These notes refer to the Greater London Authority Act 1999 (c.29) which received Royal Assent on 11th November 1999

GREATER LONDON AUTHORITY ACT 1999

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part Iii: Financial Provisions

Chapter I: Council Tax

156. *Section 82* provides that the GLA will be a major precepting authority, that is an authority which does not raise council tax directly from individual council tax payers. Instead the GLA will require each London borough council to raise a certain amount (the "precept") from council tax payers in its area. The Act defines the GLA as a major precepting authority by amending the Local Government Finance Act 1992, and removes the London Fire and Civil Defence Authority and the Receiver for the Metropolitan Police District from the list of major precepting authorities. *Section 81* requires billing authorities to add to their council tax bills the amounts calculated by the GLA under the GLA Act 1999. *Section 83* amends section 40 of the Local Government Finance Act 1992 so that where the GLA issues a precept the calculations and taxbase items referred to are as set out in the GLA Act.

157. *Section 84* amends section 42 of the Local Government Finance Act 1992 to require the GLA to follow the procedure under that section whenever it issues a substitute precept, including a substitute precept following a direction to increase the budget for the Metropolitan Police Authority under section 95. A substitute precept is a precept issued by a local authority to give effect to substitute calculations of budget requirements or basic amounts of council tax carried out by the authority in respect of a particular financial year.

158. *Sections 85 and 86* set out how the GLA will calculate its component and consolidated annual budget requirements. For each constituent body, that is the Authority and each of the four functional bodies, the Authority must calculate the budget requirement. The GLA must then calculate the consolidated budget requirement by adding together the budget requirements of each of the constituent bodies. The budget requirement of a constituent body is calculated in a similar way to that of local authorities by calculating the difference between the sum of expenditure items and the sum of income items as defined in the Act. A budget requirement cannot be negative; if the sum of expenditure items is less than the sum of income items, it will be nil.

159. The Act sets out rules which the GLA must follow in calculating budget requirements. An amount of income or expenditure which has been included in the calculation of a budget requirement of one constituent body should not be included in the calculation of the budget requirement of another. In estimating the Metropolitan Police Authority's expenditure, the GLA should take into account levies from the National Criminal Intelligence Service and the National Crime Squad. In estimating the expenditure of the other bodies, levies issued to them shall be taken into account. The GLA shall not anticipate any levies which have not been issued, unless an order or regulations have been made allowing it to do so.

160. The Secretary of State will be able to amend the rules governing the calculations by statutory instrument, in the same way as for the equivalent rules for local authorities generally.

161. *Section 87 and Schedule 6* establish the roles of the Mayor and Assembly in deciding budget requirements for the GLA itself and each of the functional bodies ("component budgets") and the consolidated budget requirement. The functional bodies will also be consulted about their own budgets.

162. The GLA's budget must be finalised by the end of February each year.

163. The first stage is for the Mayor, having consulted the Assembly and the functional bodies about their relevant component budgets, to draw up a draft (consolidated) budget. The Mayor will then consult the Assembly about the draft budget before presenting it to the Assembly at a public meeting on or before 1 February. The Assembly may approve this draft, or may amend it, both by simple majority vote, before returning it to the Mayor.

164. The Mayor will then prepare a final draft budget and present it to the Assembly at a public meeting before the end of February. If the final draft does not include amendments the Assembly made to the first draft, the Mayor will give reasons. The Assembly will either approve the final draft budget by a simple majority, or may amend it by a two thirds majority.

165. If the Mayor fails to present a draft budget on or before 1 February, or a final draft budget within a reasonable time, the Assembly will decide the GLA's budget by a simple majority.

166. The Secretary of State will be able to change the 1 February date by regulations. The purpose of this power is to accommodate any delay to the Local Government Finance Settlement.

167. The Mayor must publish the consolidated and component budgets and must keep each document available for public inspection at the GLA's offices for six years from the date it is first published. The Mayor must also supply a copy of all or part of each document to any person, on request, for a reasonable fee.

168. *Sections 88 to 93* amend or replace the equivalent sections of the Local Government Finance Act 1992 (sections 44 to 48) which relate to the calculation of precepts.

169. *Sections 88 and 89* set out the rules for calculating the basic amounts of council tax for the GLA. The rules for the GLA are broadly similar to those for other precepting authorities. However, in the case of the GLA it is necessary to apportion the various grants which help to meet the GLA's consolidated budget requirement between police services and the other services provided by the GLA. This division of the various grants between police and non-police services is required because the GLA is responsible for police services in only part of the GLA area, the inner and outer boroughs, but not the City of London, which has its own police force.

170. Council tax payers in the City of London contribute to the cost of police services in the City of London through that part of their council tax which goes directly to the City of London. They are not required to contribute to police services in the remainder of London which will be funded through the GLA, nor should the element of their council tax in respect of GLA services take into account grants from central government to the GLA in respect of the police services funded through the GLA in the rest of London.

171. Sections 88 and 89 provide for this by specifying that the GLA first calculates an amount of council tax for the non-police services which it supplies across the whole of the GLA area. The GLA then calculates an additional amount of council tax in relation to the police services which it funds in the inner and outer boroughs. The calculation for non-police services takes into account that portion of the central government grants which

relate to non-police services; the calculation for the additional element of council tax for police services takes into account those grants relating only to police services and that portion of the other grants which relate to police services. Council tax payers in the City of London only pay the GLA the amount for non-police services; council tax payers in the inner and outer London boroughs pay the total of the police and non-police amounts. Sections 88 and 89 also provide powers for the Secretary of State to set rules for the calculation of the police and non-police elements of the GLA basic amounts of council tax.

172. *Section 90* identifies "the special item" mentioned in section 89(2). This is the expense of the MPA, the only expense borne by the GLA which does not relate to the whole of Greater London. The expense does not relate to the City of London police area, because that area has its own police force. The Common Council is the police authority for that area and so it, rather than the GLA, is responsible for the cost of the police force.

173. *Section 91* amends the Local Government Finance Act 1992 to remove references to police services, and to probation services and magistrates' courts services in London. These references are no longer required following changes in the provision of these services which will accompany the introduction of the GLA.

174. *Sections 92 and 93* cover the calculation of council tax for properties in different council tax valuation bands and the calculation of the amount payable by each billing authority. They do this by amending sections 47 and 48 of the Local Government Finance Act 1992, inserting references to the Greater London Authority, and to the relevant sections of the Greater London Authority Act 1999.

175. *Section 94*, *section 98 and Schedule 7* provide that the GLA will have a similar power to make substitute calculations to that of other local authorities. The effect is that, normally, it will have powers only to reduce its precept, except where the previous calculations are quashed by court proceedings, or where the Secretary of State directs that the Metropolitan Police Authority budget should be increased, in accordance with section 95.

176. The roles of the Mayor and Assembly in carrying out substitute calculations are set out in Schedule 7 and are similar to the procedures for determining the budget originally.

177. *Sections 95 and 96* give the Secretary of State a reserve power to set a minimum level for the Metropolitan Police Authority's budget. This power can be used only if the Secretary of State considers that the budget set by the GLA is too small to provide an efficient and effective police force. The Secretary of State may specify a minimum level for the budget, which must not be greater than the amount required to restore or maintain an efficient and effective police force.

178. Where the Secretary of State has made such a direction, the GLA may increase the MPA's budget by increasing the precept, cutting the other component budgets, or through a combination of the two. The GLA will not be able to increase the precept by any more than the difference between the MPA budget specified in the direction and the MPA budget previously set by the GLA and considered by the Secretary of State to be too low.

179. If the GLA chooses to change the precept, the previous precept would remain valid until the new precept is issued. If the GLA fails to make substitute calculations when required to under section 95 and to issue a revised precept within 35 days, it will not receive any sums that billing authorities (the boroughs and the City) would have otherwise paid to it in respect of the precepts until it has carried out the substitute calculations.

180. *Section 97* provides that the Mayor will be able to recalculate component budgets when he considers this is appropriate because of an emergency or disaster involving the destruction of or danger to life or property. This will allow him to reallocate income (other than grant allocated to a specific body) between constituent bodies. The GLA will not, however, be able to change the consolidated budget requirement.

Chapter Ii: Grants and Redistributed Non-Domestic Rates

Sections 100 and 101: Grants

181. *Sections 100 and 101* create two new central government grants. Section 100 provides for the Secretary of State to pay to the Authority a general-purpose grant. It is at present envisaged that this grant would cover the majority of the costs of the Mayor and Assembly, with London council tax payers covering the remainder. The grant will be paid annually. The Secretary of State will consult the Mayor before settling the amount. It may be paid in instalments.

182. *Section 101* provides for the Secretary of State to pay to the Authority a grant which draws together existing streams of funding for transport in London: the GLA Transport Grant. This is to be an annual grant, payable in instalments. The amount of the grant will be determined after consultation by the Secretary of State with the Mayor.

183. *Subsection (2)* of section 101 provides that this grant is paid for the purposes of TfL, which include both the services it runs itself and the support it will provide to London borough councils. *Section 103(1)* compels the Mayor to pay GLA Transport Grant received from the Secretary of State directly to TfL. The grant is thus not available to the Mayor for spending on other purposes or for allocation to another functional body.

Sections 102 and 103: Distribution of grants etc.

184. *Sections 102 and 103* deal with the distribution of grants. The GLA will receive general grants on behalf of itself and the four functional bodies. These will include Revenue Support Grant, additional grant, relevant special grant, the general GLA grant, redistributed non-domestic rates, and income from the GLA precept. The GLA will have a duty to pay the functional bodies in instalments their share of the sums it receives in accordance with their budgets. The GLA must ensure that the amount and timing of instalments would allow a functional body to fulfil its functions, and will have a duty to pay the instalments punctually.

185. The GLA will also receive grants intended for a specific functional body (e.g. police grant) and will have to pay those grants to the relevant body forthwith.

Chapter Iii: Emergency Financial Assistance, Funds and Miscellaneous Matters

Section 104: Emergency Financial Assistance

186. *Section 104* amends section 155 of the Local Government and Housing Act 1989, under which central government grants may be paid to local authorities in whose area there occurs an emergency or disaster involving destruction of, or danger to, life or property. The GLA is added to the list of authorities eligible to apply for these grants. The GLA will be able to apply for assistance, either on its own behalf or on behalf of the LFEPA, the MPA or TfL, following an emergency or disaster in the GLA area.

Section 105: Component budgets: anticipation of certain levies

187. *Section 105* amends the Local Government Finance Act 1988 so that regulations can be made to allow the GLA to anticipate a levy for itself a functional body except the Metropolitan Police Authority for which separate provision is made. This puts the GLA in line with other major precepting authorities.

Section 106: The Authority's general fund

188. *Section 106* requires the GLA to establish a General Fund. This is the main revenue fund of a local authority, from which day to day spending on services is met.

Section 107: Judicial review

189. *Section 107* provides that the only means of questioning the GLA's calculations of component and consolidated budget requirements and precepts will be through judicial review.

Section 108: Functions to be discharged only by certain authorities

190. *Section 108* provides that the calculation of budget requirements and the setting and issuing of precepts is to be carried out on behalf of the Authority by the Mayor, Assembly, or Mayor and Assembly acting jointly in accordance with the Act. These functions cannot be delegated to a committee or representative. The only exception is that the Mayor may consult a committee or other representatives of the Assembly on the draft consolidated budget if a majority of Assembly members have voted for this to happen.

Section 109: Information

191. *Section 109* places an obligation on the GLA and the functional bodies to provide, when requested, the financial information that other local authorities already provide to the Department of the Environment, Transport and the Regions (DETR).

192. Section 168 of the Local Government Act 1972 allows the Secretary of State, among others things, to collect, at the end of a financial year, information about the Authority's income and expenditure during that financial year. Section 139A of the Local Government Finance Act 1988 gives the Secretary of State the power to collect non-personal information from local authorities for the purpose of exercising his grant making powers under the Act.

Section 110: Provision of information by functional bodies to Mayor or Assembly

193. *Section 110* requires the functional bodies to provide the Mayor and Assembly with information relating to their financial affairs, or those of any company in which they have an interest. The Mayor and Assembly will be able to request any such information which the body has or could reasonably obtain.

Chapter Iv: Revenue Accounts and Capital Finance

Section 111: Application of Part IV of Local Government and Housing Act 1989

194. *Section 111* brings the GLA and the four functional bodies within a slightly modified form of the local government capital finance system. This was established by Part IV of the Local Government and Housing Act 1989, and has effect with respect to the finances of most local authorities in England and Wales and a number of other public authorities, including police authorities and combined fire authorities. (Authorities and bodies covered by the system are referred to in Part IV as "local authorities").

195. Part IV regulates the use for capital purposes of borrowed money, credit and capital receipts. Capital purposes include, in particular, the acquisition of land, buildings or equipment, and the construction or improvement of buildings. Capital spending may also be funded from an authority’s revenue resources and from any grants they are issued for capital purposes. The two latter sources of finance are not regulated by Part IV itself. However, the use of revenue for capital purposes is subject to the same constraints that apply to an authority’s revenue spending generally; controls on the use of grants depend upon any conditions attached to the grants.

196. Part IV also requires amounts to be set aside out of capital receipts and revenue to meet credit liabilities and regulates the use of such amounts.

Sections 112 to 118: *Credit approvals*

197. Section 43 of the Local Government and Housing Act 1989 (LGHA) confers on local authorities a power to borrow money for any purpose relevant to their functions. Other provisions of Part IV regulate the use of credit arrangements which, as defined, include leases, hire purchase contracts and any transaction under which credit is given by a deferral of payment.

198. A credit approval is needed as authority to charge expenditure to any account other than a revenue account. Thus, all expenditure of borrowed money requires the use of a credit approval. A credit approval is also required to be used if an authority meets capital expenditure out of amounts set aside as provision for credit liabilities.

199. Using a credit approval is also one of the ways in which an authority may provide the credit cover which is required when entering into credit arrangements (alternatively, the authority may provide credit cover by setting aside additional amounts out of revenue or capital receipts).

200. Credit approvals are issued by the Government. A basic credit approval has to be issued for a local authority before the beginning of every financial year. Supplementary credit approvals may be given during a financial year.

201. *Sections 112 to 118* contain provisions on credit approvals. It is intended that the Government will have power to issue to the Authority and the functional bodies two new kinds of credit approval called aggregate credit approvals and additional credit approvals. The aggregate credit approval will, like the basic credit approval for other local authorities, be issued by the Secretary of State before the beginning of the financial year. An additional credit approval may be issued by the Secretary of State or any other Minister at any time during a financial year.

202. All such credit approvals are to be issued to the Mayor (different arrangements will apply in the first year before the Mayor is elected), but copies have to be sent to the functional bodies.

203. *Sections 113 and 114* deal with aggregate credit approvals and additional credit approvals. The amount of an aggregate credit approval may be nil. But subject to that, an aggregate or additional credit approval may consist of any number of amounts. Each amount specified must be of one of four categories. By specifying category A or B amounts for a specified functional body or for the Authority, the Government will be allowing the specified body to incur credit for capital purposes. In the case of a category A amount, this will be for any such purposes. In the case of a category B amount, it will be for a specified capital purpose.

204. Category C and D amounts are not for the use of a specified body, but are for allocation by the Mayor in such proportions as he may see fit. An allocation will allow the body to which it is made to incur credit for such capital purposes as the Mayor decides.

205. In the case of a category C amount, the Mayor may state that it is for any purpose or for a particular purpose.

206. In the case of a category D amount, the Mayor may only state that it is for any purpose specified by the Government or for a particular purpose of that description. For example, if the Secretary of State specified that the amount was for "regeneration", the Mayor would be able to allocate it for regeneration or for a particular regeneration project.

207. *Section 115* provides that the Mayor must notify all four functional bodies of every allocation made from a category C or D amount contained in a credit approval, whether it is made to one of them or to the Authority. In the case of category C and D amounts contained in the aggregate credit approval, the allocations to the functional bodies are to be notified as part of a capital spending plan for which provision is made in section 122.

208. *Section 116* confers power on the Secretary of State to make regulations requiring an amortisation period to be specified in aggregate and additional credit approvals. This is a period during which the body using the approval (i.e. the body either specified in it or having an allocation from the Mayor) has to set aside amounts out of revenue which could be used to meet its debts.

209. But such regulations would not apply if a category B amount were specified in an aggregate or additional credit approval as authority for a specified body to use borrowed money for expenditure which is treated as being for capital purposes because a direction has been given under section 40(6) of the LGHA 1989. Section 90 provides that in such a case, the Minister giving the credit approval has a discretion whether or not to specify an amortisation period.

210. *Section 117* sets out the criteria for issuing credit approvals. In determining the amounts of aggregate and additional credit approvals, the Secretary of State or other Minister is to have the same discretion to take account of such factors as appear to him to be appropriate as he has under Part IV of the LGHA 1989 in relation to basic and supplementary credit approvals. He may, in particular, have regard to grants, contributions and (subject to certain qualifications) capital receipts. But he may not take account of the ability of the Authority or a functional body to finance capital expenditure from revenue.

211. The effect of *section 118* is that, having been specified for a category A or B amount or having received an allocation from a category C or D amount, the authority concerned (the Authority or a functional body) shall be treated as having received a credit approval under Part IV of the LGHA 1989.

212. Consequently, the authority conferred by aggregate and additional credit approvals (to charge capital expenditure to a non-revenue account or to enter into credit arrangements) and the effect of using them are the same as for basic and supplementary credit approvals. Thus, for example, a functional body for which a category A amount is specified may use it to charge capital expenditure to borrowing, to enter into a lease, or to make a transfer of credit approval to any other local authority under section 56(2) of the LGHA 1989. And when the approval is used, it increases the functional body's "credit ceiling" (this is a measure of the extent to which an authority still has to make provision for its debts and other credit liabilities).

Section 119 to 121: Capital receipts and mutual grants

213. *Sections 119 to 121* make provision for capital receipts and mutual grants. The sums received by a local authority which are capital receipts are described in section 58 of the LGHA 1989. They include the proceeds of disposal of assets and investments and the repayment of capital grants and loans made for capital purposes. A part of a capital receipt received by a local authority may have to be set aside as provision to meet credit liabilities (but, at present, this is generally confined to receipts from disposals of houses). The balance of capital receipts after such deductions have been made is called the usable part of the authority's capital receipts, and that part is available for meeting capital expenditure.

214. Section 119 confers on the Secretary of State power to make regulations to confer on the Mayor power to direct the payment to the Authority by a functional body of part of the functional body's usable capital receipts. Amounts paid to the Mayor under such a direction could only be used to meet capital expenditure of another functional body or of the Authority.

215. The regulations may prescribe the maximum percentage of usable capital receipts that may be specified in such a direction, or the portion in respect of which a direction may be issued (for example, the amount by which the usable part of capital receipts has increased during a financial year). The regulations may also enable the Mayor to require

the body which has the benefit of a redistribution to apply the amount paid to it towards meeting expenditure for capital purposes of a particular description.

216. Section 120 authorises the GLA to pay grants to a functional body towards meeting expenditure for capital purposes, and authorises the functional bodies, with the Mayor's consent, to pay grants towards meeting expenditure for capital purposes of another functional body or of the GLA. Such a grant may be used by the body to which it is paid for any expenditure of that sort incurred for the purposes of or in connection with its functions.

217. Section 121 authorises the GLA to pay grants to a functional body towards meeting any expenditure which is not for capital purposes, and authorises the functional bodies, with the Mayor's consent, to pay grants towards meeting any expenditure of another functional body or of the GLA which is not for capital purposes. Such a grant may be used by the body to which it is paid for any expenditure of that sort incurred for the purposes of or in connection with its functions.

218. These sections are intended to facilitate the efficient use of the resources of the GLA and the functional bodies as a whole by providing administrative means for overcoming the restriction that a local authority may not use its capital resources to meet expenditure which is not for capital purposes.

219. For example, a body which at any time has available capital grants or capital receipts and a pressing need to incur expenditure towards which it cannot apply such amounts (because it is not expenditure for capital purposes) could arrange with the Authority or another functional body to receive a grant it could use towards that expenditure in return for making a capital grant to the body concerned.

Sections 122 and 123: The Mayor's capital spending plan

220. *Section 122* makes provision about the preparation by the Mayor for each financial year of a capital spending plan for the functional bodies. The capital spending plan is to be in the four sections described in section 122. Section A is a statement of the resources each functional body will have for capital expenditure by virtue of capital grants (other than grants payable by the GLA) and usable capital receipts.

221. Section B is a statement of the resources each functional body will have for capital expenditure by virtue of any grant that the Mayor has decided that the Authority is to pay under section 120, category A and B amounts specified in the aggregate credit approval for the relevant financial year, and any amounts that the Mayor has decided to allocate out of category C and D amounts specified in the aggregate credit approval for that year.

222. Section C is a statement for each functional body of total expenditure for capital purposes that the Mayor expects the body to incur, and of the total credit cover that the Mayor expects the body to need for credit arrangements. Section D is a breakdown of this total capital spending showing how much the Mayor expects the body to meet out of capital grants; how much he expects it to meet out of the usable part of its capital receipts; how much he expects it to meet by using amounts specified in, or allocated from, the aggregate credit approval; and how much he expects it to meet out of revenue.

223. *Section 123* lays down a timetable for the preparation of, and consultation on, a draft capital spending plan, and for the completion of the plan and disclosure of its contents. The Mayor must keep the capital spending plan available for public inspection for six years from the date it is published and must supply a copy of all or part of it, on request, for a reasonable fee.

Sections 124 to 126: Supplementary provisions

224. *Section 124* provides that in preparing the capital spending plan, the Mayor may take account of such factors as appear to him to be appropriate, and makes it clear that

preparation includes deciding for each functional body the minimum amount of grant that the GLA is to pay under section 120, and the amounts to be allocated out of category C and D amounts specified in the aggregate credit approval. These amounts are to appear in section B of the plan (see section 122(4)).

225. Section 124(3) provides that the Mayor may in particular take account of how far a functional body has, in any previous financial year, met total capital spending specified in section C of the capital spending plan for that year according to the expected breakdown of that spending given in section D. The intention is that the Mayor may, but is not bound to, have regard to the extent to which a functional body has departed in previous years from the pattern of capital spending (amounts and means of funding) about which all of the functional bodies will have been consulted, and which will have been set down in sections C and D of the relevant plan for the benefit of the GLA and the functional bodies as a whole.

226. *Section 125* confers on the Mayor power to require the functional bodies to provide information that he needs to decide how to exercise his powers and perform his functions under Chapter IV of Part III. If a functional body fails to supply information sought by the Mayor, the Mayor may make assumptions and estimates. The Mayor may rely on any information available to him, whether or not it is obtained from a functional body under this section.

Chapter V: Financial Administration, Accounts and Audit

227. The GLA and the functional bodies will be within the local government framework for financial administration, accounts and audit purposes. Local government accounts and audit arrangements will also apply to the London Pensions Fund Authority. Section 127 to 135 introduce the necessary amendments to the existing legislative provisions reflecting the particular circumstances of each body.

Section 127 to 133: Financial administration

228. *Sections 127 to 133* require the GLA and each of the functional bodies to make arrangements for the proper administration of its financial affairs and secure that one of its officers has responsibility for the administration of these affairs (its "chief finance officer"). In most cases, the chief finance officer will be a member of staff with a professional qualification and a member of an approved accountancy body but, in the case of Transport for London and the London Development Agency, provision is made enabling the chief finance officer to be a member of the body rather than a member of staff. A Mayor who chooses to chair TfL must not also be its chief finance officer. The GLA's chief finance officer will be appointed by the Assembly rather than the Mayor. No person may be the chief finance officer of the GLA and a functional body, or of two functional bodies.

229. A chief finance officer of the GLA or a functional body ("relevant authority") will carry out the functions of the post in accordance with the provisions of section 114 of the Local Government Finance Act 1988. He is required to make a report to the relevant authority in respect of decisions involving unlawful expenditure or unlawful actions or unlawful items of account. In preparing the report, the chief finance officer of the GLA, the Metropolitan Police Authority or the London Fire and Emergency Planning Authority should consult the head of paid service and the monitoring officer. The chief finance officer of the London Development Agency should consult its chief executive and the chief finance officer of Transport for London should consult a designated member of the body or of its staff. A chief finance officer will copy reports to each member of the relevant authority (which, in the case of the GLA itself means the Mayor and each member of the Assembly) and, where the report concerns a functional body, to the Mayor and the Chair of the Assembly as well.

230. Section 131 sets out the duties of a relevant authority as regards a chief finance officer's report. A functional body and, in the case of the GLA, the Assembly must consider it

at a meeting within a period of 21 days beginning from the day on which copies of the report are sent. The public access provisions of Part VA of the Local Government Act 1972 will apply to such a meeting (and provision is made to apply that Part to Transport for London and the London Development Agency). Where a report is made by the chief finance officer of the GLA, the Assembly will consider it at a meeting which the Mayor must attend. After the meeting, and taking account of the views of the Assembly, the Mayor will decide whether he agrees with the views contained in the report and what, if any, action he proposes to take.

Sections 133 to 135: Accounts and audit

231. *Sections 133 to 135* provide that the GLA, the functional bodies and the London Pensions Fund Authority will be subject to audit under the Audit Commission Act 1998 ("the 1998 Act") by auditors appointed by the Audit Commission. The GLA and each of the bodies will be required to keep its own accounts and prepare its own statements of accounts and these will be subject to the full provisions of the 1998 Act, including public inspection, action by the auditor and prevention of unlawful expenditure.

232. The GLA will also prepare a summary statement of accounts in respect of itself, the functional bodies and the LPFA and provision on the form of that statement and other matters will be made in regulations under section 27 of the 1998 Act. To avoid duplication in respect of matters already subject to sections 15 to 24 of the 1998 Act, those sections will not apply to this summary statement.

233. For the purposes of the summary statement, a functional body is required, at the request of the Mayor, to provide the GLA with such information relating to any accounts or statement of accounts as may be specified or described in the request.

234. *Schedule 8* contains the individual amendments to the 1998 Act to deal with the application of that Act to the GLA and the functional bodies.

235. Under section 8 of the 1998 Act an auditor is able to make a report on matters coming to his notice where it is in the public interest to do so. Where he does so in respect of a functional body he is required to send a copy to the Mayor as well as to the body. Section 8 reports are considered at a meeting of the body concerned. The public access provisions of Part VA of the Local Government Act 1972 will apply to such a meeting (and provision is made to apply that Part to Transport for London and the London Development Agency).

236. Specific provision is made for a report in respect of the GLA. The Assembly will consider the report at a meeting, which the Mayor must attend. After the meeting the Mayor will decide whether the report requires the GLA to take any action and what if any action to take. In taking his decision the Mayor must take account of any recommendations made by the Assembly. The duties imposed on the Mayor and the Assembly must be performed within four months, although an auditor may allow more time for consideration.

237. The GLA and the functional bodies will be able to request the Commission to conduct a study to promote economy, efficiency and effectiveness in the use of resources. There is also to be a provision for the Mayor to request that such a study be carried out in respect of a functional body. Before exercising this power the Mayor will consult the Assembly, the functional body and such associations of employees as appear to him appropriate. The costs of any study commissioned by the Mayor will be met by the GLA.

Chapter Vi: Miscellaneous and Supplementary Provisions

Section 136: Amendment of cross references to the Local Government Act 1999

238. The Local Government Act 1999 (which was passed before this Act) contains, or inserts into the Local Government Finance Act 1992, references to provisions of this Act which

were subsequently renumbered during its passage through Parliament. The amendments made by *section 136* and *Schedule 9* correct those references.

Section 137: *Council tax: no crown exemption for Authority or functional bodies*

239. *Section 137* makes the occupants of dwellings maintained by the GLA and its functional bodies, but used for the administration of justice, police matters or other Crown purposes, subject to council tax. It does this by amending section 19 of the Local Government Finance Act 1992.

Section 138: *No discretionary rate relief for functional bodies*

240. *Section 138* amends section 47 of the Local Government Finance Act 1988 to ensure that billing authorities could not grant discretionary rate relief on properties occupied by the functional bodies.

Section 139: *Local Loans*

241. *Section 139* amends legislation to enable the Public Works Loans Commissioners to lend money to the functional bodies.