

GREATER LONDON AUTHORITY ACT 2007

EXPLANATORY NOTES

COMMENTARY

Part 1: General Functions of the Authority

The annual budget

Sections 12 to 16: The annual budget

39. Part 3 of the GLA Act 1999 makes provision about the budget of the Authority. The Authority does not raise council tax directly from individual council taxpayers, but the 1999 Act instead requires each London borough council to raise a certain amount (the “precept”) from council taxpayers in its area. The 1999 Act sets out rules which the Authority must follow in calculating its consolidated annual budget requirement. For each constituent body, that is the Authority and each of the four functional bodies, the Authority must calculate the component budget requirement – the difference between the sum of expenditure items and the sum of income items as described in the 1999 Act. The Authority must then calculate the consolidated budget requirement by adding together the component budget requirements of each of the constituent bodies. The Mayor must present the consolidated budget in draft to the Assembly, which may amend the budget.
40. [Section 12](#) amends section 85 of the GLA Act 1999 to provide for separate component budget requirements for the Assembly and the Mayor. The Assembly’s component budget requirement is the requirement in relation to the Assembly’s functions, including in particular estimates of expenditure, allowance for contingencies and use of reserves, in respect of Assembly members and staff; goods and services procured solely for the purposes of the Assembly; and in relation to the London Transport Users’ Committee. The Mayor’s component budget requirement is everything else which would otherwise make up the Authority’s component budget requirement.
41. [Section 13](#) amends Schedule 6 to the GLA Act 1999 to include the separate component budget requirements for the Assembly and the Mayor in the procedure for determining the Authority’s consolidated budget requirement. Schedule 6 provides for the Assembly to be able to amend the draft consolidated budget, and the draft component budgets comprised in it, by a simple majority of the Assembly members voting, and the final draft consolidated budget by at least a two-thirds majority.
42. *Subsections (5) and (7)* insert into Schedule 6 new paragraphs 5A and 8A respectively, limiting the Assembly’s powers to increase its own component budget requirement by amendment. The Assembly may not amend its own component budget requirement so that its annual percentage increase is greater than the annual percentage increase in the Mayor’s component budget requirement. In order to deal with unusual one-off payments, the Authority’s Chief Finance Officer may direct that specified amounts are to be left out of the budget requirement calculations for the purpose of determining this limit. The Secretary of State may give guidance to the Chief Finance Officer with respect to his exercise of the power.

*These notes refer to the Greater London Authority Act 2007
(c.24) which received Royal Assent on 23 October 2007*

43. **Section 14** amends Schedule 7 to the GLA Act 1999 to make similar changes to the procedures for carrying out substitute budget calculations by the Authority.
44. **Section 15** provides for amounts to be designated as the component budget requirements of the Assembly and the Mayor for the financial year preceding the first financial year in which the new arrangements are to operate. The designation is needed so that the limit on the amount by which the Assembly's component budget requirement may be increased by Assembly amendments in the first year of operation of the new provisions can be calculated. *Subsection (4)* requires the Authority's Chief Finance Officer to make the designation by 31 December of the year preceding the first financial year in which the new arrangements operate. He must consult the Mayor and Assembly before making the designation.
45. Schedule 4 to the GLA Act 1999 provides for the Deputy Mayor to be able to exercise functions of the Mayor where the Mayor is unable to do so. At present this provision does not cover the Mayor's functions under Schedules 6 and 7 in relation to the setting of the Authority's budget. So if the Mayor is temporarily unavailable, the Assembly must set the budget as if the Mayor had failed to exercise his functions. Section 16 changes this by providing that the Deputy Mayor may exercise the Mayor's budget-setting functions if the Mayor is temporarily unable to act.