesh Agrawal	132,664	-	15,920	148,584
Deputy Mayor for Housing and Residential Development (from 23/03/2020) Note 6	Tom Copley	60,336	-	6,855	67,191
Deputy Mayor for Planning, Regeneration and Skills	Jules Pipe	132,664	-	15,920	148,584
Deputy Mayor for Environment and Energy	Shirley Rodrigues	132,664	-	6,633	139,297
	Debbie Weekes-				
Deputy Mayor for Social Integration, Social Mobility and Community Engagement	Bernard	132,664	-	15,920	148,584
Deputy Mayor for Transport	Heidi Alexander	132,664	-	15,920	148,584
Deputy Mayor for Culture and the Creative Industries	Justine Simons	132,664	-	15,920	148,584
Deputy Mayor for Fire and Resilience	Fiona Twycross	112,589	-	13,126	125,714
Mayoral Director, Policy	Nick Bowes	119,266	-	14,312	133,578
Mayoral Director, Communications	Patrick Hennessy	127,357	-	15,283	142,640
Mayoral Director, External and International Affairs	Leah Kreitzman	119,266	-	14,312	133,578
Mayoral Director, Political and Public Affairs	Jack Stenner	119,266	-	14,312	133,578
Deputy Mayor for Policing and Crime	Sophie Linden		Remuneration paid by the Mayor's Office for Policing and Crim		
<b>Former Mayoral Team</b>					
Former Deputy Mayor for Housing and Residential (up to 01/11/2019)	James Murray	78,069	-	9,330	87,399

Note 1 Post holder retired 31 March 2020

Note 2 Full year salary includes previous post as Assistant Director for Regeneration and Economic Development

Note 3 Full year salary includes previous post as Interim Executive Director of Communities and Intelligence until 08/01/2020 (job share). Emma Strain previous post holder.

Note 4 The post holder became Interim Executive Director of Communities and Intelligence from 08/01/2020 (job share)

Note 5 The post holder became Executive Director of Strategy and Communications from 03/12/2019 (inward secondees, represents the fee charged by DEFRA)

Note 6 The post holder became full time Deputy Mayor from 23/03/2020

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band £	2020/21	2019/20
	Number of Employees	Number of Employees
50,000 - 54,999	159	124
55,000 - 59,999	127	117
60,000 - 64,999	72	42
65,000 - 69,999	12	25
70,000 - 74,999	39	25
75,000 - 79,999	24	16
80,000 - 84,999	12	17
85,000 - 89,999	18	13
90,000 - 94,999	15	9
95,000 - 99,999	1	2
100,000 - 104,999	1	-
105,000 - 109,999	1	3
110,000 - 114,999	2	2
115,000 - 119,999	5	4
120,000 - 124,999	-	1
125,000 - 129,999	2	2
130,000 - 134,999	2	-
135,000 - 139,999	1	-
140,000 - 144,999	-	2
145,000 - 149,999	-	-
150,000 - 154,999	1	-
	<b>494</b>	<b>404</b>

## Termination Benefits

The table below details the number and cost of compulsory and voluntary severances packages agreed during the year for staff.

Exit package cost band  (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021 £	2019/2020 £
£0 - £20,000	-	-	4	5	4	5	23,252	53,192
£20,001 - £40,000	-	-	2	2	2	2	53,128	70,576
£40,001 - £60,000	-	-	-	2	-	2	-	88,596
£60,001 - £80,000	-	-	1	1	1	1	76,608	64,669
£100,001 - £150,000	-	-	1	-	1	-	111,886	-
<b>Total amount included in the CIES</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>10</b>	<b>8</b>	<b>10</b>	<b>264,874</b>	<b>277,033</b>

## 21. Pensions

As part of the terms and conditions of employment of its elected members, officers and other employees, the Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the group has a commitment to make the payments that needs to be disclosed at the time the employees earn their future entitlement.

### Local Government Pension Scheme

The LGPS, administered by the London Pensions Fund Authority, is a defined benefit statutory scheme - from 1 April 2014 the LGPS became a career average revalued earnings scheme (benefits built up to 31 March 2014 are protected under the final salary

scheme) - meaning that the GLA, OPDC and LLDC employees and elected officers pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The employer contributions payable to the London Pension Fund Authority are paid in at a percentage of employees' pensionable earnings. The contribution rate is determined by the pension fund's actuary based on triennial actuarial valuations, the 31 March 2019 actuarial valuation set the Authority's employer contribution rate for the period 1 April 2020 to 31 March 2023.

Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. The value of in-year employer contribution and the applicable contribution rates are set out in the table below.

	2020/ 21	2019/ 20	Contribution rate for period 1 April 2020 to 31 March 2022	Contribution rate for period 1 April 2017 to 31 March 2019
	£m	£m	%	%
GLA	6.8	6.30	12	12
OPDC	0.3	0.30	12	12
LLDC	1.2	1.20	12	12

### Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the CIES and the General Fund Balance via the Movement in Reserves Statement during the year:

	2020/ 21 Authority £000	2020/ 21 Group £000	2019/ 20 Authority £000	2019/ 20 Group £000
<b>Cost of Retirement Benefits</b>				
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of Services</b>				
Current service costs	17,626	21,186	17,374	21,337
Administration Fee	347	382	355	386
(Gain)/ loss from settlements	-	-	607	607
	<b>17,973</b>	<b>21,568</b>	<b>18,336</b>	<b>22,330</b>
<b>Financing and Investment Income and Expenditure</b>				
Net Interest Expense	3,125	3,590	3,488	4,007
<b>Total Post-employment Benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>21,098</b>	<b>25,158</b>	<b>21,824</b>	<b>26,337</b>
<b>Other Post-employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(44,426)	(48,240)	14,969	15,905
Actuarial (gains)/ losses arising on changes in financial assumptions	165,180	190,360	(59,305)	(67,726)
Actuarial (gains)/ losses arising on changes in demographic assumptions	(4,213)	(4,724)	1,252	1,087
Experience (gains)/ losses on defined benefit obligation	(5,002)	(5,576)	15,255	19,199
Other actuarial (gains)/ losses on assets	-	(16)	3,147	2,426
<b>Total Post-employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>132,637</b>	<b>156,962</b>	<b>(2,858)</b>	<b>(2,772)</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	<b>(21,098)</b>	<b>(25,158)</b>	<b>(21,824)</b>	<b>(26,337)</b>
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>				
Employers' contributions payable to the Local Government Pension Scheme	<b>6,284</b>	<b>7,727</b>	<b>6,284</b>	<b>7,687</b>

## Pensions Asset and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the GLA's, OPDC's and LLDC's obligation in respect of their defined benefit plans is as follows:

	2020/ 21 Authority £000	2020/ 21 Group £000	2019/ 20 Authority £000	2019/ 20 Group £000
Present value of the defined benefit obligation	( 586,452)	( 664,498)	( 403,106)	( 450,702)
Fair Value of scheme assets (bid value)	324,262	358,808	266,753	293,731
Deferred tax asset on the defined benefit obligation	-	7,015	-	3,336
<b>Net liability arising from defined benefit obligation</b>	<b>( 262,190)</b>	<b>( 298,675)</b>	<b>( 136,353)</b>	<b>( 153,635)</b>

## Reconciliation of fair value of the scheme (plan) assets:

	2020/ 21 Authority £000	2020/ 21 Group £000	2019/ 20 Authority £000	2019/ 20 Group £000
<b>Opening fair value of scheme assets</b>	<b>266,753</b>	<b>293,731</b>	<b>272,903</b>	<b>296,945</b>
Interest Income	6,351	7,020	6,754	7,375
<i>Remeasurement gain/ (loss):</i>				
Return on plan assets less interest	44,426	48,240	( 14,969)	( 15,905)
Administration expenses	( 347)	( 382)	( 355)	( 386)
Other actuarial gains/ (losses)	-	16	( 3,147)	( 2,476)
Contributions from employer	6,800	8,243	6,284	7,687
Contributions from employees into the scheme	4,678	5,747	4,106	5,024
Benefits paid	( 4,399)	( 3,807)	( 4,823)	( 4,533)
<b>Closing fair value of scheme assets</b>	<b>324,262</b>	<b>358,808</b>	<b>266,753</b>	<b>293,731</b>



## Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	2020/ 21 Authority £000	2020/ 21 Group £000	2019/ 20 Authority £000	2019/ 20 Group £000
<b>Opening balance at 1 April</b>	<b>(403,106)</b>	<b>(450,702)</b>	<b>(418,398)</b>	<b>(464,325)</b>
Current service cost	(17,626)	(21,186)	(17,374)	(21,337)
Interest cost	(9,476)	(10,610)	(10,242)	(11,382)
Contributions from scheme participants	(4,678)	(5,747)	(4,106)	(5,024)
<i>Remeasurement gains and (losses) :</i>				
Actuarial gains/ (losses) arising from changes in demographic assumptions	4,213	4,724	(1,252)	(1,087)
Actuarial gains/ (losses) arising from changes in financial assumptions	(165,180)	(190,360)	59,305	67,726
Experience gains/ (loss) on defined benefit obligation	5,002	5,576	(15,255)	(19,199)
Past service costs, including curtailments	-	-	(607)	(607)
Estimated benefits paid net of transfers in	4,399	3,807	4,823	4,533
<b>Closing balance at 31 March</b>	<b>(586,452)</b>	<b>(664,498)</b>	<b>(403,106)</b>	<b>(450,702)</b>

## Local Government Pension Scheme assets comprised (Bid value):

Authority		2020/ 21 Authority Quoted Prices £000	%	2020/ 21 Authority Unquoted Prices £000	%	2020/ 21 Total £000	2019/ 20 Authority Quoted Prices £000	2019/ 20 Authority Unquoted Prices £000	2019/ 20 Total £000
<b>Equities</b>									
Segregated:									
Real Estate	0.9%	2,918	0.0%	-		2,918	3,735	-	3,735
Consumer	10.4%	33,723	0.0%	-		33,723	32,384	-	32,384
Energy	0.2%	649	0.0%	-		649	1,067	-	1,067
Financials	5.0%	16,213	0.0%	-		16,213	15,205	-	15,205
Health Care	3.3%	10,701	0.0%	-		10,701	7,202	-	7,202
Industrial	5.1%	16,537	0.0%	-		16,537	13,338	-	13,338
Technology	9.2%	29,832	0.0%	-		29,832	18,486	-	18,486
Materials	1.3%	4,215	0.0%	-		4,215	2,934	-	2,934
Communications	2.6%	8,431	0.0%	-		8,431	6,669	-	6,669
Utilities	0.9%	2,918	0.0%	-		2,918	3,201	-	3,201
Fixed Income & Other	0.0%	-					-		
Trade Cash/ Pending	1.9%	6,161	0.0%			6,161	5,602		5,602
Synthetic Equity	1.2%	3,891	0.0%			3,891	2,401		2,401
<b>Private Equity</b>	0.0%	-	8.5%	27,562		27,562	-	22,140	22,140
<b>Fixed Income</b>	4.2%	13,619	0.0%	-		13,619	13,071	-	13,071
<b>Total Return</b>									
Investment/ Hedge funds and Unit trusts	11.1%	35,993	0.0%	-		35,993	32,357	-	32,357
<b>Credit</b>	0.0%	-	8.1%	26,265		26,265	-	19,740	19,740
<b>Infrastructure</b>	0.0%	-	8.3%	26,914		26,914	-	18,673	18,673
<b>Property Fund/ Real Estate</b>	0.0%	-	9.1%	29,508		29,508	-	24,275	24,275
<b>Cash</b>									
Cash at bank	1.4%	4,540	0.0%	-		4,540	5,335	-	5,335
LDI	6.3%	20,429	0.0%	-		20,429	16,539	-	16,539
Currency (forward contracts)	0.0%	-	1.0%	3,243		3,243	-	2,401	2,401
<b>BlackRock DDG</b>	0.0%	-		-			-	-	
<b>Total</b>	<b>65.0%</b>	<b>210,770</b>	<b>35.0%</b>	<b>113,492</b>		<b>324,262</b>	<b>179,525</b>	<b>87,228</b>	<b>266,753</b>

Group	2020/ 21 Group Quoted Prices £000	2020/ 21 Group Unquoted Prices £000	2020/ 21 Total £000	2019/ 20 Group Quoted Prices £000	2019/ 20 Group Unquoted Prices £000	2019/ 20 Total £000
<b>Equities</b>						
Segregated:						
Real Estate	3,230	-	3,230	4,091	-	4,091
Consumer	37,316	-	37,316	35,479	-	35,479
Energy	718	-	718	1,169	-	1,169
Financials	17,940	-	17,940	16,658	-	16,658
Health Care	11,841	-	11,841	7,891	-	7,891
Industrial	18,300	-	18,300	14,612	-	14,612
Technology	33,010	-	33,010	20,253	-	20,253
Materials	4,665	-	4,665	3,215	-	3,215
Communications	9,329	-	9,329	7,306	-	7,306
Utilities	3,230	-	3,230	3,507	-	3,507
Fixed Income & Other	-	-	-	-	-	-
Trade Cash/ Pending	6,818	-	6,818	6,137	-	6,137
Synthetic Equity	4,306	-	4,306	2,630	-	2,630
<b>Private Equity</b>	-	30,499	30,499	-	24,256	24,256
<b>Fixed Income</b>	15,070	-	15,070	14,320	-	14,320
<b>Total Return</b>						
Investment/ Hedge funds and Unit trusts	39,827	-	39,827	35,449	-	35,449
<b>Credit</b>	-	29,064	29,064	-	21,626	21,626
<b>Infrastructure</b>	-	29,781	29,781	-	20,457	20,457
<b>Property Fund/ Real Estate</b>	-	32,651	32,651	-	26,594	26,594
<b>Cash</b>						
Cash at bank	5,023	-	5,023	5,845	-	5,845
LDI	22,604	-	22,604	18,119	-	18,119
Currency (forward contracts)	-	3,588	3,588	-	2,630	2,630
<b>Total</b>	<b>233,225</b>	<b>125,583</b>	<b>358,808</b>	<b>196,682</b>	<b>95,564</b>	<b>292,246</b>

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The London Pensions Fund Authority's Local Government Pension Scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, estimates of the London Pensions Fund Authority's fund being based on the latest full valuation of the scheme as at 31 March 2019.

The pension increase has been calculated using the Consumer Price Index (CPI) rather than the Retail Price Index (RPI).

## The principal assumptions used by the actuary in their calculations have been:

	2020/ 21 Authority	2020/ 21 Group	2019/ 20 Authority	2019/ 20 Group
Expected return on assets	2.05%	2.05%	2.35%	2.35%
<b>Mortality Assumptions</b>				
Longevity at 65 for current pensioners (Before CMI 2020 Update)	Years	Years	Years	Years
Men	23.1	22.7 - 23.2	22.2	21.9 - 22.4
Women	24.9	24.6 - 24.9	24.4	24.4 - 24.7
Longevity at 65 for current pensioners (After CMI 2020 Update)				
Men	22.8	22.4 - 22.8	23.0	22.6 - 23.1
Women	24.8	24.4 - 24.8	24.8	24.5 - 24.8
Longevity at 65 for future pensioners (Before CMI 2020 Update)				
Men	24.0	24.0 - 24.4	23.5	23.2 - 24.0
Women	26.1	26.0 - 26.3	25.8	25.8 - 26.1
Longevity at 65 for future pensioners (After CMI 2020 Update)				
Men	23.6	23.6 - 23.9	23.9	23.9 - 24.3
Women	25.9	25.9 - 26.1	26.0	25.9 - 26.2
Rate of inflation - RPI	3.15%	3.05% - 3.15%	2.60%	2.55% - 2.60%
Rate of inflation - CPI	2.85%	2.80% - 2.85%	1.80%	1.75% - 1.80%
Rate of increase in salaries	3.85%	3.80% - 3.85%	2.80%	2.75% - 2.80%
Rate of increase in pensions	2.85%	2.80% - 2.85%	1.80%	1.75% - 1.85%
Rate for discounting scheme liabilities	2.05%	2.05%	2.35%	2.35%

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2021 is estimated to be 18.8%, the actual return on fund assets may be different.

## Sensitivity Analysis

The following table sets out the impact of a small change in the key assumptions on the defined benefit obligation.

	Increase in Assumption £000	Actual £000	Decrease in Assumption £000
<b>Rate for discounting scheme liabilities (increase or decrease by 0.1%)</b>			
Greater London Authority	(571,825)	(586,452)	(601,468)
Old Oak and Park Royal Development Corporation	(9,743)	(10,079)	(10,427)
London Legacy Development Corporation	(66,015)	(67,967)	(69,978)
<b>GLA Group</b>	<b>(647,583)</b>	<b>(664,498)</b>	<b>(681,873)</b>
<b>Rate of increase in salaries (increase or decrease by 0.1%)</b>			
Greater London Authority	(587,585)	(586,452)	(585,331)
Old Oak and Park Royal Development Corporation	(10,104)	(10,079)	(10,054)
London Legacy Development Corporation	(68,127)	(67,967)	(67,809)
<b>GLA Group</b>	<b>(665,816)</b>	<b>(664,498)</b>	<b>(663,194)</b>
<b>Rate of increase in pensions (increase or decrease by 0.1%)</b>			
Greater London Authority	(600,202)	(586,452)	(573,044)
Old Oak and Park Royal Development Corporation	(10,399)	(10,079)	(9,769)
London Legacy Development Corporation	(69,802)	(67,967)	(66,185)
<b>GLA Group</b>	<b>(680,403)</b>	<b>(664,498)</b>	<b>(648,998)</b>
<b>Longevity (increase or decrease in 1 year)</b>			
Greater London Authority	(609,971)	(586,452)	(563,849)
Old Oak and Park Royal Development Corporation	(10,459)	(10,079)	(9,713)
London Legacy Development Corporation	(70,529)	(67,967)	(65,498)
<b>GLA Group</b>	<b>(690,959)</b>	<b>(664,498)</b>	<b>(639,060)</b>

## Impact on future cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The latest triennial valuation has set the annual employer's contribution at 12% until 31 March 2023. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2022.

The total contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2022 is £8.3m.

The weighted average duration of the defined benefit obligation for scheme members is 26 years, 2020/21 (26 years 2019/20).

#### **Greater London Authority AVIVA master trust scheme**

The Greater London Authority AVIVA master trust scheme is a defined contribution scheme open to the Mayor and Assembly Members.

Employer contributions are payable at 12% of pensionable pay. A total of £0.25m employer contributions were paid in 2020/21 (£0.2m for 2019/20).

#### **Principal Civil Service Pension Scheme**

The PCSPS is an unfunded multi-employer defined benefit scheme, details can be found in the resource accounts of the Cabinet Office: Civil Superannuation

In 2020/21, London TravelWatch paid £0.1m (2019/20 - £0.1m) at one of four rates (26.6% to 30.3%) of pensionable pay to the Principal Civil Service Pension Scheme.

#### **Homes and Communities Agency Pension Scheme**

LLDC has one member of staff in the Homes and Communities Agency Pension Scheme, the scheme has been accounted for as if it were a defined contribution plan. The Homes and Communities Agency Pension Scheme is exempt from defined benefit accounting as the pension scheme exposes participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the pension scheme.

Contributions are accounted for in operating costs and amount to £0.03m (2019/20 - £0.03m).

## 22. External Audit Costs

The Authority and Group have incurred the following costs in relation to the audit of the Statement of Accounts for services provided by external auditors.

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	342	599	128	397
	<b>342</b>	<b>599</b>	<b>128</b>	<b>397</b>

## 23. Agency arrangements

The GLA is the designated Intermediate Body (IB) for the management and administration of the European Regional Development Fund (ERDF) programmes in London and carries out the function on behalf of DLUHC under Article 123 of EC Regulation 1303/2013. In carrying out this function, the GLA acts as DLUHC's agent, making funding decisions and entering into contracts on behalf of DLUHC.

### London Green Fund (LGF) (formerly JESSICA Holding Fund London)

The Joint European Support for Sustainable Investment in City Area (JESSICA) is a policy initiative of the European Commission, supported by the European Investment Bank (EIB), and designed to help the authorities in the Member States of the European Union to exploit financial engineering mechanisms to support investment in sustainable urban development in the context of the cohesion policy. Under this programme, Managing Authorities (DLUHC for England) are allowed to use some of their Structural Funds, principally those supported by the ERDF to invest in Urban Development Funds to accelerate investment in urban areas.

For the London region, DLUHC's ERDF investment has been matched funded by the London Waste and Recycling Board (LWARB) and the London Development Agency (LDA). In October 2009, the LDA, LWARB and the EIB signed a funding agreement for the purpose of establishing the JESSICA Holding Fund, also known as the London Green Fund. On 1 July 2011, when the operational responsibilities for the ERDF transferred to the GLA, the responsibility for DLUHC's ERDF contribution transferred also.

At 31 March 2021, £110m has been invested and comprises £60m of ERDF, £18m of LWARB and £32m of GLA (formerly LDA) funds. The LGF provides funding for three urban development funds that invest directly in waste, energy efficiency, decentralised energy and social housing programmes.

The Authority manages the fund on behalf of itself, LWARB and the ERDF (EU Commission). During the year, the Authority received £1.9m (£1.1m in 2019/20) in interest on the balances invested and part payment of the original investment, net of fund manager fees; at 31 March 2021 the Authority is holding ERDF cash of £10.2m (£9.2m at 31 March 2020), as a creditor on behalf of the DLUHC.

### **Mayor of London's Energy Efficiency Fund (MEEF)**

The Mayor of London's Energy Efficiency Fund (MEEF) is a new low carbon infrastructure fund providing repayable finance to viable projects across London. The Authority, in its role as Intermediate Body and DLUHC's agent, committed £43m of European Regional Development Fund (ERDF) funding to the MEEF (MD2165) and on 29 June 2018 was admitted as a limited partner in the MEEF Limited Partnership.

In March 2020, the Mayor approved (MD2597) the award of up to £10.7m from the ERDF to Amber Infrastructure Limited, this funding will be paid directly from DLUHC to Amber Infrastructure Limited and will be invested through the MEEF.

### **24. Mayor's Community Infrastructure Levy (MCIL)**

In 2012, the Mayor agreed his MCIL charging schedule to be applied to developments consented on or after 1 April 2012 and was collected by London boroughs once development commences.

The setting of a London-wide Community Infrastructure Levy is a power given to the Mayor under the Planning Act 2008 designed to raise money for the infrastructure needed to develop an area.

The Levy was charged on most developments in London at the following rates, which were subject to annual indexation, in line with the Tender Price Index:

Zone 1 boroughs - £50 per square metre



Camden, City of London, City of Westminster, Hammersmith and Fulham, Islington, Kensington and Chelsea, Richmond-upon-Thames, Wandsworth

Zone 2 boroughs - £35 per square metre

Barnet, Brent, Bromley, Ealing, Greenwich, Hackney, Haringey, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Lambeth, Lewisham, Merton, Redbridge, Southwark, Tower Hamlets

Zone 3 boroughs - £20 per square metre

Barking and Dagenham, Bexley, Croydon, Enfield, Havering, Newham, Sutton, Waltham Forest

Mayor's Community Infrastructure Levy 2 (MCIL2)

On 1 April 2019, following successfully passing an Examination in Public, MCIL2 replaced MCIL and the Crossrail Section 106 charge on office, retail and hotel development in certain parts of London. The MCIL2 rates will apply to all planning permissions granted from 1 April 2019 and may also apply to some phased planning permissions granted before the 1 April 2019.

The new MCIL2 charges, which will also be subject to annual indexation, are as follows:

Zone 1 boroughs - £80 per square metre

Camden, City of London, City of Westminster, Hammersmith and Fulham, Islington, Kensington and Chelsea, Richmond-upon-Thames, Wandsworth

Zone 2 boroughs - £60 per square metre

Barnet, Brent, Bromley, Ealing, Enfield, Hackney, Haringey, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Lambeth, Lewisham, Merton, Redbridge, Southwark, Tower Hamlets, Waltham Forest, London Legacy Development Corporation (LLDC), Old Oak and Park Royal Development Corporation (OPDC)

Zone 3 boroughs - £25 per square metre

Barking and Dagenham, Bexley, Croydon, Greenwich, Havering, Newham, Sutton

MCIL2 charging rates for office, retail and hotel in Central London and Isle of Dogs:

Office - £185 per square metre

Retail - £165 per square metre

Hotel - £140 per square metre

From 2019/20 the GLA has been permitted under regulations approved by Parliament (The Community Infrastructure Levy (Amendment) (England) Regulations 2019) to apply MCIL for capital financing purposes for Crossrail. The Community Infrastructure Levy (Amendment) (England) Regulations 2021 laid before Parliament in March 2021 following the November 2020 Crossrail funding deal permit the Mayor to apply MCIL and MCIL2 revenues to finance and repay the GLA's Crossrail debt up to 31 March 2043.

Mayoral CIL has raised £122.8m in 2020/21 (£168.9m in 2019/20), after allowable collection costs and a provision for non-collection with all money being directed to Crossrail. This reduction in MCIL revenues receives reflects the impact of delays to construction projects in London due to the pandemic and the associated national lockdowns during 2020/21.



## 25. Property, Plant and Equipment

### Group

	2020/ 21				2019/ 20			
	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation</b>								
<b>Balances at 1 April</b>	<b>25,088</b>	<b>26,001</b>	<b>117,125</b>	<b>168,214</b>	<b>24,001</b>	<b>22,884</b>	<b>55,802</b>	<b>102,687</b>
Additions	1,985	1,923	16,091	19,999	-	3,907	61,340	65,247
Revaluation increases/ (decreases) recognised in the revaluation reserve	1,505	-	-	1,505	1,411	-	-	1,411
Revaluation increases/ (decreases) recognised in the (Surplus)/ Deficit on the Provision of Services	-	-	-	-	(324)	-	-	(324)
Derecognition- other	-	-	-	-	-	(790)	(17)	(807)
Other movements in cost or valuation	-	-	6	6	-	-	-	-
<b>At 31 March</b>	<b>28,578</b>	<b>27,924</b>	<b>133,222</b>	<b>189,724</b>	<b>25,088</b>	<b>26,001</b>	<b>117,125</b>	<b>168,214</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>Balances at 1 April</b>	<b>(2,443)</b>	<b>(16,549)</b>	<b>-</b>	<b>(18,992)</b>	<b>(1,252)</b>	<b>(14,521)</b>	<b>-</b>	<b>(15,773)</b>
Depreciation charged to the (Surplus)/ Deficit on the Provision of Services	(4,912)	(3,087)	-	(7,999)	(3,873)	(2,818)	-	(6,691)
Depreciation written out to the Revaluation Reserve	2,609	-	-	2,609	2,682	-	-	2,682
Other movements in depreciation and impairment	-	-	-	-	-	790	-	790
<b>At 31 March</b>	<b>(4,746)</b>	<b>(19,636)</b>	<b>-</b>	<b>(24,382)</b>	<b>(2,443)</b>	<b>(16,549)</b>	<b>-</b>	<b>(18,992)</b>
<b>Net Book Value</b>								
<b>At 1 April</b>	<b>22,645</b>	<b>9,452</b>	<b>117,125</b>	<b>149,222</b>	<b>22,749</b>	<b>8,363</b>	<b>55,802</b>	<b>86,914</b>
<b>At 31 March</b>	<b>23,832</b>	<b>8,288</b>	<b>133,222</b>	<b>165,342</b>	<b>22,645</b>	<b>9,452</b>	<b>117,125</b>	<b>149,222</b>

### Revaluations

Valuations of land and buildings held by the GLA and GLAP are undertaken every year at 31 March by registered RICS Valuers external valuers, JLL; the details of all the land and buildings and carrying values at 31 March 2021 are set out below:

- GLA - 639 High Road, Tottenham - a community centre facility. It is held at existing use value (EUUV) and at 31 March 2021 had a value of £1.6m, for information, if the Authority held this asset at depreciated historical cost, the carrying value would have been £1.9m.
- GLAP - Crystal Palace National Sports Centre - held at depreciated replacement cost (DRC) and at 31 March 2021 had a carrying value of £20.1m, for information, if GLAP held this asset at depreciated historical cost, the carrying value would have been £4.8m.

Valuations were carried out in accordance with the Practice Statements contained in the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Global Standards 2017 – UK national supplement as applicable ('the RICS Red Book'), by valuers who conform to the requirements thereof.

The Depreciated Replacement Cost method involves assessing all the costs of providing a modern equivalent asset using pricing at the date of valuation. In order to assess the price that the buyer would bid for the actual asset, depreciation adjustments have to be made to the gross replacement cost to reflect the differences between it and the modern equivalent. These differences can reflect factors such as the comparative age or remaining economic life of the actual asset, the comparative running costs and the comparative efficiency and functionality.

## 26. Investment Properties

The following table summarises the movement in the fair value of investment properties over the year:

	Group 2020/21 £000	Group 2019/20 £000
<b>Balance acquired at 1 April</b>	<b>134,358</b>	<b>158,976</b>
<i>Additions:</i>		
Subsequent expenditure	46,816	24,521
Disposals	(71,565)	(29,730)
Net gains/(losses) from fair value adjustments	(44,588)	(19,409)
<i>Transfers:</i>		
To/from Inventories	24,839	-
<b>Balance at 31 March</b>	<b>89,860</b>	<b>134,358</b>

Gains or losses in the fair value of investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Included in the balance above, are investment properties held by LLDC at £-197.4 million (2019-20: £-221.0 million) relating to the East Bank development, which is delivered at a net cost to the Group and therefore has a negative valuation until fully built. For more details, see London Legacy Development Corporation Annual Report and Accounts 2020/21, available on their [website](#).

### Revaluations

Valuations were undertaken by external valuers, JLL at 31 March 2021.

Valuations were carried out in accordance with the Practice Statements contained in the RICS Red Book, by valuers who conform to the requirements thereof. The valuations were undertaken by currently registered RICS Valuers.

See Note 5 for key assumptions in relation to asset valuations and sources of estimation uncertainty.

## Fair value hierarchy

The Group's classification of investment properties in the fair value hierarchy as at 31 March 2021 is as follows:

2020/21

Recurring fair value measurements using:	Quoted prices in	Other significant	Significant	Fair Value as
	active markets for	observable	unobservable	
	identical assets	inputs	inputs	
	Level 1	Level 2	Level 3	at 31 March
	£000	£000	£000	2020
				£000
<b>London Legacy Development Corp.</b>				
Commercial units				-
Other assets	(35,032)	29,890	4,765	(377)
<b>GLA Land and Property Ltd.</b>				
Commercial units			89,827	89,827
Residential properties			410	410
<b>Balance at 31 March 2021</b>	<b>(35,032)</b>	<b>29,890</b>	<b>95,002</b>	<b>89,860</b>

2019/20

Recurring fair value measurements using:	Quoted prices in	Other significant	Significant	Fair Value
	active markets for	observable	unobservable	
	identical assets	inputs	inputs	
	Level 1	Level 2	Level 3	as at 31
	£000	£000	£000	March 2019
				£000
<b>London Legacy Development Corp.</b>				
Commercial units	19,301	33,280	4,740	57,321
Other assets	555	-	-	555
<b>GLA Land and Property Ltd.</b>				
Commercial units	-	-	76,072	76,072
Residential properties	-	-	410	410
<b>Balance at 31 March 2020</b>	<b>19,856</b>	<b>33,280</b>	<b>81,222</b>	<b>134,358</b>

This hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value; these include:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset or liability.

#### **Transfers between levels of the fair value hierarchy**

There were no transfers between any levels of the fair value hierarchy during the current financial year.

#### **Valuation techniques used to determine fair values**

The Group's investment properties are measured using a combination of an income and market comparison approach. Under the income approach, values are determined by means of either the discounted cash flow method, where the expected cash flows from the properties are discounted to establish the present value of the net income stream or the direct capitalisation method where a capitalisation rate is applied, as a multiplier, against the current and, if any, reversionary income streams. The approaches use the Group's own data requiring it to factor in assumptions such as the duration, timing of cash inflows/outflows, rent growth, property location, maintenance costs etc.

#### **Highest and best use**

In estimating the fair value of the Group's investment properties, the highest and best use is their current use.



## Quantitative information about Fair Value measurement of Investment Properties

### GLA Land and Property Ltd

#### 2020/21

Input	Range	Weighted Average	Sensitivity
Rental income less irrecoverable costs	£7,250 - £1,680,000	£1,341,006	Significant changes in rent growth; vacancy levels or capitalisation rate will result in a significantly lower or higher fair value
Capitalisation rate	5.00% - 8.00%	5.84%	

#### 2019/20

Input	Range	Weighted Average	Sensitivity
Rental income less irrecoverable costs	£19,250 - £334,000	£200,892	Significant changes in rent growth; vacancy levels or capitalisation rate will result in a significantly lower or higher fair value
Capitalisation rate	5.75% - 8.71%	6.56%	

### Valuation techniques

There has been no change in the valuation techniques used during the year for investment properties.

## **27. Intangible Assets**

At 31 March 2021, the Group does not hold a material amount of intangible assets and so this disclosure is not material to the financial statements.

## **28. Heritage Assets**

On 1 April 2012 two sculptures were transferred to the GLA from the Homes and Communities Agency (HCA). There is no historical cost data available on these assets and due to their bespoke and unique nature their value cannot be easily obtained using comparisons in the open market.

The Authority further considers that the cost of obtaining an open market valuation outweighs any benefit to the users of the accounts. The asset known as "A Slice of Reality" has been licensed back to the artist who is responsible for its maintenance and general repair with the GLA being responsible for the structure.

The "Quantum Cloud" was last surveyed in January 2017 and some routine maintenance work was undertaken. No major restoration costs were incurred during 2020/21.

## 29. Long term investments

	Authority 31 March 2021 £000	Group 31 March 2021 £000	Authority 31 March 2020 £000	Group 31 March 2020 £000
Loans to joint venture - held at amortised cost	-	87,151	-	71,251
Loan to subsidiary - held at amortised cost	551	551	1,099	1,099
Infrastructure loans - held at amortised cost	-	147,488	-	280,602
Equity investments at cost	-	2,181	-	-
Residential Mortgage Backed Securities - FVOCI*	700,742	700,742	232,290	232,290
Loan to Limited Partnership - held at FVTPL	-	19,454	-	40,287
Investment in Limited Partnerships - held at FVTPL	25,606	2	-	3
Fund investments - held at FVTPL	20,023	149,059	12,505	53,208
Equity mortgages - held at FVTPL	-	34,798	-	34,934
<b>Total</b>	<b>746,921</b>	<b>1,141,425</b>	<b>245,894</b>	<b>713,674</b>

## 30. Investments in Subsidiaries

All investments in subsidiaries are held at cost in the holding entity's single entity accounts as permitted under the Code.

### Greater London Authority

- **Greater London Authority Holdings Limited (GLAH)** - The Authority holds one £1 share in Greater London Authority Holdings Limited (GLAH). GLAH is registered in England and Wales and is a wholly owned subsidiary of the Authority. GLAH is a holding company and as such does not undertake any business activity.
- **SMEWFL's** main objective is to bridge the London funding gap for early stage businesses through the provision of loan and equity financing. On 31 October 2017, the Authority became the sole member of SME Wholesale Finance Limited (SMEWFL) thereby gaining full control of this entity. Prior to this date, the Authority held a maximum of 19.9 per cent of the total number of votes exercisable by members in general meeting. SMEWFL is accounted for as a subsidiary in the Authority's group accounts.

- **LCIF** makes equity investments into early stage companies in London's strategic sectors of Science, Digital and Technology, thereby addressing the funding issues faced by such companies. SMEWFL is a member of the London Co-Investment Fund LLP (LCIF), it has 100% economic interest and controls LCIF. The Authority controls LCIF via its control of SMEWFL and has accounted for LCIF as a subsidiary in the Authority's accounts.
- **GLIF** was established in June 2018 and is a wholly owned subsidiary of SMEWFL. The aim is to establish a £100m fund to provide finance to small and medium sized enterprises with funding provided by the European Regional Development Fund, the European Investment Bank, London Waste and Recycling Board and SMEWFL. The Authority controls GLIF via its control of SMEWFL and has accounted for GLIF as a subsidiary in the Authority's accounts.

### **31. Investments in Subsidiaries – Greater London Authority Holdings Limited (GLAH)**

- **GLA Land and Property Limited (GLAP)** - GLAH holds one £1 share in GLA Land and Property Limited (GLAP).

GLAP is registered in England and Wales and is wholly owned by GLAH.

GLAP is fully consolidated into GLAH's group accounts.

- **London Treasury Limited (LTL)** - On 21 August 2018 GLAH acquired London Treasury Limited and is the sole shareholder. At 31 March 2020 GLAH held £125,000 shares in LTL. In 2020/21 GLAH acquired an additional 8,000 shares at £125 per share bringing its total shareholding at 31 March 2021 to a £1,125,000 shareholding in London Treasury Limited.

LTL is registered in England and Wales and is wholly owned by GLAH.

On materiality grounds GLAH has not consolidated London Treasury Limited.

On 5 November 2020 LTL established a fully owned subsidiary LSR GP Limited (registration number SC679933), a general partner in the limited partnership GLA Strategic Reserve LP, SL034780, registered on 29 January 2021. GLA Strategic Reserve LP is a pooled investment vehicle for the GLA and in future, London Boroughs.

Both LSR GP limited and GLA Strategic Reserve LP are registered in Scotland.

- **London Power Co. Limited (LPC)** – on 19 July 2019 GLAH acquired a £1 share in LPC and is the sole shareholder. In 2020/21 LPC purchased an additional 1,056,386 £1 shares in LPC, bringing its total shareholding to 1,056,387 £1 shares as at 31 March 2021.

LPC is registered in England and Wales and is wholly owned by GLAH.

On materiality grounds GLAH has not consolidated LPC.

### **32. Investments in Subsidiaries – London Legacy Development Corporation (LLDC)**

LLDC is a Mayoral Development Corporation controlled by the Authority and is consolidated as a subsidiary in the Authority's accounts.

LLDC prepares group accounts for its subsidiaries **E20 Stadium LLP** and **London Stadium 185 Limited** and as the GLA consolidates LLDC's group accounts, these subsidiaries are also included in the GLA's group accounts.

LLDC is also the sole shareholder in **Stratford East Holdings Limited** which holds a non-controlling share of E20 Stadium LLP. Stratford East Holdings Limited is not consolidated by LLDC on materiality grounds.

- **E20 Stadium LLP** - LLDC and Stratford East Holdings Limited are members of E20 Stadium LLP. The E20 Stadium partnership is the legal entity that holds a 102-year leasehold interest in the Stadium Island site and is responsible for the

transformation works and ongoing operations required to deliver a multi-use sporting venue, which is the permanent home of West Ham United Football Club and the national competition centre for UK Athletics.

E20 Stadium LLP is the sole shareholder of London Stadium 185 Limited and consolidates London Stadium 185 into its group accounts.

- **London Stadium 185 Limited** - London Stadium 185 Limited's principal activities are the operation, management and commercial development of the Stadium at Queen Elizabeth Olympic Park. London Stadium 185 Limited is consolidated into E20 Stadium LLP's group accounts which in turn are consolidated into the group accounts of its parent, LLDC.

In 2020/21, LLDC established **Stratford East London Developments Limited (SELD)**. This subsidiary and a developer will form a joint venture to develop and bring to market the Stratford Waterfront and Bridgewater residential sites. In October 2020, LLDC launched the procurement for the developer with four bidders being subsequently taken through to the Invitation to Submit Outline Proposal stage.

### **33. Non-current Assets held for sale**

At 31 March 2021, the Group did not hold any property, plant or equipment for sale.

### **34. Long-term debtors**

Long term debtors are held at amortised cost or FVTPL; the classification and measurement approach selected, reflect the business model for holding the financial assets and their cashflow characteristics. See Note 2 Accounting Policies, xvii Fair Value for further details.

Long-term debtors comprise:

	Authority 31 March 2021 £000	Group 31 March 2021 £000	Authority 31 March 2020 £000	Group 31 March 2020 £000
Loans to third parties for capital purposes	781,022	132,965	781,630	127,703
Rent deposits	317	317	317	317
Other debtors	-	51	-	1,051
Prepayments	-	-	512	512
	<b>781,339</b>	<b>133,333</b>	<b>782,459</b>	<b>129,583</b>

### 35. Finance leases

#### Group as Lessor - Finance lease receivables

Details of the Group's finance leases as lessor include:

- The London International Exhibition Centre has been granted a 200-year lease ending in 2199 for the ExCel Exhibition Centre land
- A 95-year lease ending in 2075 with Workspace II Limited for a warehouse, office and secure yard at Quicksilver Place, Wood Green
- A 101-year lease ending in 2110 with London City Airport to allow the installation of airport landing lights at Albert Island, London E16; and
- Deferred receipts in relation to various development properties leased on long leases.

Gross investment in the leases at balance sheet date is made up of the following amounts:

	<b>Group</b>	<b>Group</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<i>Finance lease debtor (net present value of minimum lease payments):</i>		
Current	10,910	61,156
Non-current	86,265	80,228
Unearned finance income	11,787	15,526
<b>Gross investment in the leases</b>	<b>108,962</b>	<b>156,910</b>

The gross investment in the leases will be received over the following periods:

	<b>Group</b>	<b>Group</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Minimum lease payments</b>		
Not later than one year	11,016	61,605
Later than one year and not later than five years	95,892	92,466
Later than five years	2,054	2,839
	<b>108,962</b>	<b>156,910</b>

	<b>Group</b>	<b>Group</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Finance lease debtor</b>		
Not later than one year	10,910	61,156
Later than one year and not later than five years	85,367	78,968
Later than five years	898	1,260
	<b>97,175</b>	<b>141,384</b>



## Group as Lessee - Finance lease liabilities

Details of the Group's finance leases as lessee include:

GLA Land and Property Limited

Held as Property, Plant and Equipment:

- The Crystal Palace 125-year lease with the London Borough of Bromley that expires in 2131. The leases cover the National Sports Centre, Capel Manor Farm, a lodge and residential properties.

Held as Inventory:

- Stephenson Street - a small 1.04 acre portion of the site is held on a long-term lease of 99 years with Network Rail, expiring in 2069, for the land and railway arches at Stephenson Street (ex-Parcelforce Site) in West Ham providing part of the access to the larger freehold adjoining property belonging to GLAP;
- Thames Wharf - two long leases (57 and 60 years long) GLAP took out with the London Borough of Newham at Thames Wharf as part of the larger property. Both leases expire in 2026;
- 20 Newburn Street, Kennington - this property is leased from London Housing Quadrant on a 125-year lease ending in 2129. It has subsequently been leased out on peppercorn rental to Riverside Community Development Trust; and
- CEME - this property is leased from Ford Motor Company on a 125-year lease ending in 2126.

Net book value of finance leases:

	<b>Group 31 March 2021 £000</b>	<b>Group 31 March 2020 £000</b>
Other Land and Buildings	20,131	21,180
Investment Property	25,609	25,755
Development Properties	8,124	8,066
	<b>53,864</b>	<b>55,001</b>

The minimum lease payments are made up of the following amounts:

	Group 31 March 2021 £000	Group 31 March 2020 £000
<i>Finance lease liabilities (net present value of minimum lease payments):</i>		
Current	1	1
Non-current	35	36
Finance costs payable in future years	44	45
<b>Minimum lease payments</b>	<b>80</b>	<b>82</b>

The minimum lease payments will be payable over the following periods:

	Group 31 March 2021 £000	Group 31 March 2020 £000
Not later than one year	3	3
Later than one year and not later than five years	11	11
Later than five years	66	68
	<b>80</b>	<b>82</b>

The finance lease liabilities will be payable over the following periods:

	Group 31 March 2021 £000	Group 31 March 2020 £000
Not later than one year	1	1
Later than one year and not later than five years	5	5
Later than five years	30	31
	<b>36</b>	<b>37</b>

### 36. Capital Expenditure and Financing – Authority

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (“CFR”), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2020/21	2019/20
	£000	£000
<b>Opening Capital Financing Requirement at 1 April</b>	<b>5,204,931</b>	<b>4,242,693</b>
<b>Capital Investment in year</b>		
Property, Plant, Equipment and Intangibles	2,871	4,037
Loans to external organisations for capital purposes	58,640	121,920
REFCUS*-grant payments to external organisations for capital purposes	870,993	764,252
REFCUS- Payment to TfL for Crossrail	46,000	989,000
REFCUS-Payment to TfL for Crossrail (funded by Community Infrastructure Levy)	-	-
REFCUS- Payment to TfL for the Northern Line extension	132,787	182,582
REFCUS- Payment to TfL for Elephant & Castle roundabout	992	369
<b>Sources of Finance</b>		
Government grants and other contributions	(603,740)	(739,857)
Section 106 contributions	(992)	(369)
Capital receipts	(339,726)	(13,644)
Financing swap from loans to grant financing	(54,932)	-
<b>Sums set aside from revenue</b>		
Minimum revenue provision - Crossrail	(152,138)	(315,813)
Revenue financing of capital for GLA capital spend	(2,871)	(30,239)
<b>Closing Capital Financing Requirement at 31 March</b>	<b>5,162,815</b>	<b>5,204,931</b>
<b>Explanation of movements in year</b>		
<b>Opening Capital Finance Requirement</b>	<b>5,204,931</b>	<b>4,242,693</b>
Minimum Revenue Provision	(152,138)	(315,813)
Increase / (decrease) in underlying need to borrow _ Crossrail	46,000	989,000
Increase / (decrease) in underlying need to borrow _ NLE	132,787	182,582
Increase / (decrease) in underlying need to borrow _ Loans to Third Parties	(68,765)	106,469
<b>Closing Capital Financing Requirement at 31 March</b>	<b>5,162,815</b>	<b>5,204,931</b>

\* REFCUS – Revenue Expenditure Funded by Capital Under Statute (grants paid to third parties for capital purposes). These being transactions that would not be capitalised under standard accounting practice, but that are defined as capital expenditure under the Local Government Act 2003 and its associated regulations.

### 37. Inventories

Inventories comprise land and buildings held for sale by GLA Land and Property Limited. See Note 5 for key assumptions in relation to asset valuations, and sources of estimation uncertainty.

	<b>Group</b>	<b>Group</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	212,264	246,544
Purchases	3,471	2,568
Transfer to Investment Properties	(24,839)	
Recognised as an expense in the year	(3,966)	(3,742)
Written off balances	-	-
Write down to net realisable value	(1,708)	(33,666)
Reversals of write-offs in previous years	25,693	560
<b>Balance at 31 March</b>	<b>210,915</b>	<b>212,264</b>

### 38. Debtors

	<b>Authority</b>	<b>Group</b>	<b>Authority</b>	<b>Group</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Central government bodies	1,398,429	1,415,940	18,932	31,265
Local Authorities & Functional Bodies	146,080	148,005	415,024	415,991
NHS bodies	35	35	20	20
Public corporations and trading funds	-	-	2	401
Subsidiary/Parent	362,377	19	338,623	857
Other entities and individuals	268,371	313,088	192,139	256,841
<b>Total</b>	<b>2,175,292</b>	<b>1,877,087</b>	<b>964,740</b>	<b>705,375</b>

### 39. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	Authority 31 March 2021 £000	Group 31 March 2021 £000	Authority 31 March 2020 £000	Group 31 March 2020 £000
Bank current accounts	278,859	300,789	1,189,059	1,222,451
Other deposits	1,308,178	1,368,534	409,079	454,518
<b>Total</b>	<b>1,587,037</b>	<b>1,669,323</b>	<b>1,598,138</b>	<b>1,676,969</b>

### 40. Creditors and receipts in advance

	Authority 31 March 2021 £000	Group 31 March 2021 £000	Authority 31 March 2020 £000	Group 31 March 2020 £000
Central government bodies	(11,880)	(24,999)	(20,546)	(40,082)
Local Authorities & Functional Bodies	(1,180,802)	(1,195,879)	(45,796)	(59,300)
NHS bodies	(677)	(677)	(421)	(480)
Public corporations and trading funds	(357)	(357)	(419)	(419)
Other entities and individuals	(323,062)	(385,568)	(247,933)	(322,522)
Subsidiary/Parent	(71)	1,776	(4,969)	12,308
Receipts in advance - Revenue	(4,446)	(5,501)	(180,282)	(180,911)
Receipts in advance - Capital	(53,716)	(53,716)	(76,355)	(76,355)
<b>Total</b>	<b>(1,575,011)</b>	<b>(1,664,921)</b>	<b>(576,721)</b>	<b>(667,761)</b>

## 41. Provisions

During the year, the following movements occurred on the Authority and Group's current and non-current provisions:

### Group

	Outstanding Legal Cases £000	E20 LLP Onerous Contracts £000	Other Provisions £000	Non- Domestic Rates (NDR) Appeals £000	CPO Provisions £000	Total £000
<b>Provisions - Non Current</b>						
<b>Balance at 1 April 2020</b>	-	(168,835)	(1,774)	(187,439)	-	<b>(358,048)</b>
Additional provisions made in year	-	-	-	(292,806)	-	<b>(292,806)</b>
Amounts used in year	-	-	-	56,378	-	<b>56,378</b>
Unused amounts reversed in year	-	-	1,774	-	-	<b>1,774</b>
Change to opening balance reflecting revised retention share from 27% to 37%	-	-	-	(69,422)	-	<b>(69,422)</b>
Reclassifications	-	(8,567)	-	-	-	<b>(8,567)</b>
<b>Balance at 31 March 2021</b>	-	<b>(177,402)</b>	-	<b>(493,289)</b>	-	<b>(670,691)</b>

	Outstanding Legal Cases £000	E20 LLP Onerous Contracts £000	Other Provisions £000	Non- Domestic Rates (NDR) Appeals £000	CPO Provisions £000	Total £000
<b>PROVISIONS - Current</b>						
<b>Balance at 1 April 2020</b>	(911)	(31,616)	-	-	(145)	<b>(32,672)</b>
Additional provisions made in year	(233)	-	(38)	-	-	<b>(271)</b>
Amounts used in year	-	403	-	-	-	<b>403</b>
Unused amounts reversed in year	911	-	-	-	145	<b>1,056</b>
Change to opening balance reflecting revised retention share from 27% to 37%	-	-	-	-	-	-
Reclassifications	-	8,567	-	-	-	<b>8,567</b>
<b>Balance at 31 March 2021</b>	<b>(233)</b>	<b>(22,646)</b>	<b>(38)</b>	-	-	<b>(22,917)</b>

\*CPO – Compulsory Purchase Orders

## Greater London Authority

### Non-domestic rates appeals provision

The NDR appeals provision is the GLA's share of billing authorities estimates of the provision required for potential refunds relating to retrospective alterations to the rating list. The GLA reverted to the GLA only business rates pilot which was previously in place in 2017/18. This resulted in the GLA's rates retention increasing from 27% to 37% and a £69.4m adjustment upwards of the NDR appeals provision before any movements during 2020/21.

The in-year movement in this provision has been analysed between amounts charged to the provision during the year to reflect changes to ratepayers liabilities following alterations to the non-domestic rating list which have previously been provided for (a net reduction of £56.4m) and additional provisions made during the year which take into account an assessment of future risks of losses in rating income (a net increase of £292.8m). The closing balance on the appeals provision at 31 March 2021 is £493.3m.

### Group

**Outstanding Legal Cases** – the Authority's provision of £233k relates to expected legal costs in three legal cases on planning application matters. The OPDC provision of £911k has been released in year.

**E20 Stadium LLP Onerous Contracts (LLDC)** – Forecasts of E20 Stadium LLP's financial outlook, particularly in relation to the cost of hosting West Ham United matches and the cost of moving the relocatable seats between football and athletics modes, required an assessment in 2016/17 of whether any of its contracts were deemed to be onerous (loss making) in line with accounting standards. This assessment concluded that two of its contracts were deemed to be onerous: the Concession Agreement with West Ham United and the Access Agreement with UK Athletics. Consequently, E20 Stadium LLP established a provision for these losses.

Whilst progress was made during 2020/21 to improve the Stadium's future financial position,

management has concluded that there should be no change to the onerous contracts conclusion as at 31 March 2021. Accordingly, the provision remains within E20 Stadium LLP's accounts (and consolidated into Group Accounts at 31 March 2021) at £200m.

#### **Other Provisions**

**Uncertain tax position provision (GLAP)** - the £1.8m uncertain tax position provision has been released as HMRC have advised that they are not minded at this present time, to challenge the tax treatments adopted in the corporation tax computations. No provisions are held for uncertain tax positions at 31 March 2021.

**Compulsory Purchase Orders (GLAP)** – the CPO provision of £0.1m has been released in year as the likelihood of payment is now remote. No provisions are held for CPO liabilities at 31 March 2021.

#### **42. Usable Reserves**

Movements in the Authority's and Group's usable reserves are detailed in the Movement in Reserves Statement and Note 9.



### 43. Unusable Reserves

	Authority 31 March 2021 £000	Group 31 March 2021 £000	Authority 31 March 2020 £000	Group 31 March 2020 £000
Revaluation Reserve	(805)	(37,037)	(518)	(32,932)
Financial Instruments Revaluation Reserve	(4,297)	(4,297)	3,107	3,107
Capital Adjustment Account	4,311,378	4,706,863	4,389,103	4,769,139
Deferred Capital Receipts Reserve	(300,361)	(361)	(299,918)	82
Pensions Reserve	262,190	302,011	136,353	156,971
Collection Fund Adjustment Account-Council tax	18,330	18,330	(16,124)	(16,124)
Collection Fund Adjustment Account-Non Domestic rates	1,600,328	1,600,328	(29,773)	(29,773)
Accumulated Absences Account	2,725	3,201	1,563	1,809
Financial Instruments Adjustment Account	11,741	11,741	13,903	13,903
Members Equity and Capital Contributions	-	(17,921)	-	(4,924)
Merger Reserves	69,185	(361,410)	69,185	(361,410)
<b>Total Unusable Reserves</b>	<b>5,970,414</b>	<b>6,221,448</b>	<b>4,266,881</b>	<b>4,499,848</b>

#### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Group arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
<b>Balance at 1 April</b>	<b>(518)</b>	<b>(32,932)</b>	<b>(353)</b>	<b>(28,839)</b>
Upward revaluation of assets	(287)	(4,114)	(165)	(4,093)
Deferred tax on revaluation gains	-	9	-	-
<b>(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services</b>	<b>(287)</b>	<b>(4,105)</b>	<b>(165)</b>	<b>(4,093)</b>
<b>Balance at 31 March</b>	<b>(805)</b>	<b>(37,037)</b>	<b>(518)</b>	<b>(32,932)</b>

### Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the losses arising from the decrease in value of financial instruments held as fair value through other comprehensive income. The movement in the table below arises solely the residential mortgage backed securities.

	Authority 2020/21 £000	Authority 2019/20 £000
<b>Balance at 1 April</b>	<b>3,107</b>	<b>-</b>
(Upward)/Downward revaluation of investments	(7,404)	3,107
<b>(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services</b>	<b>(4,297)</b>	<b>3,107</b>
<b>Balance at 31 March</b>	<b>(4,297)</b>	<b>3,107</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of these assets under statutory provisions. The Account is debited with depreciation, amortisation and revenue spend financed by capital. The Account is credited with the amounts set aside by the Authority and Group as finance for the costs of acquisition, construction and

enhancement. Where spend is incurred in advance of financing being received (as is the case with Crossrail and Northern Line Extension contributions and expenditure) this results in a deficit balance on the reserve.

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
<b>Balance at 1 April</b>	<b>4,389,103</b>	<b>4,769,139</b>	<b>3,510,264</b>	<b>3,908,272</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non-current assets	1,545	3,264	1,198	3,067
Revaluation/(Impairment) charged to the Comprehensive Income and Expenditure Account	-	37,703	-	16,651
Amortisation of intangible assets	1,455	1,455	1,099	1,099
Revenue expenditure funded from capital under statute	1,050,773	1,093,079	1,936,204	1,925,641
Fair value through profit and loss adjustments	(12,278)	(12,278)	5,210	5,210
Capital receipts received during the year	-	-	-	(29,570)
Deferred tax liability on revaluation charged to the Comprehensive Income and Expenditure Account	-	(4,197)	-	413
Corporation Tax liability for the year	-	1,852	-	5,329
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	67,766	-	29,570
	<b>1,041,495</b>	<b>1,188,644</b>	<b>1,943,711</b>	<b>1,957,410</b>
<b>Capital financing applied in the year:</b>				
Use of the Capital Receipts Reserve to finance new capital expenditure	(339,727)	(407,893)	(13,644)	(13,644)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(56,716)	(120,250)	(38,485)	(38,539)
Application of grants to financing from the Capital Grants Unapplied Account	(602,949)	(602,949)	(701,740)	(733,357)
Statutory provision for the financing of capital investment charged against the General Fund	(152,138)	(152,138)	(315,813)	(315,813)
Capital expenditure charged against the General Fund	(2,871)	(2,871)	(30,240)	(30,240)
Capital grants transferred to capital grants unapplied	-	-	20,827	20,827
Repayment of long term capital debtors	35,181	35,181	14,223	14,223
	<b>(1,119,220)</b>	<b>(1,250,920)</b>	<b>(1,064,872)</b>	<b>(1,096,543)</b>
<b>Balance at 31 March</b>	<b>4,311,378</b>	<b>4,706,863</b>	<b>4,389,103</b>	<b>4,769,139</b>

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Group does not treat these gains as usable for financing

new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
<b>Balance at 1 April</b>	<b>(299,918)</b>	<b>82</b>	<b>(300,000)</b>	<b>-</b>
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(443)	(443)	<b>82</b>	<b>82</b>
<b>Balance at 31 March</b>	<b>(300,361)</b>	<b>(361)</b>	<b>(299,918)</b>	<b>82</b>

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions, for defined benefit pension schemes. The Authority and Group account for post-employment benefits in the CIES as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority and Group make employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. The debit balance on the Pensions Reserve therefore shows the shortfall in the benefits earned by past and current employees and the resources the Authority and Group have set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
<b>Balance at 1 April</b>	<b>136,353</b>	<b>156,971</b>	<b>145,495</b>	<b>167,380</b>
Actuarial (gains) / losses on pension assets and liabilities	111,539	128,125	(24,682)	(29,059)
Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	21,098	25,158	21,824	26,337
Employer's pensions contributions and direct payments to pensioners payable in the year	(6,800)	(8,243)	(6,284)	(7,687)
<b>Balance at 31 March</b>	<b>262,190</b>	<b>302,011</b>	<b>136,353</b>	<b>156,971</b>

### Collection Fund Adjustment Account – Council Tax

The Collection Fund Adjustment Account (Council Tax) manages the differences arising from the recognition of council tax income in the CIES as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the London Boroughs and City of London Corporation's Collection Funds.

	Authority 2020/21 £000	Authority 2019/20 £000
<b>Balance at 1 April</b>	<b>(16,124)</b>	<b>(29,384)</b>
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	34,454	13,260
<b>Balance at 31 March</b>	<b>18,330</b>	<b>(16,124)</b>

### Collection Fund Adjustment Account – Non-Domestic Rates

The Collection Fund Adjustment Account (Non-Domestic Rates) manages the differences arising from the recognition of non-domestic rates income in the CIES as it falls due from non-domestic rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the London Boroughs and City of London Corporation's Collection Fund.

	Authority 2020/21 £000	Authority 2019/20 £000
<b>Balance at 1 April</b>	<b>(29,773)</b>	<b>(16,329)</b>
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	1,630,101	(13,444)
<b>Balance at 31 March</b>	<b>1,600,328</b>	<b>(29,773)</b>

### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
<b>Balance at 1 April</b>	<b>1,563</b>	<b>1,809</b>	<b>1,138</b>	<b>1,303</b>
Settlement or cancellation of accrual made at the end of the preceding year	(1,563)	(1,756)	(1,138)	(1,268)
Amounts accrued at the end of the current year	2,725	3,148	1,563	1,774
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,162	1,392	425	506
<b>Balance at 31 March</b>	<b>2,725</b>	<b>3,201</b>	<b>1,563</b>	<b>1,809</b>

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage the write down of soft loans to fair value. The initial write down is debited to the CIES on recognition of the loan but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the write down is reversed by crediting the effective interest rate on the loan to the General Fund Balance over the life of the loan.

	Authority 2020/21 £000	Authority 2019/20 £000
<b>Balance at 1 April</b>	<b>13,903</b>	<b>15,502</b>
Write down of soft loans to fair value charged to the Comprehensive Income and Expenditure Statement	-	1,095
Effective interest rate on soft loans credited to the Comprehensive Income and Expenditure Statement	(2,162)	(2,694)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(2,162)	(1,599)
<b>Balance at 31 March</b>	<b>11,741</b>	<b>13,903</b>

## Merger Reserve

The merger reserve arose as a result of the transfer of the net assets of London Development Agency, Homes and Communities Agency London and London Thames Gateway Development Corporation to the Authority on 1 April 2012.

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
Balance at 1 April	69,185	(361,410)	69,185	(361,410)
Movement in year	-	-	-	-
	<b>69,185</b>	<b>(361,410)</b>	<b>69,185</b>	<b>(361,410)</b>

#### 44. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services for non-cash movements

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
Depreciation of property, plant and equipment , amortisation of intangibles	3,055	9,650	2,297	8,329
Impairment of FVTPL assets	-	(118)	-	(22)
Impairment of financial instruments at amortised cost	(55)	3,515	305	305
Carrying amount of non-current assets held for sale sold or derecognised	-	67,366	-	29,570
Change in fair value on FVTPL assets	(1,120)	(11,483)	5,002	(2,153)
Change in fair value of investment property	-	44,587	-	19,409
Movement in pensions liability	14,298	16,933	21,824	27,268
Cash payments for employer's contributions to pension funds and direct payments to pensioners	-	-	(6,284)	(7,435)
Reversal of accrued surplus/(deficit) on Collection Fund -Council Tax	-	-	(8,884)	(8,884)
Reversal of accrued surplus/(deficit) on Collection Fund -NDR	-	-	(37,911)	(37,911)
Collection Fund (surplus)/deficit received/paid as per regulation -Council Tax	-	-	22,144	22,144
Collection Fund surplus/(deficit) received/paid as per regulation-NDR	-	-	24,467	24,467
Reversal of write down to fair value of soft loans	-	-	1,095	1,095
Increase/ (decrease) in creditors	963,389	933,765	43,837	77,090
(Increase)/decrease in debtors	(1,191,949)	(1,162,997)	10,709	(28,613)
Increase/(decrease) in impairment provision for bad debts	-	24	301	234
(Increase)/ decrease in stock	-	(23,490)	-	34,280
Increase/ (decrease) in provisions	306,083	305,533	-	4,768
Tax expense	-	168	-	(2,204)
(Increase)/decrease in interest receivable	(9,850)	(18,213)	(3,589)	(9,883)
Increase/(decrease) in finance lease receivables	-	40,640	-	(42,703)
Increase/(decrease) in interest payable	32	513	(11,315)	(5,292)
Other non cash movements	(184)	(852)	3,816	4,624
Increase/ (decrease) in deferred tax liability	-	(7,194)	-	(18,106)
	<b>83,699</b>	<b>198,347</b>	<b>67,814</b>	<b>90,377</b>

In 2020/21, the non-cash movements on council tax income and NDR income have been split over the movement in debtors, creditors and provisions line and the cash payments to the pension fund have been included in the movements in pensions liability line.



#### 45. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services investing and financing activities

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
(Gain)/loss on financial instruments held at FVTPL	-	52	-	282
(Gain)/loss on sale of investment property	-	1,894	-	(340)
Reversal of capital grants recognised in the income and expenditure statement	(1,163,215)	(1,226,682)	(1,784,955)	(1,816,572)
Other investing or financing cash flows	-	978	-	(291)
	<b>(1,163,215)</b>	<b>(1,223,758)</b>	<b>(1,784,955)</b>	<b>(1,816,921)</b>

#### The cash flows for operating activities include the following items

The cash flows for operating activities include the following items:

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
Interest paid	(159,901)	(170,624)	(165,625)	(175,924)
Interest received	57,408	53,538	64,154	58,231
Taxation paid	-	(559)	-	(2,165)
Taxation received	-	1,566	-	-

#### 46. Cash Flow Statement – Investing Activities

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
Purchase of property, plant and equipment, investment property and intangible assets	(2,872)	(68,720)	(4,037)	(91,938)
Purchase of short-term and long-term investments	(3,986,028)	(4,092,558)	(5,319,638)	(5,447,056)
Other movements on investing activities	1,263	(1,607)	-	(84)
Proceeds from the sale of property, plant and equipment, investment property, intangible assets and assets held for sale	-	2,306	-	500
Capital grants received	1,197,292	1,260,759	1,806,354	1,837,971
Proceeds from short-term and long-term investments	3,658,218	3,741,561	4,753,669	4,780,995
Proceeds from the sale of financial instruments held at FVTPL	-	1,851	-	2,700
<b>Net cash flows from investing activities</b>	<b>867,873</b>	<b>843,592</b>	<b>1,236,348</b>	<b>1,083,088</b>

#### 47. Cash Flow Statement – Financing Activities

	Authority 2020/21 £000	Group 2020/21 £000	Authority 2019/20 £000	Group 2019/20 £000
Cash receipts of short and long-term borrowing	257,122	353,697	1,239,418	1,388,573
Other receipts from financing activities	-	15,461	-	19,751
Repayments of short and long-term borrowing	(323,393)	(422,147)	(329,409)	(355,791)
Other receipts/(payments) for financing activities	992	992	687	689
<b>Net cash flows from financing activities</b>	<b>(65,279)</b>	<b>(51,997)</b>	<b>910,696</b>	<b>1,053,222</b>

#### 47a. Reconciliation of Liabilities arising from Financing Activities

##### Authority

##### Reconciliation of Liabilities arising from Financing Activities

	Authority 2020/21 1 April £000	Authority Financing Cashflows £000	Authority Non-financing cash Movements £000	Authority 2020/21 31 March £000
Long Term and Short Term Borrowings	(5,458,609)	66,271	(1,238)	(5,393,576)
Finance Lease Liabilities	-	-	-	-
<b>Total Liabilities from Financing Activities</b>	<b>(5,458,609)</b>	<b>66,271</b>	<b>(1,238)</b>	<b>(5,393,576)</b>

##### Reconciliation of Liabilities arising from Financing Activities

	Authority 2019/20 1 April £000	Authority Financing Cashflows £000	Authority Non-financing cash Movements £000	Authority 2019/20 31 March £000
Long Term and Short Term Borrowings	(4,556,100)	(910,009)	7,500	(5,458,609)
Finance Lease Liabilities	-	-	-	-
<b>Total Liabilities from Financing Activities</b>	<b>(4,556,100)</b>	<b>(910,009)</b>	<b>7,500</b>	<b>(5,458,609)</b>

**Group****Reconciliation of Liabilities arising from Financing Activities**

	<b>Group 2020/21 1 April £000</b>	<b>Group Financing Cashflows £000</b>	<b>Group Non-financing cash Movements £000</b>	<b>Group 2020/21 31 March £000</b>
Long Term and Short Term Borrowings	<b>(5,463,709)</b>	51,996	69,284	<b>(5,342,429)</b>
Finance Lease Liabilities	<b>(37)</b>	1	-	<b>(36)</b>
<b>Total Liabilities from Financing Activities</b>	<b>(5,463,746)</b>	<b>51,997</b>	<b>69,284</b>	<b>(5,342,465)</b>

**Reconciliation of Liabilities arising from Financing Activities**

	<b>Group 2019/20 1 April £000</b>	<b>Group Financing Cashflows £000</b>	<b>Group Non-cash Movements £000</b>	<b>Group 2019/20 31 March £000</b>
Long Term and Short Term Borrowings	<b>(4,522,397)</b>	(954,762)	13,450	<b>(5,463,709)</b>
Finance Lease Liabilities	<b>(38)</b>	1	-	<b>(37)</b>
<b>Total Liabilities from Financing Activities</b>	<b>(4,522,435)</b>	<b>(954,761)</b>	<b>13,450</b>	<b>(5,463,746)</b>



#### 48. Related Parties

IAS 24 (Related Party transactions) requires the Authority to disclose any material transactions with related parties, that is, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to limit another party's ability to bargain freely with the Authority.

Transactions which have been disclosed elsewhere in these financial statements will not be included in this note.

##### Central Government

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates. It provides significant funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax, Business Rates). Grants received from Government Departments are set out in the Grants note.

##### Transactions with public bodies

During the year amounts payable to related parties totaled:

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Local Government	312,565	232,633
Public Corporations	2,785	1,768
Hospitals	45	378

For amounts owed by the Authority to related parties, see Creditors, note 40.

During the year amounts receivable from related parties totaled:

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Central Government	43,298	38,323
Local Government	10,126	5,064

For amounts owed to the Authority by related parties, see Debtors note 38.

Grants receivable by the Group are disclosed in the Comprehensive Income and Expenditure Account and the Grant Income, note 16.

### **Transactions with subsidiaries**

#### **Greater London Authority Holdings Limited (GLAH)**

GLAH is a wholly owned subsidiary of the Greater London Authority. The Authority holds a £1 share in GLAH. GLAH, in turn, is the parent of GLA Land and Property Limited ("GLAP"), GLAP is a wholly owned subsidiary of GLAH. The Authority has prepared group accounts which consolidate the group accounts of Greater London Authority Holdings Limited.

- In 2020/21 the GLA charged GLAP £6.0m for staff, accommodation and other overhead costs (£6.6m in 2019/20);
- At 31 March 2021 there was £584.5m outstanding on the loans the GLA made to the GLAP and GLAH. In 2020/21 GLAP paid £19.9m interest to the GLA;
- At 31 March 2021, the Company had £57.3m invested with the GLA.

#### **London Treasury Ltd (LTL)**

LTL was acquired by the GLAH in August 2018 and operates under the Financial Services and Markets Act 2000 authorisation and provides treasury management services to the GLA, its functional bodies (except TfL).

In 2020/21 the GLA paid £ 860k to LTL in fund manager fees;

At 31 March 2021, LTL's net assets totalled £1.4m.

### **London TravelWatch (LTW)**

London TravelWatch is a body corporate (under its statutory title of the London Transport Users Committee). It acts as an independent passenger watchdog, reviewing London's transport services, conducting research into London's Transport and acting as an appeals body for passenger complaints. LTW reports to and is funded by the London Assembly. The Board of LTW comprises a Chair and 12 members, all of whom are appointed by the London Assembly. They are supported by around 9.1 full time equivalent staff. Its legal status is set out in the Greater London Authority Act 1999 as amended by the Railways Act 2005.

The London Assembly has the power to issue guidance and direction to London TravelWatch subject to explaining why any such action is proposed. The London Assembly also approves LTW's budget and requires that its accounts and business plan be submitted to the GLA.

On the grounds of materiality, London TravelWatch is no longer consolidated as a subsidiary of the Authority in the consolidated financial statements. In 2020/21 the Authority provided LTW with funding of £1.1m (£1.1m - 2019/20).

### **London Legacy Development Corporation**

LLDC is a mayoral development corporation, created using powers given to the Mayor of London in the Localism Act 2011, and its purpose is to manage the ongoing regeneration and development of the Olympic Park and surrounding areas of east London. The LLDC was created on 9 March 2012 and, on 1 April 2012, the property, assets, liabilities, and staff of the Olympic Park Legacy Corporation transferred to the LLDC.

The LLDC has been accounted for as a subsidiary of the Authority in the consolidated financial statements.

In 2020/21 the Authority paid LLDC revenue grant totalling £34.4m (£47.2m - 2019/20) and capital grant for the East Bank project totalling £37.1m (£17.6m – 2019/20). Loans totalling £39.4m were advanced to LLDC in year and LLDC repaid loans totalling £22.0m bringing the total loan balance to £372.2m at 31 March 2021. Interest receivable on the loan totalled £10.7m (£10.3m - 2019/20).

The Hackney Wick loan balance stands at £1.5m at 31 March 2021 (£2.0m at 31 March 2020).

### **E20 Stadiums LLP**

E20 Stadiums LLP is a wholly owned subsidiary of LLDC. The Mayor obtained full control in December 2017 after the agreed retirement of NLI from the E20 Stadium partnership. There have been no related party transactions during the year.

### **Old Oak and Park Royal Development Corporation (OPDC)**

OPDC is a mayoral development corporation established under the powers of the Localism Act 2011. The OPDC has planning powers and regeneration responsibility within its boundaries. The corporation is responsible for the regeneration of Old Oak Common in West London. The organisation was created on the 1<sup>st</sup> April 2015.

During 2020/21 the GLA provided grant funding of £10.1m (£8.9m in 2019/20).

### **London 2017 Limited**

London 2017 Limited was set up jointly by the GLA and UK Athletics (UKA) with the purpose of organising and staging the IAAF World Championship in London in 2017. The Mayor appointed a Co-chair and one other Director to the company's board.

The company is in liquidation as all the activities in relation to the championship have now ended.

### **London Power Co. Ltd (LPC)**

London Power Co. Limited is a private company limited by shares. It was incorporated on 19 July 2019, In March 2021, the LPC terminated and repaid a £1,056k loan from the GLA, and replaced this financing with a share capital issue of £1,056k to Greater London Authority Holdings Limited (GLAH) the sole shareholder. LPC has contracted the services of energy supplier Octopus Energy Limited to provide gas and electricity to Londoners.

LPC has not been consolidated into GLA's group accounts on materiality grounds.

The LPC continues to hold a £906k loan facility with the GLA, from which £509k was drawn in 2020/21 resulting in cumulative borrowing from the GLA of £552k at 31 March 2021. In 20-21, the Greater London Authority (GLA) charged the LPC £239k accommodation and other overhead costs.

### **Other Parties**

#### **MedCity Ltd.**

The Deputy Mayor for Business is an observer on MedCity's founders committee and advisory board.



- During 2020/21, the GLA provided grant funding of £0.3m to MedCity (£0.2m in 2019/20)

### **Public Practice**

The Deputy Mayor for Planning, Regeneration, and Skills is a director of Public Practice.

- During 2020/21, the GLA provided grant funding of £69k to Public Practice, of which £45k is a grant payment, (£45k in 2019/20)

### **Future of London 2011 Ltd.**

The former Executive Director Housing and Land is a director of Future of London 2011.

- During 2020/21, the GLA paid of £49k to Future of London, for Sponsorship of Council led housing forum, membership fees, course fees & presentational skills workshops (52k in 2019/20).

## **49. Interests in Other Organisations**

### **Museum of London**

From 1 April 2008, the Authority assumed the role of co-sponsor (along with the Corporation of London) of the Museum of London and has the right to appoint half of the Museum's Board.

The Authority has also committed to contribute to funding of the relocation of the Museum of London from its current London Wall site to a new site at Smithfield General Market.

- In 2020/21, the GLA provided £8.1m grant funding (£7.9m – 2019/20) to the Museum of London.

### **London & Partners**

London & Partners was incorporated on 14 January 2011 as a Group limited by guarantee. It commenced operations on 1 April 2011. London & Partners is a commercially driven organisation, championing London as the best big city on earth. It will generate economic benefits for the capital and maintain London's leading position by attracting and generating spend from visitors and overseas students; attracting, accelerating and expanding foreign direct investment in London; and leveraging private sector investment and expertise.

The Mayor is the founding member of London & Partners. Under the articles of association, the Mayor retains the power to appoint the chair and one other non-executive director to the board.

During the financial year 2020/21, the GLA made grant payments of £13.4m (£13.6m – 2019/20) to London & Partners.

### **ReLondon**

The London Waste and Recycling Board (LWARB) has changed its name to ReLondon. LWARB was established by the Greater London Authority Act 2007 to promote and encourage the production of less waste, an increase in the proportion of waste that is re-used or recycled and the use of methods of collection, treatment and disposal of waste which are more beneficial to the environment in London. Shirley Rodrigues, Deputy Mayor for Environment and Energy, is the Mayor's appointed representative.

In 2020/21 the Authority paid grant to ReLondon for the Green New Deal – Advance London project (£0.9m) and Better Futures grant for disbursement to SMEs (£0.1m).

### **Royal Docks Management Authority Limited**

The Royal Docks Management Authority Limited (RoDMA), established in 1990, holds a 225-year lease of the water areas and associated marine infrastructure of the Royal Docks and is responsible for their control and management.

At 31 March 2021, GLAP holds 95.9% of the RoDMA shares and 38.98% of the voting rights. The Department for Environment, Food and Rural Affairs (DEFRA) holds a special share (it was historically delegated to the London Borough of Newham) which gives it control over key decisions – DEFRA are in the process of reviewing their ownership of the Special Share as part of a wider RoDMA governance review; GLAP therefore has significant influence but does not control RoDMA. RoDMA is held as an associate in GLAP's financial statements but, as it was acquired at nil cost, there is no carrying value in the Group accounts.

During 2020/21, £0.8m was payable to RoDMA for service charges, management fees, insurance premia and a feasibility study.

### **Greenwich Peninsula Estate Management Limited**

Greenwich Peninsula Estate Management Limited was established to manage, maintain and administer the Greenwich Peninsula estate. GLA Land and Property Ltd. appoints one out of seven directors.

There were no transactions between the Group and Greenwich Peninsula Estate Management Limited in the year ended 31 March 2021.

### **Real Lettings Property Fund 2 LP (RLPF2)**

RLPF2 was registered as a limited partnership in December 2016 and the fund was launched in January 2017. The limited partners are GLAP, LB Croydon, LB Lambeth, LB Westminster, Guys and St Thomas and Trust for London. The target size for the RLPF2 is over £100m up to a maximum of £200m. A fund of £100m should allow the purchase, refurbishment, letting and management of around 330 affordable homes.

At 31 March 2021, GLAP has made a capital contribution of £1.9k and an interest free loan of £19.2m. As a limited partner GLAP does not have control.

### **Resonance Everyone In LP (REILP)**

GLAP became a limited partner of REILP on 3 March 2021. The limited partnership's objective is the provision of accommodation for rough sleepers.

At 31 March 2021, GLAP has made a capital contribution of £500.00 and an interest free loan of £2.2m. As a limited partner GLAP does not have control.

### **Barking Riverside Limited**

Barking Riverside Limited is a joint venture between London & Quadrant New Homes Limited and GLA Land and Property Limited.

The joint venture company is leading on the delivery of the new Barking Riverside neighbourhood. The site is being remediated and site wide infrastructure developed to allow the release of plots for residential and commercial development.

GLA Land and Property Limited holds 49% of the share capital and 50% of the voting rights. The Deputy Mayor for Housing and Residential Development, the GLA's Head of Area, North East London and the Head of Housing Delivery and Compliance are three of the six directors of Barking Riverside Limited.

GLA Land and Property Limited acquired, from the Homes and Communities Agency, two loan investments provided to Barking Riverside Limited; at 31 March 2021 these loan advances totalled £36.4m. This includes £0.5m interest receivable which has been rolled-up and added to the loan principal.

A loan facility of £48m was approved to part fund rail infrastructure at the Barking Riverside development site; at 31 March 2021, £48m has been advanced and £2.7m interest has accrued.

## **50. Financial Instruments**

Financial instruments are contracts that give rise to a financial asset in one entity and a financial liability or equity in another. The figures on the balance sheet are adjusted to exclude balances that are not financial instruments, this includes, inter alia, statutory debtors and creditors, prepayments and receipts in advance.

## 50a. Group Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Long-Term	Authority	Group	Authority	Group
	31 March 2021 £000	31 March 2021 £000	31 March 2020 £000	31 March 2020 £000
<b>Investments-Long term</b>				
Financial assets at amortised costs	551	237,371	1,099	352,953
Financial assets at FVOCI	700,742	700,742	232,290	232,290
Financial assets at FVTPL	45,628	203,312	12,505	128,430
<b>Total investments</b>	<b>746,921</b>	<b>1,141,425</b>	<b>245,894</b>	<b>713,673</b>
<b>Debtors-Long Term</b>				
Financial assets at amortised costs	361,507	(286,499)	392,340	128,391
Financial assets at FVTPL	419,831	419,831	389,607	680
Finance lease receivables	-	86,265	-	80,228
<b>Total Debtors</b>	<b>781,339</b>	<b>219,598</b>	<b>781,947</b>	<b>209,299</b>
<b>Borrowings-Long term</b>				
Financial liabilities at amortised costs	(4,945,603)	(4,951,112)	(5,305,229)	(5,310,829)
<b>Total borrowings</b>	<b>(4,945,603)</b>	<b>(4,951,112)</b>	<b>(5,305,229)</b>	<b>(5,310,829)</b>
<b>Creditors and Other Long Term Liabilities -Long term</b>				
Financial liabilities at amortised costs	(2,243)	(42,451)	(2,079)	(58,403)
Finance lease liabilities	-	(35)	-	(36)
<b>Total creditors</b>	<b>(2,243)</b>	<b>(42,486)</b>	<b>(2,079)</b>	<b>(58,439)</b>

Current	Authority	Group	Authority	Group
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	£000	£000	£000	£000
<b>Investments</b>				
Financial assets at amortised costs	1,863,477	1,972,642	2,035,622	2,046,089
<b>Total investments</b>	<b>1,863,477</b>	<b>1,972,642</b>	<b>2,035,622</b>	<b>2,046,089</b>
<b>Debtors</b>				
Financial assets at amortised costs	463,849	106,638	410,179	103,004
Finance lease receivables	-	10,910	-	61,156
<b>Total Debtors</b>	<b>463,849</b>	<b>117,548</b>	<b>410,179</b>	<b>164,160</b>
<b>Cash and cash equivalents</b>	<b>1,587,037</b>	<b>1,669,323</b>	<b>1,598,138</b>	<b>1,676,969</b>
<b>Borrowings</b>				
Financial liabilities at amortised costs	(447,973)	(391,317)	(153,380)	(152,880)
<b>Total borrowings</b>	<b>(447,973)</b>	<b>(391,317)</b>	<b>(153,380)</b>	<b>(152,880)</b>
<b>Creditors</b>				
Financial liabilities at amortised costs	(120,817)	(117,562)	(89,147)	(108,730)
Finance lease liabilities	-	(1)	-	(1)
<b>Total creditors</b>	<b>(120,817)</b>	<b>(117,563)</b>	<b>(89,147)</b>	<b>(108,731)</b>

## 50b. Material soft loans made by the Authority

The Authority has made the following significant soft loans to support the provision of housing development and related infrastructure.

	2020/21 £m	2019/20 £m
Network Homes	21.0	21.0
LB Ealing	3.9	3.9
Big Issue	6.8	6.8
LB Barking and Dagenham	-	6.0
LLDC (Hackney Wick)	1.5	2.0
LB Kingston	26.6	26.6
LB Lambeth	10.0	10.0

The movement on significant soft loans:

	Authority 31 March 2021 £000	Authority 31 March 2020 £000
<b>Opening balance at 1 April</b>	<b>61,981</b>	<b>57,504</b>
Nominal value of new loans granted in year	-	9,588
Fair value adjustment on initial recognition	-	(1,095)
Loans repaid	(6,500)	(6,500)
Increase in discounted amount	2,162	2,694
Other changes	(210)	(210)
<b>Closing balance at 31 March</b>	<b>57,433</b>	<b>61,981</b>
<b>Nominal value at 31 March</b>	<b>69,805</b>	<b>76,305</b>

## Valuation Assumptions

The interest rate used to discount the soft loans is the Authority's cost of borrowing when the loan was advanced plus a margin to reflect the credit risk.

### 50c. Group Income, Expense, Gains and Losses

	2020/21				Total
	Financial Liabilities measured at amortised costs	Financial Assets at amortised cost	Financial Assets at FVOCI	Financial Assets at FVTPL	
Interest expense	159,974	-	-	-	159,974
Finance lease interest	327	-	-	-	327
Reduction in fair value	-	-	-	157	157
Expected and actual credit losses/(reversals)	-	(1,252)	-	(118)	(1,370)
Unwind of discount on non-current creditors	684	-	-	-	684
Fee expense	577	-	516	316	1,409
<b>Total expense in (Surplus) or Deficit on the Provision of Services</b>	<b>161,562</b>	<b>(1,252)</b>	<b>516</b>	<b>355</b>	<b>161,181</b>
Interest income	(1)	(34,135)	(4,560)	(2,209)	(40,905)
Finance lease interest	-	(3,818)	-	-	(3,818)
(Increase)/Decrease in fair value	-	-	-	(32,423)	(32,423)
Unwind of discount on non-interest bearing loan investments and debtors	-	(742)	-	(2,162)	(2,904)
(Gains)/losses on derecognition	-	-	(118)	(579)	(697)
Income distribution from LP	-	-	-	(335)	(335)
<b>Total income in (Surplus) or Deficit on the Provision of Services</b>	<b>(1)</b>	<b>(38,695)</b>	<b>(4,678)</b>	<b>(37,708)</b>	<b>(81,082)</b>
<b>Net (gain)/loss for the year</b>	<b>161,561</b>	<b>(39,947)</b>	<b>(4,162)</b>	<b>(37,353)</b>	<b>80,099</b>



	2019/20				Total
	Financial Liabilities measured at amortised costs	Financial Assets at amortised cost	Financial Assets at FVOCI	Financial Assets at FVTPL	
Interest expense	154,361	-	-	-	154,361
Finance lease interest	2	-	-	-	2
(Gains)/Losses on initial recognition	-	1,095	-	-	1,095
Expected and actual credit losses/(reversals)	-	974	-	(22)	952
Fee expense	674	-	121	700	1,495
<b>Total expense in (Surplus) or Deficit on the Provision of Services</b>	<b>155,037</b>	<b>2,069</b>	<b>121</b>	<b>678</b>	<b>157,905</b>
Interest income	-	(40,163)	(3,553)	(1,233)	(44,949)
Finance lease interest	-	(3,126)	-	-	(3,126)
(Increase)/Decrease in fair value	-	-	-	(1,348)	(1,348)
Unwind of discount on loan	-	(437)	-	(2,694)	(3,131)
(Gains)/losses on derecognition	-	-	-	(71)	(71)
Income distribution from LP	-	-	-	(465)	(465)
<b>Total income in (Surplus) or Deficit on the Provision of Services</b>	<b>-</b>	<b>(43,726)</b>	<b>(3,553)</b>	<b>(5,811)</b>	<b>(53,090)</b>
<b>Net (gain)/loss for the year</b>	<b>155,037</b>	<b>(41,657)</b>	<b>(3,432)</b>	<b>(5,133)</b>	<b>104,815</b>

## 50d. Authority Income, Expense, Gains and Losses

2020/21

	Financial Liabilities measured at amortised cost £000	Financial Assets at amortised cost £000	Financial Assets at FVOCI £000	Financial Assets at FVTPL £000	Total £000
Interest expense	159,934	-	-	-	159,934
Reduction in fair value				157	157
Impairment losses	-	(242)	-	-	(242)
Fee expense	577		516	316	1,409
<b>Total expense in (Surplus) or Deficit on the Provision of Services</b>	<b>160,511</b>	<b>(242)</b>	<b>516</b>	<b>474</b>	<b>161,258</b>
Interest income	-	(49,581)	(4,560)	(2,130)	(56,271)
(Gains)/losses on derecognition			(118)	(631)	(749)
(Increase)/decrease in fair value	-	-	-	(13,555)	(13,555)
Unwind of discount on loan	-	-	-	(2,162)	(2,162)
Gains on derecognition					-
<b>Total income in (Surplus) or Deficit on the Provision of Services</b>	<b>-</b>	<b>(49,581)</b>	<b>(4,678)</b>	<b>(18,478)</b>	<b>(72,737)</b>
<b>Net (gain)/loss for the year</b>	<b>160,511</b>	<b>(49,823)</b>	<b>(4,162)</b>	<b>(18,003)</b>	<b>88,521</b>

2019/20

	Financial Liabilities measured at amortised cost £000	Financial Assets at amortised cost £000	Financial Assets at FVOCI £000	Financial Assets at FVTPL £000	Total £000
Interest expense	154,310	-	-	-	154,310
Losses on initial recognition	-	1,095	-	-	1,095
Impairment losses	-	606	-	-	606
Fee expense	674		121	700	1,495
<b>Total expense in (Surplus) or Deficit on the Provision of Services</b>	<b>154,984</b>	<b>1,701</b>	<b>121</b>	<b>700</b>	<b>157,506</b>
Interest income	-	(58,074)	(3,553)	(1,151)	(62,778)
(Increase)/decrease in fair value	-	-	-	5,002	5,002
Unwind of discount on loan	-	-	-	(2,694)	(2,694)
Gains on derecognition				(353)	(353)
<b>Total income in (Surplus) or Deficit on the Provision of Services</b>	<b>-</b>	<b>(58,074)</b>	<b>(3,553)</b>	<b>804</b>	<b>(60,823)</b>
<b>Net (gain)/loss for the year</b>	<b>154,984</b>	<b>(56,373)</b>	<b>(3,432)</b>	<b>1,504</b>	<b>96,683</b>

## 50e. Fair Value Hierarchy for financial assets and liabilities measured at fair value

### Financial assets and liabilities measured at fair value

Equity Mortgages are carried at fair value and gains and loss are recognised in the income and expenditure account as they arise. They are valued with reference to published house price indices – the Land Registry house price index for the London region - these are Level 2 fair value measurements (see accounting policy xvii for an explanation of the fair value levels). They are long term investments which are classified as Fair Value through Profit and Loss (see Note 50a) and at 31 March 2021 totalled £34.8m (see Note 29).

Residential Mortgage Backed Securities (RMBS) investments fall under the ‘Mixed’ model, meaning that the classification will be Fair Value through Other Comprehensive Income (FVOCI), this is because of the securities’ nature of ‘holding to collect cash flow’ and the occasional sale of securities as deemed fit by Investment managers. As per the fair value hierarchy, these are valued at level 2. On the 1<sup>st</sup> of April 2020 the RMBS portfolio was transferred into GIS (Group Investment Syndicate), meaning the ownership of it is now split between GLA and other GIS members. The fair value has fully recovered since the last year and reflects an unrealised gain of £6.6m versus the price paid for the RMBS, were the GLA to have sold those securities at the balance sheet date. At 31 March 2021, the GLA’s share of RMBS fair value is £700.7m.

The Fund Investment in Beechbrook falls under the ‘Strategic Investment’ model and classification would be Fair Value through Profit/Loss (FVTPL) with level 3 fair value measurements. The fair value at 31 March 2021 is £15.7m. The estimate is based on December 2020 NAV plus any cashflows that occurred between then and 31 March 2021.

Another fund investment falling under the same ‘Strategic Investment’ model, British Strategic Investment Fund (BSIF), also level 3, is classified as Fair Value through Profit/Loss (FVTPL). The fair value at 31 March 2021 is £4.3m.

During the year, GLA invested £25m in Darwin Strategic Bereavement Fund (DBSF), which fell under ‘Strategic Investment’ model (FVTPL and level 3 as per FV hierarchy). On the 1<sup>st</sup> of February 2021 the investment was transferred into GLA Strategic Reserve Limited Partnership, with GLA recognising a FV realised gain of £0.5m. The instrument was exchanged for a £1 capital contribution into the partnership and a loan note valued at £25.5m. This loan investment with GLA Strategic Reserve Limited

Partnership also falls under the 'Strategic Investment' model and is held at FVTPL using level 3 fair value measurements. The fair value at 31 March 2021 is £25.6m.

#### **Transfers between levels in the Fair Value hierarchy for assets measured at fair value**

There were no transfers out of level 2 during the year.

#### **50f. Fair Value Hierarchy for financial assets and liabilities not measured at fair value**

The fair value disclosures for financial assets and liabilities not measured at fair value are calculated using Level 2 inputs

#### **Financial assets and liabilities measured at amortised costs**

Except for the financial assets carried at fair value (described in note 50e) all other financial liabilities and financial assets are classified as amortised cost and creditors and are carried in the Balance Sheet at amortised cost.

Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For long-term Public Works Loans Board ("PWLB") borrowings – the fair value for PWLB Borrowings in note 50g is based on the PWLB new borrowing rate; for long term bonds, market data relating to the relevant bonds are used to determine the fair value of this loan; interest rates at 31 March 2021 used for discounting, ranged from 1.96% to 4.62%;
- Where borrowing or investments will mature within 12 months, carrying amount is assumed to approximate to fair value;
- Where borrowing or investments attract interest at a variable rate related to an underlying market measure (such as base rate) and the next rate reset will occur within 12 months, the carrying amount is again assumed to approximate to fair value;
- The fair value of trade and other debtors and creditors due within 12 months is taken to be the invoiced or billed amount.

## 50g. Fair Value for financial assets and liabilities

	Authority 31 March 2021 Carrying value £000	Authority 31 March 2021 Fair Value £000	Group 31 March 2021 Carrying value £000	Group 31 March 2021 Fair Value £000
Borrowing - non-current and current	(5,393,576)	(5,972,787)	(5,342,429)	(5,896,115)
Investments - non-current and current at amortised cost	1,864,028	1,864,028	2,207,146	2,207,146
Financial assets at fair value through other comprehensive income	700,742	700,742	700,742	700,742
Financial assets at fair value through profit and loss	45,628	45,628	206,179	180,573

	Authority 31 March 2020 Carrying value £000	Authority 31 March 2020 Fair Value £000	Group 31 March 2020 Carrying value £000	Group 31 March 2020 Fair Value £000
Borrowing - non-current and current	(5,458,609)	(5,913,508)	(5,463,709)	(5,918,608)
Investments - non-current and current	2,036,721	2,036,721	2,396,175	2,396,175
Financial assets at fair value through other comprehensive income	232,290	232,290	232,290	232,290
Financial assets at fair value through profit and loss	12,505	12,505	131,297	131,297

The fair value of loans is higher than the carrying value because the Authority and Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates.

Investments consist of money market instruments maturing within 12 months, they are held at cost and fair value has not been calculated because the carrying amount is a reasonable approximation of the fair value. The financial assets at fair value consist of residential mortgage backed securities, fund investments and long-term equity mortgages.

### Nature and Extent of Risks arising from Financial Instruments

The Authority and Group's activities expose them to a variety of financial risks including:

- credit risk - the possibility that other parties might fail to pay amounts due to the Authority/Group

- liquidity risk - the possibility that the Authority/Group may not have the funds available to meet its commitments to make payments
- market risk - the possibility that financial loss might arise as a result of changes in interest rates.

Maintaining affordability of borrowings, preserving invested principal and maintaining prudent levels of liquidity are the principal treasury management objectives for the Group, with secondary objectives of maximising investment yield and minimising borrowing costs. Treasury management is integral to the Authority/Group bodies' wider risk management strategies under policies approved by each body's governing body in their treasury management strategy. These strategies set out the principles for overall risk management, as well as covering specific areas such as the authorised limit for external debt and the investment of surplus cash.

The treasury management function, for the Authority, Greater London Holdings Limited, GLA Land and Property Limited and the London Legacy Development Corporation, is delivered by the GLA Group Treasury Team.

Each entity within the GLA Group, save Greater London Holdings Limited, separately manages the risks arising from the financial instruments that they hold. The following notes detail the nature and extent of risk facing each significant Group entity.

### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Credit ratings form the backbone of the investment policy for selecting institutions with which the Authority will invest surplus funds, based on knowledge and understanding of the risks involved. Although no combination of ratings can be viewed as fail-safe, the credit criteria for 2020/21 were based on Fitch, Moody's and Standard and Poor's suite of ratings, supported by broader market information. Relevant changes in counterparties' credit standing are reviewed daily, with updates provided by the Authority's treasury advisors. Where counterparties' credit standings are downgraded, the relevant investment limits are reduced with immediate effect or, where minimum criteria fail to be met, further investment is suspended. Maximum limits, for principal invested with each counterparty, are reviewed regularly with reference to relative risk and the Authority's cash flow requirements. All the Authority's investments are sterling denominated.

At 31 March 2021, 15.42% of the Authority's money market investments and cash were placed with other public bodies or institutions substantially owned by the United Kingdom's government, the remaining 84.58% were placed with institutions with at least an BBB+ credit rating. The long-term loans to GLA Land and Property Limited and the London Legacy Development Corporation are not deemed to pose separate credit risk given the level of parental control and the Authority does not consider the variable rate funding agreement to be at risk of default.

The initial uncertainty surrounding the Covid-19 pandemic and the resulting national lockdown heightened credit risk in the early months of the financial year, however credit spreads quickly recovered as governments announced support packages and workforces adapted to new ways of working. At 31 March 2021 credit risk had broadly returned to pre-pandemic levels.

### **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period is set out in Note 50a, in the Categories of Financial Instruments table.

### **Liquidity Risk - Group**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group bodies manage liquidity risk by maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements. As long as the affordable borrowing limit set by the Mayor is not exceeded, the GLA and LLDC are able to borrow from the Public Works Loan Board, raise debt on the capital markets through both the GLA's established Bond and Commercial Paper programmes, borrow from Commercial Banks, other public bodies or utilise overdraft facilities and, subject to meeting the relevant criteria, borrow at competitive interest rates from the European Investment Bank. The GLA may also lend to its subsidiaries. There is therefore no significant risk that any Group body will be unable to raise finance to meet its planned capital commitments.

The maturity analysis of financial liabilities is as follows:

Borrowing and Interest Payable	Authority	Group	Authority	Group
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	£000	£000	£000	£000
Less than one year	(454,224)	(397,568)	(153,380)	(152,880)
Between one and two years	(362,304)	(432,304)	(346,471)	(346,471)
Between two and five years	(806,386)	(755,999)	(803,800)	(808,400)
Between five and ten years	(1,850,137)	(1,981,033)	(1,653,500)	(1,653,500)
More than ten years	(3,306,982)	(3,161,982)	(2,501,458)	(2,502,458)
<b>Total</b>	<b>(6,780,033)</b>	<b>(6,728,886)</b>	<b>(5,458,609)</b>	<b>(5,463,709)</b>

Creditors	Authority	Group	Authority	Group
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	£000	£000	£000	£000
Less than one year	(120,817)	(117,562)	(89,147)	(109,218)
Between one and two years	(2,243)	27,459	(2,079)	(4,088)
Between two and five years	-	(27,341)	-	(48,369)
Between five and ten years	-	(42,569)	-	(5,458)
<b>Total</b>	<b>(123,060)</b>	<b>(160,013)</b>	<b>(91,226)</b>	<b>(167,133)</b>

## Market Risk

The Authority sets Prudential Indicators specifying maximum exposures to variable rate investments, reflecting the fact that the use of fixed rate instruments is the Authority's primary means of managing exposure to interest rate movements. Where interest rates appear to be low, the Authority's Treasury function places great emphasis on matching the maturity profile of borrowings to prudent forecasts of future income to reduce the likelihood of needing to refinance borrowings at potentially unfavourable future rates. The Authority may also arrange borrowings or investments in advance at prior agreed rates as a means of managing short-term interest rate exposures.

## 51. Contingent liabilities and assets

### Contingent Liabilities

**GLA** - The Authority may be liable to pay costs to a third party either for construction works or third-party damages dependent on the outcome of current discussions and future events. Due to commercial sensitivity and the inherent uncertainty in estimating the potential liability, it is not possible to disclose or quantify the liability at this stage.



**Millfield Transfer Station (GLAP)** – GLAP, along with the London Borough of Hackney, have an obligation to undertake repairs and other works at the Millfield Transfer Station. The obligation arises from a landfill site relocation for the 2012 Olympics. A payment was made in 2016, a further claim has been submitted however, the amount cannot be disclosed at this stage as the quantum of the claim is currently under discussion.

#### **Property related liabilities (GLAP)**

GLAP inherited a register of potential assets and liabilities and has reviewed this as part of the closure of accounts process. This register holds information on the nature of potential obligating event, nature of uncertainty and likelihood of occurrence.

Contingent liabilities of some £54.7m relate to a number of potential claims, rights of use, restrictive covenants or dependencies on planning permission in relation to land assets hence their possible outcome i.e. the likelihood of occurrence is considered possible and quantifiable.

#### **ArcelorMittal Orbit Loan (LLDC)**

LLDC continues to recognise a contingent liability in relation to a loan of £13.8m (principal £9.2m plus unpaid interest), which was used to part fund the construction of the ArcelorMittal Orbit and is repayable to ArcelorMittal Orbit Limited from future profits from the operation of the ArcelorMittal Orbit as and when they are generated (firstly against interest on the loan then 50% against the principal thereafter). A discounted projected cash flow is used for calculation of the carrying amount. The projected cash flows result in the carrying value of the loan being set at nil. This position remains despite the surplus reported in prior years.

#### **Contingent Assets**

##### **Contingent rent**

Lease receivables from a lease with ExCel Exhibition Centre site have been treated as a contingent asset. The Excel lease expires in 2199 and the annual lease receivable is based on the corresponding annual turnover of the centre, the value of the lease is therefore uncertain. The net present value of the estimated cash flows is considered to be between £10m and £25m and £0.8m was receivable in 2020/21 (£1.3m in 2019/20).

## 52. Group Taxation

	Group			
	1 April 2020 £000	Prior Year Adjustment £000	Movement in year £000	31 March 2021 £000
<b>Deferred tax assets</b>				
Investment properties	595	-	(378)	217
Capital losses carried forward	1,900	-	(75)	1,825
Pension	3,336	-	3,679	7,015
<b>Total deferred tax assets</b>	<b>5,831</b>	<b>-</b>	<b>3,226</b>	<b>9,057</b>
<b>Deferred tax liabilities</b>				
Development stock	(3,002)	(345)	-	(3,347)
AFSFA	(133)	(41)	(65)	(239)
Trading losses	1,499	174	-	1,673
Accelerated capital allowances	(56)	(7)	(1)	(64)
<b>Net deferred tax on trading items</b>	<b>(1,692)</b>	<b>(219)</b>	<b>(66)</b>	<b>(1,977)</b>
Investment properties	(9,271)	(689)	444	(9,516)
Property plant and equipment	(2,678)	(208)	1,178	(1,708)
<b>Total deferred tax liabilities</b>	<b>(13,641)</b>	<b>(1,116)</b>	<b>1,556</b>	<b>(13,201)</b>
<b>Net deferred tax liabilities recognised in the surplus on provision of services after tax</b>	<b>(8,997)</b>	<b>(908)</b>	<b>979</b>	<b>(9,001)</b>
<b>Net deferred tax asset recognised in Other Comprehensive Income</b>	<b>1,187</b>	<b>(208)</b>	<b>3,878</b>	<b>4,857</b>
<b>Deferred Tax Liability</b>	<b>(13,641)</b>	<b>(1,116)</b>	<b>(14,589)</b>	<b>(13,201)</b>
<b>Deferred Tax Asset</b>	<b>5,831</b>	<b>-</b>	<b>3,226</b>	<b>9,057</b>

### 53. Northern Line Extension Income and Expenditure Account

The Northern Line Extension Income and Expenditure Account is a memorandum account which summarises the income received, and expenditure incurred in relation to the GLA's contribution towards delivering this project. The account details the contributions received from the London Boroughs of Lambeth and Wandsworth using contributions from developers and payments from business ratepayers in the Battersea and Nine Elms area, the payment made to Transport for London and the financing costs incurred by the GLA in relation to the amounts borrowed by it, to finance its contribution to the project.

	2020/21	2019/20
	£000	£000
<b>Balance at 1 April</b>	<b>713,033</b>	<b>530,450</b>
<b>INCOME</b>		
Amounts transferred by the London Borough of Lambeth	-	(26)
Amounts transferred by the London Borough of Wandsworth	(7,773)	(10,814)
Interest receivable on contributions received	(633)	(2,462)
<b>Total income</b>	<b>(8,406)</b>	<b>(13,302)</b>
<b>EXPENDITURE</b>		
Transport payments to Transport for London for NLE project	132,787	182,582
Interest payable on project related borrowing	17,060	16,483
Other expenses including brokerage and bond fees	4,091	6,633
<b>Total Expenditure</b>	<b>153,938</b>	<b>205,698</b>
Transfer from GLA business rates reserve to meet deficit	(12,745)	(9,813)
<b>Net deficit for the year</b>	<b>132,787</b>	<b>182,582</b>
<b>Deficit carried forward at 31 March</b>	<b>845,820</b>	<b>713,033</b>

During 2020/21 £132.8m was payable to Transport for London (TfL) in respect of the development and construction costs for the Northern Line extension (NLE). This expenditure is recognised as revenue expenditure financed by capital under statute – and written out through the capital adjustment account - and reported as expenditure in the CIES. The GLA also incurred interest payable on its borrowing of £17.1m. A further £4.1m of expenditure was incurred by the GLA respect of brokerage costs and fees including the loan guarantee provided by HM Treasury and associated administrative costs.

The GLA also received £7.8m in contributions from the London Borough of Wandsworth and £NIL from the London Borough of Lambeth towards the project in 2020/21 on an accrued basis under the agreement signed between both boroughs, the Greater London Authority and Transport for London in January 2014. In addition, £0.6m of interest was receivable on the balances held in respect of the project. As the in-year interest payable exceeded the borough project contributions a £12.7m drawdown was made from the GLA's business rates reserve which is intended to manage volatility in external income including business rates. This sum will be repayable in future years as the level of business rates income received in the local statutory designated area is expected to increase following the opening of the NLE on 20 September 2021 and is in line with the £13.1m estimate included in the Mayor's approved budget published in February 2021.

#### **54. Post balance sheet event**

There are no significant events, post 31 March, that require disclosure.



## Fund Account

The Fund Account is a memorandum account to show transactions under sections 102 and 103 of the Greater London Authority Act 1999 which requires all government grants for the Greater London Authority and its Functional Bodies to be paid to the Greater London Authority, which then passes them on to the Functional Bodies. This excludes funding paid through revenue support grant – which ceased for the GLA in 2017-18 under its business rates retention pilot - retained business rates and council tax as well as specific grants paid for the purposes of the GLA which are directly controlled and allocated by the Mayor and form part of the CIES.

	2020/21 £000	2019/20 £000
<b>Income</b>		
<b>Fire Grants <sup>(1)</sup></b>		
Fire specific revenue grants	(40,216)	(31,500)
<b>Subtotal Fire Grants</b>	<b>(40,216)</b>	<b>(31,500)</b>
<b>Policing Grants</b>		
Home Office police general grants <sup>(2)</sup>	(1,928,847)	(1,807,447)
Local Council Tax Support grant for policing <sup>(2)</sup>	(119,676)	(119,676)
Home Office core capital grant	(3,259)	(12,427)
Home Office other specific grants <sup>(3)</sup>	(685,682)	(536,163)
<b>Subtotal Policing Grants</b>	<b>(2,737,464)</b>	<b>(2,475,712)</b>
<b>Transport (TfL) grants <sup>(4)</sup></b>		
GLA Transport grant - general (revenue) <sup>(5)</sup>	(2,573,000)	-
Other DfT specific grants <sup>(6)</sup>	(10,054)	(40,645)
<b>Subtotal Transport Grants</b>	<b>(2,583,054)</b>	<b>(40,645)</b>
<b>Total Income</b>	<b>(5,360,734)</b>	<b>(2,547,858)</b>
<b>Expenditure</b>		
London Fire Commissioner <sup>(1)</sup>	40,216	31,500
Mayor's Office for Policing and Crime	2,737,464	2,475,712
Transport for London	2,583,054	40,645
<b>Total Expenditure</b>	<b>5,360,734</b>	<b>2,547,858</b>

Notes to the Fund Account:

(1) The Fire revenue specific grant figure includes Firefighters pension grant of £21.7m and various other items including New Dimensions/Urban Search and Rescue (USAR) grant, PFI grant and funding from central government for the Merton fire control centre.

Fire formula grant has been paid through the business rates retention system since 2017/18 and is therefore shown in the GLA's CIES. LFC's council tax precept payments are also recorded in the GLA's CIES.

(2) The core Home Office police grant in 2020-21 comprises £185.3 million in respect of the National and International Capital Cities (NICC) grant, £936.1 million in general police core grant (net of the NICC) and £807.4m in former DCLG formula funding approved by Parliament in the 2020/21 Police grant report.

Local council tax support funding for the Mayor's Office for Policing and Crime was also approved via the Police Grant Report. MOPAC also receives additional funding approved by the Mayor which is paid to it by the GLA through retained business rates and payments from the Mayor's council tax precept which are both recorded in the GLA's CIES

(3) The policing revenue specific grant figure includes counter-terrorism and protective security grant funding as well as other specific grants for policing paid via GLA by the Home Office such as police pension grant, police surge grant and in respect of 2020-1 support for additional costs arising from the COVID pandemic.

Some specific grants are paid directly to MOPAC (e.g. community safety and Ministry of Justice funding) and are therefore only recorded in its accounts.

(4) Some transport revenue specific grants are paid direct to TfL and therefore only appear in its accounts. Funding paid to TfL via retained business rates and council tax by the Mayor is reported in the GLA's CIES.

(5) Due to the adverse impact of the COVID pandemic on TfL's fare revenues the Department for Transport (DfT) agreed extraordinary funding and financing agreements with TfL in May and October 2020 involving the provision of additional grant support to TfL. These letters are available at <https://tfl.gov.uk/info-for/investors/funding-letters>.

The funding provided as set out above of £2,573 million in 2020/21 comprised both a fixed and a variable element (a so called 'revenue true up') linked to actual fare revenues received. A further funding package was agreed in June 2021 in respect of the period to 11 December 2021. This DfT funding is paid as GLA Transport Grant under s101 of the GLA Act 1999. TfL's statutory accounts report a lower figure of £2,457.2 million in respect of this funding which is the overall accrued sum due to it in respect of the 2020-21 financial year. The GLA's fund account by definition records the sums it received in year which are payable to TfL.

(6) The DfT other specific grant figure for 2020/21 includes funding for various other projects including for ITSO smart ticketing.

## Crossrail Revenue Account (incorporating the Statutory Business Rate Supplement Revenue Account)

The Crossrail revenue account below, reflects the application of the GLA's retained revenues for Crossrail and its contributions towards the Crossrail project. It also incorporates the statutory BRS Revenue Account which is required under Schedule 1 of the Business Rate Supplements (Accounting) (England) Regulations 2010. The account details the income raised from the levy imposed on non-domestic ratepayers (the Crossrail Business Rate Supplement or BRS) and on developers through a Mayoral Community Infrastructure Levy (MCIL) to raise money to fund the construction of the Crossrail project (to be called the Elizabeth Line once it opens in 2022) and expenditure incurred in relation to this project by the GLA.

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	-	-
<b>INCOME</b>		
Amounts transferable by billing authorities as calculated under the BRS regulations gross of billing authority administrative expenses	(163,694)	(272,111)
Amounts transferable by collecting authorities in MCIL gross of collection allowances	(132,069)	(194,780)
Interest Receivable (in respect of the Crossrail related balances)	(1,057)	(874)
<b>Total income</b>	<b>(296,820)</b>	<b>(467,765)</b>
<b>EXPENDITURE</b>		
<b>Administrative expenses incurred by billing authorities in respect of the collection and enforcement of a BRS</b>		
Further administrative expenses (billing authority cost of collection allowance)	448	446
Other billing authority collection costs and prior year adjustments	1,232	98
<b>Sub total BRS billing authority expenses</b>	<b>1,680</b>	<b>544</b>
<b>Allowable expenses incurred in respect of the collection and enforcement of MCIL retained by GLA</b>		
Collecting authority allowances	5,316	7,836
Charging authority allowances	660	811
MCIL other adjustments including repayments and provisions	3,281	17,259
<b>Sub total MCIL collection expenses</b>	<b>9,257</b>	<b>25,906</b>
<b>Expenditure incurred by GLA in respect of the Crossrail Project</b>		
Transport payments to Transport for London in respect of the Crossrail project	46,000	989,000
Interest Payable on Crossrail related borrowing	132,628	124,924
Other expenses including brokerage fees	1,116	578
<b>Sub total GLA expenditure on Crossrail project</b>	<b>179,744</b>	<b>1,114,502</b>
<b>Total Expenditure</b>	<b>190,681</b>	<b>1,140,952</b>
Transfers to/(from) General fund - Surplus/(Deficit) on Crossrail (BRS/MCIL) revenue account and Minimum revenue provision	106,138	(673,187)
<b>Balance at 31 March</b>	-	-



Prior to 2019/20 MCIL revenues were retained by TfL as a direct contribution to the Crossrail project – albeit this was reported as nominal capital grant from GLA to TfL in its statutory accounts. From 2019/20 the GLA was permitted under regulations approved by Parliament (The Community Infrastructure Levy (Amendment) (England) Regulations 2019 – 2019 966) to apply MCIL for capital financing purposes for Crossrail. A further amendment was made to the regulations in March 2021 (The Community Infrastructure Levy (Amendment) (England) Regulations 2021) to allow the GLA to use MCIL revenues to finance and repay its Crossrail related debt up to 31 March 2043. Further information on the BRS is set out in the next note.

The GLA has contributed an additional £1.4 billion towards the Crossrail project across the last three financial years under the supplementary funding deal agreed between the GLA, TfL and Department for Transport (DfT) in December 2018 (£46m in 2020/21, £989m in 2019/20 and £365m in 2018/19). This £1.4 billion is funded by £1.3 billion of borrowing from the DfT and the application of £0.1 billion of revenues received in prior years and is in addition to the £4.3 billion contribution made between 2010/11 and 2015/16 under the original Crossrail funding agreement. In November 2020 the GLA agreed to make a further additional contribution of £825 million towards the Crossrail project using a further loan from the Department for Transport. The GLA's outstanding Crossrail borrowing will be financed and repaid using MCIL and Crossrail business rate supplement revenue with a current expected full repayment in the early 2040s.

The GLA also incurred interest payable on its borrowing of £132.6 million and £1.1 million of interest was receivable on the balances held in respect of the BRS and MCIL. A further £1.1 million was charged to the Crossrail revenue account in respect of other costs incurred by the GLA in respect of the management and administration of the BRS and MCIL and the GLA's associated borrowing including brokerage fees.

## **55. Crossrail Business Rates Supplement**

The power to levy a Business Rate Supplements (BRS) was introduced in the Business Rate Supplements Act 2009 and related regulations and statutory guidance. The Act confers powers on relevant local authorities 'to impose a levy on non-domestic ratepayers to raise money for expenditure on projects expected to promote economic development'. In London the only local authority empowered to levy a BRS is the Greater London Authority

### **How the Crossrail BRS Is Calculated and Collected**

The BRS is applied at a rate of 2p (or 2 per cent of the rateable value) on non-domestic rating assessments on the local rating list in London with a rateable value above £70,000 and is collected on behalf of the GLA by the 33 London billing authorities (the 32 London boroughs and the Common Council of the City of London) the same bills as general business rates (NNDR). Reliefs for the BRS (e.g. for charitable organisations) operate on the same basis and the same percentage rate as for National Non-Domestic Rates. The rateable value threshold was increased to £70,000 from £55,000 on 1 April 2017 in line with the methodology set out in the final Crossrail BRS prospectus applying in a revaluation year.

Based on the final returns received in respect of 2020/21 billing authorities determined that they had collected BRS gross revenue of £163.7 million of which the GLA was due to receive £162.0 million after allowing for borough collection allowances and other costs.

Due primarily to the Government decision to grant 100% business rates relief to ratepayers in the retail, leisure, hospitality (RLH) and childcare sectors for 2020-21 gross BRS revenues (£163.7m) fell by £108.4 million or just under 40 per cent compared to 2019/20 (£272.1 million). This is because as required under section 13 of the Business Rates Supplements Act 2009 these reliefs must also be applied to the BRS on the same basis at the same percentage rate. Unlike for NNDR the Government did not provide grant compensation to the GLA to offset the impact of these reliefs as the BRS is a locally set tax.

## **GLOSSARY**

This glossary helps to define some of the terms and phrases found in these accounts.

### **Accounting Period**

The length of time covered by the accounts, in the case of these accounts the year from 1 April 2020 to 31 March 2021.

### **Accrual**

A sum included in the accounts to cover income or expenditure attributable to the accounting period for goods or services, but for which payment has not been received/made, by the end of that accounting period.

### **Actuarial Gains and Losses**

Changes in the estimated value of the pension fund because events have not coincided with the actuarial assumptions made or the assumptions themselves have changed.

### **Balances**

These represent the accumulated surplus of revenue income over expenditure.

### **Capital Expenditure**

Expenditure on the acquisition of fixed assets that will be of use or benefit to the Authority in providing its services for more than one year.

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the main professional body for accountants working in the public service.

### **Collection Fund**

A fund administered by each London Borough Council and the City of London Corporation as billing authorities. Council Tax and Non-Domestic Rates are paid into this fund and the net requirements of the Authority and its Functional Bodies as well as the Borough/Corporation are met from the fund. Any surplus or deficit is shared between the various authorities for council tax and

additionally central government in respect of retained business rates. The Crossrail Business Rate Supplement is also paid into the collection fund and transferred to the GLA as the responsible levying body from it.

### **Council tax Requirement**

The consolidated amount the Authority estimates will be received through the council tax precept. This is the budget requirement net of all government specific and general grants. The GLA, Assembly and each functional body has a component council tax requirement which is approved in the Mayor's annual budget.

### **Creditors**

The amounts owed by the Authority at the Balance Sheet date in respect of goods and services received before the end of the accounting period but not paid for.

### **Debtors**

Amounts owed to the Authority but unpaid at the Balance Sheet date.

### **Depreciation**

The measure of the cost or revalued amount of the benefit of the fixed asset that has been consumed during the period.

### **Fees and Charges**

The income raised by charging for goods, services or the use of facilities.

### **Financial Instrument**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term "financial instrument" covers both financial assets and financial liabilities and includes trade receivables and trade payables, investments and borrowings.

### **Fixed Asset**

A tangible item that yields benefit to the Authority for a period of more than one year.

## Functional Body

A term used to describe those bodies, other than the Greater London Authority, for which the Mayor of London sets the budget and appoints members to run those bodies. The five functional bodies are:

- **London Legacy Development Corporation (“LLDC”)** responsible for development of the Queen Elizabeth Olympic Park;
- **London Fire Commissioner (“LFC”)** responsible for providing an efficient and effective fire brigade and emergency planning service for London;
- **Mayor’s Office for Policing and Crime (“MOPAC”)** is headed by the Mayor or, by his nomination, the appointed statutory Deputy Mayor for Policing and Crime. This means that the Mayor is directly accountable for policing performance in London, except the City of London which has its own police force provided by the Corporation of London;
- **Old Oak and Park Royal Development Corporation (“OPDC”)** responsible for the regeneration of Old Oak Common in West London; and
- **Transport for London (“TfL”)** responsible for London's buses, London Underground, Docklands Light Railway, Croydon Tramlink, Dial-a-Ride services, London River Services, Woolwich Free Ferry, taxis, private hire cars and maintenance and traffic management of most of the major roads in Greater London.

## IAS 19 Employee Benefits

The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

## Materiality

Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting authority.

**National Non-Domestic Rates [also known as Business Rates or Uniform Business Rate (UBR)]**

A property tax based on notional rental (rateable) values levied on non-domestic hereditaments. The tax is set by central government and collected by Local Authorities.

**Precept**

The amount the Mayor requires the London Boroughs and Corporation of London to pay from their Collection Funds in respect of council tax in order to meet the costs of services of the GLA and its functional bodies

**Prepayment**

Where expenditure has been invoiced and charged against the current year's budget but relates to goods and services to be received in the following financial year. This expenditure has to be treated as a prepayment.

**Provisions**

Amounts set aside to meet costs which are likely or certain to be incurred but are uncertain in value or timing.

**Reserves**

The accumulated surplus income in excess of expenditure, which can be used to finance future spending and is available to meet unforeseen financial problems. Earmarked Reserves are amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

**Revenue Expenditure**

The day to day spending on employment costs, other operating costs (accommodation, supplies and services etc.) net of income for fees and charges etc.

**Revenue Support Grant**

Central Government financial support towards the general expenditure of local authorities paid on an un-ringfenced basis and without conditions.

### **Specific Government Grants**

Central Government financial support towards particular services which is “ring fenced” or paid for the purposes of a particular functional body (i.e. can only be spent on a specific service area or items).

### **Executive Director of Resources**

#### **Greater London Authority**

City Hall

The Queen’s Walk

London SE1 2AA

Enquiries: **020 7983 4255**





