



# Greater London Authority Act 1999

## 1999 CHAPTER 29

### PART III

#### FINANCIAL PROVISIONS

#### CHAPTER I

#### COUNCIL TAX

#### *Different categories of dwellings*

#### **81 Amounts for different categories of dwellings**

In section 30 of the Local Government Finance Act 1992 (amounts for different categories of dwellings) there shall be added at the end—

“(10) Where the major precepting authority in question is the Greater London Authority, subsections (2)(b) and (4) above shall have effect as if the references to sections 43 to 47 below were references to the appropriate Greater London provisions.

(11) In this section, “the appropriate Greater London provisions” means—

- (a) sections 85 to 90 of the Greater London Authority Act 1999 and section 47 below; or
- (b) in the case of calculations by way of substitute, sections 85, 86 and 88 to 90 of, and Schedule 7 to, that Act and section 47 below.”

*Precepts***82 Authority to be a major precepting authority**

- (1) Section 39 of the Local Government Finance Act 1992 (precepting and precepted authorities) shall be amended as follows.
- (2) In subsection (1) (major precepting authorities) after paragraph (a) there shall be inserted—
  - “(aa) the Greater London Authority;”.
- (3) Paragraphs (e) and (f) of that subsection (which relate to the London Fire and Civil Defence Authority and the Receiver for the Metropolitan Police District) shall cease to have effect.

**83 Issue of precepts**

In section 40 of the Local Government Finance Act 1992 (issue of precepts by major precepting authorities) there shall be added at the end—

- “(9) Where the precepting authority is the Greater London Authority, this section shall have effect with the following modifications—
  - (a) in subsection (2)(a), for the reference to sections 43 to 47 below there shall be substituted a reference to the appropriate Greater London provisions;
  - (b) in subsection (3), for the reference to sections 43 to 47 below there shall be substituted a reference to the appropriate Greater London provisions;
  - (c) in subsection (6), for the reference to item T in section 44(1) below there shall be substituted a reference to item T in section 88(2) of the Greater London Authority Act 1999; and
  - (d) also in subsection (6), for the reference to item TP in section 45(3) below there shall be substituted a reference to item TP2 in section 89(4) of that Act.
- (10) In this section, “the appropriate Greater London provisions” means—
  - (a) sections 85 to 90 of the Greater London Authority Act 1999 and section 47 below; or
  - (b) in the case of calculations by way of substitute, sections 85, 86 and 88 to 90 of, and Schedule 7 to, that Act and section 47 below.”

**84 Substituted precepts**

- (1) Section 42 of the Local Government Finance Act 1992 (substitute precepts) shall be amended as follows.
- (2) In subsection (1) (duty to issue substitute precepts on making of substitute calculations under certain provisions specified in paragraph (b)) in paragraph (b), after “section 51 below” there shall be inserted “or section 95 of the Greater London Authority Act 1999”.

### *Budget requirements*

#### **85 Calculation of component and consolidated budget requirements**

- (1) Section 43 of the Local Government Finance Act 1992 shall not apply in relation to the Authority, and the following provisions of this section and section 86 below shall have effect in relation to the Authority in place of that section.
- (2) In relation to each financial year, the Authority shall make the calculations required by this section.
- (3) The Authority must, in the case of each constituent body, that is to say—
  - (a) the Authority, and
  - (b) each of the functional bodies,calculate the aggregates required by virtue of subsections (4) and (5) below.
- (4) The aggregate required by virtue of this subsection in the case of a constituent body is the aggregate of—
  - (a) the expenditure the Authority estimates the body will incur in the year in performing its functions and will charge to a revenue account for the year, other than expenditure which the Authority estimates will be so incurred in pursuance of regulations under section 99(3) of the 1988 Act;
  - (b) such allowance as the Authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year;
  - (c) the financial reserves which the Authority estimates it will be appropriate for the body to raise in the year for meeting the body's estimated future expenditure; and
  - (d) such of the body's financial reserves as are sufficient to meet so much of the amount estimated by the Authority to be a revenue account deficit of the body for any earlier financial year as has not already been provided for.
- (5) The aggregate required by virtue of this subsection in the case of a constituent body is the aggregate of—
  - (a) the sums which the Authority estimates will be payable to the body for the year and in respect of which amounts will be credited to a revenue account for the year, other than sums which the Authority estimates will be so payable—
    - (i) in respect of redistributed non-domestic rates, revenue support grant, additional grant, relevant special grant, police grant or general GLA grant;
    - (ii) in respect of any precept issued by the Authority; or
    - (iii) in pursuance of regulations under section 99(3) of the Local Government Finance Act 1988; and
  - (b) the amount of the body's financial reserves which the Authority estimates that the body will use in order to provide for the items mentioned in paragraphs (a) and (b) of subsection (4) above.
- (6) If, in the case of any constituent body, the aggregate calculated under subsection (4) above exceeds that calculated under subsection (5) above—
  - (a) the Authority must calculate the amount equal to the difference; and
  - (b) the amount so calculated shall be the body's component budget requirement for the year.

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- (7) If, in the case of any constituent body, the aggregate calculated under subsection (4) above does not exceed that calculated under subsection (5) above, the body's component budget requirement for the year shall be nil.
- (8) The Authority must also calculate the aggregate of the component budget requirements of each of the constituent bodies and that aggregate shall be the Authority's consolidated budget requirement for the year.
- (9) References in this section to expenditure incurred by a body shall be construed in accordance with section 41(3) of the Local Government and Housing Act 1989.

## **86 Provisions supplemental to section 85**

- (1) An amount must not be brought into account under subsection (4) or (5) of section 85 above in the application of the subsection in relation to the Authority as a constituent body if the amount (or an amount which represents it) falls to be brought into account under the same subsection in its application in relation to a functional body.
- (2) In estimating under subsection (4)(a) of section 85 above in the case of any constituent body other than the Metropolitan Police Authority, the Authority shall take into account the amount of any levy issued to the body for the year, but (except as provided by regulations under section 74 of the Local Government Finance Act 1988) shall not anticipate a levy not issued.
- (3) In estimating under subsection (4)(a) of section 85 above in the case of the Metropolitan Police Authority, the Authority shall take into account the amount of any levy issued to the Metropolitan Police Authority under section 17 or 62 of the Police Act 1997 (levies issued by the Service Authority for the National Criminal Intelligence Service and the Service Authority for the National Crime Squad) for the year, but (except as provided by an order under either of those sections) shall not anticipate a levy not issued.
- (4) For the purposes of subsection (4)(c) of section 85 above a body's estimated future expenditure is—
  - (a) that which the Authority estimates the body will incur in the financial year following the year in question, will charge to a revenue account for the year and will have to defray in the year before the following sums are sufficiently available, namely, sums—
    - (i) which will be payable to it for the year; and
    - (ii) in respect of which amounts will be credited to a revenue account for the year; and
  - (b) that which the Authority estimates the body will incur in the financial year referred to in paragraph (a) above or any subsequent financial year in performing its functions and which will be charged to a revenue account for that or any other year.
- (5) The Secretary of State may by regulations do one or both of the following—
  - (a) alter the constituents of any calculation to be made under subsection (4) or (5) of section 85 above (whether by adding, deleting or amending items);
  - (b) alter the rules governing the making of any calculation under subsection (4) or (5) of section 85 above (whether by deleting or amending subsections (2) to (4) above, or any of them, or by adding other provisions, or by a combination of those methods).

- (6) Subsection (9) of section 85 above applies for the purposes of this section as it applies for the purposes of that section.

## **87 Procedure for determining the budget requirements**

Schedule 6 to this Act (which contains procedural requirements for determining the component budget requirements and the consolidated budget requirement) shall have effect.

### *Calculation of tax payable*

## **88 Calculation of basic amount of tax**

- (1) Section 44 of the Local Government Finance Act 1992 shall not apply in relation to the Authority and the following provisions of this section shall have effect in relation to the Authority in place of that section.
- (2) In relation to each financial year the Authority shall calculate the basic amount of its council tax by applying the formula—

$$\frac{R - P1 - A}{T}$$

where—

R is the amount calculated (or last calculated) by the Authority under section 85(8) above as its consolidated budget requirement for the year;

P1 is the aggregate of such amounts as may be prescribed, being amounts representing the sums which the Secretary of State estimates will be payable to the Authority for the year in respect of the following items—

- (a) redistributed non-domestic rates,
- (b) revenue support grant,
- (c) general GLA grant,
- (d) additional grant, and
- (e) relevant special grant,

but in the case of each item reduced, as may be prescribed, by such amount as the Secretary of State considers represents the portion of the item which relates to defraying the special item in whole or in part;

A is the amount of the special item;

T is the aggregate of the amounts which are calculated by the billing authorities to which the Authority issues precepts (“the billing authorities concerned”) as their council tax bases for the year for their areas and are notified by them to the Authority within the prescribed period.

- (3) In the definition of P1 in subsection (2) above, “prescribed” means specified in, or determined in accordance with, either—
- (a) the appropriate report or determination, or
  - (b) regulations made by the Secretary of State,
- as the Secretary of State may determine in the case of any particular item and any particular financial year or years.

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- (4) In subsection (3)(a) above, “the appropriate report or determination” means—
- (a) in the case of an item specified in paragraph (a) or (b) of the definition of P1 in subsection (2) above, the local government finance report for the financial year in question;
  - (b) in the case of the item specified in paragraph (c) of that definition, the determination under section 100 below for the financial year in question;
  - (c) in the case of the item specified in paragraph (d) of that definition, the report under section 85 of the Local Government Finance Act 1988 relating to that item; and
  - (d) in the case of the item specified in paragraph (e) of that definition, the report under section 88B of that Act relating to that item.
- (5) The aggregate of the sums mentioned in item P1 in subsection (2) above shall be—
- (a) increased by the aggregate amount of any sums which the Authority estimates will be paid to it in the year by billing authorities in accordance with regulations under section 99(3) of the Local Government Finance Act 1988; and
  - (b) reduced by the aggregate amount of any sums which the Authority estimates will be paid by it in the year to billing authorities in accordance with such regulations.
- (6) The Secretary of State shall make regulations containing rules for making for any year the calculations required by item T in subsection (2) above; and the billing authorities concerned shall make the calculations for any year in accordance with the rules for the time being effective (as regards the year) under the regulations.
- (7) Regulations prescribing a period for the purposes of item T in subsection (2) above may provide that, in any case where a billing authority fails to notify its calculation to the precepting authority within that period, that item shall be determined in the prescribed manner by such authority or authorities as may be prescribed.
- (8) The Secretary of State may by regulations do one or both of the following—
- (a) alter the constituents of any calculation to be made under subsection (2) above (whether by adding, deleting or amending items);
  - (b) alter the rules governing the making of any calculation under subsection (2) above (whether by deleting or amending subsections (3) to (5) above, or any of them, or by adding other provisions, or by a combination of those methods).
- (9) Any negative amount given by a calculation under subsection (2) above shall be assumed to be nil for the purposes of this Chapter and Chapter IV of Part I of the Local Government Finance Act 1992.
- (10) In this section “special item” has the same meaning as it has in section 89 below (see subsection (2) of that section).

## **89 Additional calculations: special item for part of Greater London**

- (1) Section 45 of the Local Government Finance Act 1992 shall not apply in relation to the Authority, and the following provisions of this section shall have effect in relation to the Authority in place of that section.

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- (2) The following provisions of this section apply where for any financial year the item mentioned in section 90(2) below relates to a part only of Greater London; and in this section—
- (a) “special item” means that item; and
  - (b) “the relevant part”, in relation to such an item, means the part of Greater London concerned.
- (3) The Authority shall calculate the basic amount of its council tax for dwellings in any part of its area to which the special item relates by adding to the amount given by the formula in section 88(2) above the amount which, in respect of the special item, is given by the formula in subsection (4) below.
- (4) For dwellings in any part of Greater London to which the special item relates, the amount in respect of the special item is given by the formula—

S2 - P2

**TP2**

where—

S2 is the amount of the special item;

P2 is the aggregate of such amounts as may be prescribed, being amounts representing the sums which the Secretary of State estimates will be payable to the Authority for the year in respect of the following items—

- (a) police grant,
- (b) redistributed non-domestic rates,
- (c) revenue support grant,
- (d) general GLA grant,
- (e) additional grant, and
- (f) relevant special grant,

but in the case of each item restricted, as may be prescribed, to such amount (if any) as the Secretary of State considers represents the portion of the item which relates to defraying the special item in whole or in part;

TP2 is the aggregate of the amounts which are calculated by the billing authorities to which the Authority has power to issue precepts as respects the special item (“the billing authorities concerned”) as their council tax bases for the year for their areas and are notified by them to the Authority within the prescribed period.

- (5) In the definition of P2 in subsection (4) above, “prescribed” means specified in, or determined in accordance with, either—
- (a) the appropriate report or determination, or
  - (b) regulations made by the Secretary of State,
- as the Secretary of State may determine in the case of any particular item and any particular financial year or years.
- (6) In subsection (5)(a) above, “the appropriate report or determination” means—
- (a) in the case of the item specified in paragraph (a) of the definition of P2 in subsection (4) above, the police grant report under section 46(3) of the Police Act 1996 for the financial year in question;

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- (b) in the case of an item specified in paragraph (b) or (c) of that definition, the local government finance report for the financial year in question;
  - (c) in the case of the item specified in paragraph (d) of that definition, the determination under section 100 below for the financial year in question;
  - (d) in the case of the item specified in paragraph (e) of that definition, the report under section 85 of the Local Government Finance Act 1988 relating to that item; and
  - (e) in the case of the item specified in paragraph (f) of that definition, the report under section 88B of that Act relating to that item.
- (7) Subsections (6) and (7) of section 88 above, and any regulations made under or by virtue of either of those subsections, shall have effect in relation to the calculation of TP2 in subsection (4) above as they have effect in relation to the calculation of T in subsection (2) of that section.
- (8) Any negative amount given by a calculation under this section shall be assumed to be nil for the purposes of this Chapter and Chapter IV of Part I of the Local Government Finance Act 1992.
- (9) The Secretary of State may by regulations do one or both of the following—
- (a) alter the constituents of any calculation to be made under or by virtue of subsection (3) above (whether by adding, deleting or amending items);
  - (b) alter the rules governing the making of any calculation under or by virtue of that subsection (whether by deleting or amending subsections (3) to (8) above, or any of them, or by adding other provisions, or by a combination of those methods).

## **90 The special item for the purposes of section 89**

- (1) The item referred to in section 89(2) above is the special expense of the Metropolitan Police Authority.
- (2) For the purposes of subsection (1) above, the special expense of the Metropolitan Police Authority is the difference between—
- (a) the aggregate calculated (or last calculated) under subsection (4) of section 85 above in relation to the Metropolitan Police Authority, and
  - (b) the amount calculated (or last calculated) under subsection (5) of that section in relation to that Authority,
- unless the aggregate referred to in paragraph (a) above does not exceed the aggregate referred to in paragraph (b) above, in which case the special expense is nil.
- (3) For the purposes of section 89 above, the special item relates to the part of Greater London which consists of the metropolitan police district.

## **91 Special items: amendments of section 46 of the 1992 Act**

- (1) Section 46 of the Local Government Finance Act 1992 (special items for the purposes of section 45 of that Act) shall be amended as follows.
- (2) In subsection (2) (special expenses) paragraph (d) (which relates to inner London etc) shall cease to have effect.



(3) In subsection (3) (areas to which special expenses relate) paragraph (d) (which relates to inner London etc) shall cease to have effect.

(4) In subsection (4) (interpretation)—

(a) the definition of “inner London area”, and

(b) the words from “and any reference” to the end of the subsection (which relate to parts of Greater London),

shall cease to have effect.

## **92 Calculation of tax for different valuation bands**

(1) Section 47 of the Local Government Finance Act 1992 (calculation of tax for different valuation bands) shall be amended as follows.

(2) After subsection (1) (which contains a formula and definitions of the terms used in the formula) there shall be inserted—

“(1A) Where the precepting authority is the Greater London Authority, subsection (1) above shall have effect with the substitution of the following definition for the definition of A—

“A is the amount calculated (or last calculated) by the Greater London Authority for that year under section 88(2) of the Greater London Authority Act 1999 or, where section 89 of that Act applies, the amount calculated (or last calculated) by it for that year under subsection (3) of that section in relation to that category of dwellings;”

(3) After subsection (2) there shall be inserted—

“(3) Where the precepting authority is the Greater London Authority, subsection (2) above shall have effect with the substitution for the reference to section 45 above of a reference to section 89 of the Greater London Authority Act 1999”.

## **93 Calculation of amount payable by each billing authority**

(1) Section 48 of the Local Government Finance Act 1992 (calculation of amount payable by each billing authority) shall be amended as follows.

(2) In subsection (1) there shall be added at the end “; and—

(a) subsection (1A) below applies in relation to a precept issued by the Greater London Authority; and

(b) subsections (2) to (6) below apply in relation to a precept issued otherwise than by the Greater London Authority.”

(3) After subsection (1) there shall be inserted—

“(1A) Where an amount calculated (or last calculated) for the year under section 88(2) or 89(3) of the Greater London Authority Act 1999 applies to dwellings in the billing authority’s area, the amount payable by that authority shall be calculated by applying the formula—

$C \times T$

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where—

C is the amount so calculated; and

T is the amount which, in relation to the billing authority, is determined for item T in section 33(1) above.”

*Substitute calculations etc.*

#### **94 Substitute calculations under section 49 of the 1992 Act**

(1) Section 49 of the Local Government Finance Act 1992 (substitute calculations) shall be amended as follows.

(2) For subsection (1) (power to make substitute calculations) there shall be substituted—

“(1) A major precepting authority which has made calculations in relation to a financial year in accordance with—

- (a) sections 43 to 48 above (originally or by way of substitute),
- (b) sections 85 to 90 of the Greater London Authority Act 1999 and sections 47 and 48 above, or
- (c) sections 85, 86 and 88 to 90 of, and Schedule 7 to, that Act and sections 47 and 48 above (by way of substitute),

may make calculations in substitution in relation to the year in accordance with the relevant provisions.

(1A) For the purposes of subsection (1) above, the relevant provisions are—

- (a) in a case falling within paragraph (a), the provisions specified in that paragraph; and
- (b) in a case falling within paragraph (b) or (c), the provisions specified in paragraph (c).”

(3) In subsection (2) (cases where substitute calculations do not have effect)—

- (a) at the beginning of paragraph (a) there shall be inserted “in the case of a major precepting authority other than the Greater London Authority,”; and
- (b) after paragraph (a) there shall be inserted—

“(aa) in a case where the major precepting authority is the Greater London Authority—

- (i) the amount of any component budget requirement calculated under subsections (4) to (7) of section 85 of the Greater London Authority Act 1999,
- (ii) the amount calculated under subsection (8) of that section, or
- (iii) any amount calculated under section 88(2) or 89(3) of that Act as the basic amount of council tax applicable to any dwelling,

would exceed that so calculated in the previous calculations; or”.

- (c) in paragraph (b), after “fails to comply with subsection (3)” there shall be inserted “or (3A)”.

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(4) After subsection (3) (requirement to use previous values of T and TP) there shall be inserted—

“(3A) In making substitute calculations under section 88(2) or 89(3) of the Greater London Authority Act 1999, the authority must use any amount determined in the previous calculations for item P1 or T in section 88(2) of that Act or for item P2 or item TP2 in section 89(4) of that Act.”

(5) After subsection (4) (permitted increases for the purposes of subsection (3)) there shall be inserted—

“(4A) For the purposes of subsection (3A) above, the authority may treat any amount determined in the previous calculations—

(a) for item P1 in section 88(2) of the Greater London Authority Act 1999, or

(b) for item P2 in section 89(4) of that Act,

as increased by the relevant portion of any new additional grant.

(4B) For the purposes of subsection (4A) above, “the relevant portion of any new additional grant” means the amount of any additional grant payable to the authority for the year which was not taken into account by the authority in making the previous calculations, but—

(a) in the case of item P1, reduced, as may be prescribed, by such sum as the Secretary of State considers represents the portion of the amount which relates to defraying the special item in whole or in part; and

(b) in the case of item P2, restricted, as may be prescribed, to such sum as the Secretary of State considers represents the portion of the amount which relates to defraying the special item in whole or in part;

and “special item” has the same meaning in this subsection as in sections 88 and 89 of the Greater London Authority Act 1999 (see section 89(2) of that Act).

(4C) In subsection (4B) above, “prescribed” means specified in, or determined in accordance with, either—

(a) the report under section 85 of the Local Government Finance Act 1988 relating to the amount of additional grant in question, or

(b) regulations made by the Secretary of State under section 88(3)(b) of the Greater London Authority Act 1999 (in relation to item P1) or under section 89(5)(b) of that Act (in relation to item P2),

as the Secretary of State may determine for the purposes of paragraph (a) or (b) of that subsection and any particular financial year or years.”

(6) After subsection (5) (cases where previous calculations quashed for non-compliance with sections 43 to 48) there shall be inserted—

“(6) Subsections (2) and (3A) above shall not apply if the previous calculations have been quashed because of a failure to comply with the appropriate Greater London provisions in making the calculations.

(7) For the purposes of subsection (6) above, “the appropriate Greater London provisions” means—

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- (a) in the case of calculations required to be made in accordance with sections 85 to 90 of the Greater London Authority Act 1999 and sections 47 and 48 above, those provisions; and
- (b) in the case of calculations required to be made in accordance with sections 85, 86 and 88 to 90 of, and Schedule 7 to, that Act and sections 47 and 48 above, those provisions.

(8) Where the major precepting authority is the Greater London Authority, any substitute calculations under this section shall be made in accordance with Schedule 7 to the Greater London Authority Act 1999.”

## **95 Minimum budget for Metropolitan Police Authority**

- (1) This section applies where the Authority—
- (a) has made calculations in relation to a financial year in accordance with sections 85 to 90 above and sections 47 and 48 of the Local Government Finance Act 1992, or
  - (b) has made substitute calculations in relation to a financial year in accordance with sections 85, 86 and 88 to 90 above and Schedule 7 to this Act and sections 47 and 48 of that Act,
- but it appears to the Secretary of State that the Metropolitan Police Authority, in order to restore or maintain an efficient and effective police force for its area, requires a greater component budget requirement than that previously calculated under section 85 above.
- (2) Where this section applies, the Secretary of State may direct the Authority that there must be a component budget requirement for the Metropolitan Police Authority for the year which is not less than such amount as may be specified in the direction.
- (3) The amount specified in a direction under subsection (2) above shall be that which the Secretary of State considers the minimum necessary in order for the Metropolitan Police Authority to restore or maintain an efficient and effective police force for its area.
- (4) Where a direction is given under this section, the Authority shall make calculations in substitution in relation to that year under subsections (4) to (7) of section 85 above in relation to—
- (a) the Metropolitan Police Authority alone; or
  - (b) the Metropolitan Police Authority and one or more other constituent bodies.
- (5) If the result of the substitute calculations is such that—
- (a) there is an increase in the Authority’s consolidated budget requirement for the year, or
  - (b) there is no such increase, but the results of calculations in substitution made in accordance with sections 85, 86 and 88 to 90 above and Schedule 7 to this Act and sections 47 and 48 of the Local Government Finance Act 1992 would be different from the last relevant calculations in relation to the year,
- the Authority shall make calculations in substitution in relation to the year in accordance with those provisions.
- (6) In subsection (5) above, “the last relevant calculations” means the last calculations made by the Authority in relation to the year in accordance with—

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- (a) sections 85 to 90 above and sections 47 and 48 of the Local Government Finance Act 1992, or
  - (b) sections 85, 86 and 88 to 90 above and Schedule 7 to this Act and sections 47 and 48 of that Act.
- (7) None of the substitute calculations shall have any effect if—
- (a) the amount calculated under section 85(6) or (7) above for the Metropolitan Police Authority is not in compliance with the direction; or
  - (b) there is an increase in the Authority’s consolidated budget requirement for the year (as last calculated) which exceeds the minimum increase required to be made to the component budget requirement for the Metropolitan Police Authority (as last calculated for the year) to comply with the direction under subsection (2) above; or
  - (c) in making substitute calculations under section 88(2) or 89(3) above, the Authority fails to comply with subsection (8) below.
- (8) In making substitute calculations under section 88(2) or 89(3) above, the Authority must use any amount determined in the previous calculations for item P1 or T in section 88(2) above or for item P2 or item TP2 in section 89(4) above.
- (9) For the purposes of subsection (8) above, the Authority may treat any amount determined in the previous calculations for item P1 in section 88(2) above or item P2 in section 89(4) above as increased by the relevant portion of any new additional grant.
- (10) For the purposes of subsection (9) above, “the relevant portion of any new additional grant” means the amount of any additional grant payable to the Authority for the year which was not taken into account by the Authority in making the previous calculations, but—
- (a) in the case of item P1, reduced, as may be prescribed, by such sum as the Secretary of State considers represents the portion of the amount which relates to defraying the special item in whole or in part; and
  - (b) in the case of item P2, restricted, as may be prescribed, to such sum as the Secretary of State considers represents the portion of the amount which relates to defraying the special item in whole or in part;
- and “special item” has the same meaning in this subsection as in sections 88 and 89 above (see section 89(2)).
- (11) In subsection (10) above, “prescribed” means specified in, or determined in accordance with, either—
- (a) the report under section 85 of the Local Government Finance Act 1988 relating to the amount of additional grant in question, or
  - (b) regulations made by the Secretary of State under section 88(3)(b) above (in relation to item P1) or under section 89(5)(b) above (in relation to item P2), as the Secretary of State may determine for the purposes of paragraph (a) or (b) of that subsection and any particular financial year or years.
- (12) Subsections (7)(c) and (8) above shall not apply if the previous calculations have been quashed because of a failure to comply with the appropriate Greater London provisions in making the calculations.
- (13) For the purposes of subsection (12) above, “the appropriate Greater London provisions” means—

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- (a) in the case of calculations required to be made in accordance with sections 85 to 90 above and sections 47 and 48 of the Local Government Finance Act 1992, those provisions; and
- (b) in the case of calculations required to be made in accordance with sections 85, 86 and 88 to 90 above and Schedule 7 to this Act and sections 47 and 48 of that Act, those provisions.

(14) Any substitute calculations under this section shall be made in accordance with Schedule 7 to this Act.

## **96 Provisions supplemental to section 95**

- (1) The Authority must—
  - (a) make the substitute calculations required by section 95 above, and
  - (b) where applicable, issue any precepts in substitution required in consequence under section 42 of the Local Government Finance Act 1992, before the end of the period of 35 days beginning with the day on which it receives the direction under section 95 above.
- (2) If the Authority fails to comply with the requirements mentioned in paragraph (a) or (b) of subsection (1) above within the period mentioned in that subsection, any authority to which it has power to issue a precept shall have no power during the period of restriction to pay anything in respect of a precept issued by the Authority for the year.
- (3) For the purposes of subsection (2) above, the “period of restriction” is the period which—
  - (a) begins at the end of the period mentioned in subsection (1) above; and
  - (b) ends at the time (if any) when the Authority complies with the requirements mentioned in paragraphs (a) and (b) of subsection (1) above.
- (4) The following provisions of this section apply in relation to substitute calculations other than those made pursuant to section 95 above.
- (5) Subject to variation or revocation, a direction under section 95 above shall have effect in relation to any substitute calculations made under any enactment by the Authority—
  - (a) in accordance with sections 85, 86 and 88 to 90 above and Schedule 7 to this Act and sections 47 and 48 of the Local Government Finance Act 1992;
  - (b) in relation to the year to which the direction relates; and
  - (c) at any time after the giving of the direction.
- (6) Where a direction under section 95 above has effect in relation to any substitute calculations by virtue of subsection (5) above, none of the calculations shall have any effect if the amount calculated under section 85(6) above for the Metropolitan Police Authority is not in compliance with the direction.

## **97 Emergencies and disasters**

- (1) Where—
  - (a) the Authority has made calculations in accordance with subsections (4) to (7) of section 85 above (whether originally or by way of substitute), and

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- (b) the Mayor is of the opinion that, because of an emergency or disaster involving destruction of or danger to life or property, it is appropriate to recalculate any component budget requirements,  
the Authority may make calculations in substitution in relation to the year in accordance with those subsections.
- (2) None of the substitute calculations shall have any effect if they involve—
- (a) any change in the sums paid or to be paid to any of the functional bodies otherwise than out of the aggregate specified in subsection (2) of section 102 below; or
- (b) any change in the Authority’s consolidated budget requirement for the year.
- (3) Any substitute calculations under this section shall be made in accordance with Schedule 7 to this Act.

## **98 Procedure for making substitute calculations**

Schedule 7 to this Act (which contains procedural requirements for the making of substitute calculations by the Authority) shall have effect.

### *Supplementary*

## **99 Interpretation of Chapter I**

In this Part—

- “component budget requirement” has the meaning given in section 85(6) above;
- “consolidated budget requirement” has the meaning given in section 85(8) above;
- “constituent body” has the meaning given in section 85(3) above;
- “local government finance report” means such a report under section 78A of the Local Government Finance Act 1988;
- “police grant” has the meaning given by section 32(12) of the Local Government Finance Act 1992;
- “relevant special grant” has the meaning given by section 32(12) of the Local Government Finance Act 1992.

## **CHAPTER II**

### **GRANTS AND REDISTRIBUTED NON-DOMESTIC RATES**

#### *Grants*

## **100 General GLA grant**

- (1) For each financial year, the Secretary of State shall pay a grant (to be called “general GLA grant”) to the Authority.
- (2) The grant shall be paid for the purposes of the Authority and the functional bodies.

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- (3) For each financial year the Secretary of State shall make a determination under this section.
- (4) A determination shall state the amount of the grant for the year.
- (5) Before making a determination, the Secretary of State shall consult the Mayor.
- (6) The grant shall be paid in such instalments or such amounts and at such times as the Secretary of State may, with the Treasury's consent, determine.

### **101 GLA transport grant**

- (1) For each financial year, the Secretary of State shall pay a grant (to be called "GLA transport grant") to the Authority.
- (2) The grant shall be paid for the purposes of Transport for London.
- (3) For each financial year the Secretary of State, after consultation with the Mayor, shall make a determination stating the amount of the grant for the year.
- (4) The grant shall be paid in such instalments or such amounts and at such times as the Secretary of State may, with the Treasury's consent, determine.
- (5) The amount of the grant, or any terms relating to payment of the grant, may be varied from time to time by the Secretary of State after consultation with the Mayor.

*Distribution of grants etc.*

### **102 Mayor to distribute grants etc between Authority and functional bodies**

- (1) For each financial year, it shall be the duty of the Authority to pay to each functional body, out of the aggregate specified in subsection (2) below, the amount required by the body out of that aggregate in accordance with the calculations (or last calculations) under section 85(4) to (7) of this Act.
- (2) The aggregate mentioned in subsection (1) above is the aggregate of the sums received by the Authority for the financial year in respect of—
  - (a) revenue support grant;
  - (b) additional grant;
  - (c) relevant special grant;
  - (d) general GLA grant;
  - (e) redistributed non-domestic rates;
  - (f) any precept issued by the Authority; and
  - (g) payments to the Authority by billing authorities in accordance with regulations under section 99(3) of the Local Government Finance Act 1988.
- (3) The payments required by subsection (1) above shall be made by instalments during the financial year in question.
- (4) The instalments to be paid under subsection (3) above to a functional body shall be payments of such amounts, and shall be payable at such times, as will enable the body to meet its budgeted expenditure for the year as it falls due.



- (5) It shall be the duty of the Authority to pay instalments under subsection (3) above punctually.
- (6) In the application of subsection (4) above in relation to a functional body, “budgeted expenditure” means expenditure which, in accordance with the calculations (or last calculations) made under section 85(4) to (7) above, the body is to meet out of payments by way of instalments under this section.
- (7) If an overpayment is made to a functional body in respect of the sums payable to it by virtue of this section, the functional body shall, in accordance with any directions given to it for the purpose by the Mayor, make at such times and in such manner as may be specified in the directions such payments to the Authority by way of repayment as may be so specified.
- (8) In this section “relevant special grant” has the meaning given by section 32(12) of the Local Government Finance Act 1992.

### **103 Authority’s duty to account to functional bodies for their grants**

- (1) Where the Authority receives any grant or other payment made only for the purposes, or particular purposes, of a functional body, the Authority shall forthwith account for the grant or other payment to the functional body concerned and pay it over to that body.
- (2) Subsection (1) above does not apply in relation to any sum received in respect of an item which falls within any of the paragraphs of subsection (2) of section 102 above.

## **CHAPTER III**

### **EMERGENCY FINANCIAL ASSISTANCE, FUNDS AND MISCELLANEOUS MATTERS**

### **104 Emergency financial assistance**

- (1) Section 155 of the Local Government and Housing Act 1989 (emergency financial assistance to local authorities) shall be amended as follows.
- (2) After subsection (1) (local authority incurring expenditure as result of emergency or disaster) there shall be inserted—

“(1A) Expenditure incurred as mentioned in subsection (1) above by—

- (a) the London Fire and Emergency Planning Authority,
- (b) the Metropolitan Police Authority, or
- (c) Transport for London, in respect of places or areas within Greater London,

shall be treated for the purposes of this section as expenditure so incurred by the Greater London Authority (and, accordingly, as so incurred by a local authority).

- (1B) To the extent that any financial assistance given to the Greater London Authority under this section is referable to expenditure incurred by a body mentioned in paragraph (a), (b) or (c) of subsection (1A) above, the financial assistance shall be treated for the purposes of section 103 of the Greater

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London Authority Act 1999 as a payment made to the Greater London Authority for the purposes of that body.”

(3) In subsection (4) (local authorities in England and Wales to which the section applies)

- (a) after paragraph (b) there shall be inserted—
  - “(bb) the Greater London Authority;”;
- (b) at the end of paragraph (eb) there shall be inserted “or”; and
- (c) paragraph (f) (Receiver for the Metropolitan Police District) shall cease to have effect.

### **105 Component budgets: anticipation of certain levies**

(1) Section 74 of the Local Government Finance Act 1988 (levies) shall be amended as follows.

(2) In subsection (4) (which enables regulations to include provision permitting anticipation of levies under the section in the making of certain calculations) after paragraph (b) there shall be inserted—

- “(bb) that the Greater London Authority in making calculations in accordance with sections 85 and 86 of the Greater London Authority Act 1999 (originally or by way of substitute) in the case of any constituent body (within the meaning of those sections), except the Metropolitan Police Authority (for which separate provision is made), may anticipate a levy;”.

### **106 The Authority’s general fund**

(1) Section 91 of the Local Government Finance Act 1988 (general funds) shall be amended as follows.

(2) In subsection (1) (which specifies the relevant authorities) after paragraph (aa) there shall be inserted—

- “(ab) the Greater London Authority,”.

(3) In subsection (3) (general fund to be established on 1 April 1990, subject to subsection (3A)) for “subsection (3A)” there shall be substituted “subsections (3A) and (3C)”.

(4) After subsection (3B) there shall be inserted—

- “(3C) In the case of the Greater London Authority, the general fund must be established on a date specified in regulations.”

(5) In section 143 of the Local Government Finance Act 1988 (regulations and orders) in subsection (5) (exceptions from Parliamentary procedure) after “regulations under section 75” there shall be inserted “, 91(3C)”.

### **107 Judicial review**

(1) Section 66 of the Local Government Finance Act 1992 (matters which are not to be questioned except on judicial review) shall be amended as follows.

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(2) In subsection (2) (which specifies the matters) after paragraph (c) there shall be inserted—

- “(cc) a calculation made in accordance with any of sections 85 to 90 of the Greater London Authority Act 1999;
- (cd) a substitute calculation made in accordance with any of sections 85, 86 and 88 to 90 of, and Schedule 7 to, that Act;”.

## **108 Functions to be discharged only by certain authorities**

(1) Section 67 of the Local Government Finance Act 1992 (functions to be discharged only by the authority) shall be amended as follows.

(2) In subsection (1) (functions to be discharged only by authority, subject to subsection (3)) for “subsection (3)” there shall be substituted “subsections (3) and (3A)”.

(3) In subsection (2) (which specifies the functions) after paragraph (b) there shall be inserted—

- “(bb) making a calculation in accordance with any of sections 85 to 90 of the Greater London Authority Act 1999;
- (bc) making a substitute calculation in accordance with any of sections 85, 86 and 88 to 90 of, and Schedule 7 to, that Act;”.

(4) In subsection (3) (functions which may be exercised by a committee) at the beginning there shall be inserted “Subject to subsection (3B) below,”.

(5) After subsection (3) there shall be inserted—

“(3A) In the case of the Greater London Authority, the functions mentioned in subsection (2) above shall be discharged on behalf of the Authority in accordance with the provisions of the Greater London Authority Act 1999 but only by the Mayor of London, the London Assembly or the Mayor and Assembly acting jointly.

(3B) Subsection (3) above does not apply in relation to the Greater London Authority, but where Schedule 6 to the Greater London Authority Act 1999 makes provision enabling a function to be discharged by a committee or other representatives of the London Assembly, the function may be discharged by such a committee or representatives in accordance with the provisions of that Schedule.”

## **109 Information**

(1) In section 168 of the Local Government Act 1972 (local financial returns) in subsection (5) (which defines local authority for the purposes of the section) the word “and” at the end of paragraph (b) shall be omitted and after paragraph (c) there shall be added “; and

- (d) a functional body, within the meaning of the Greater London Authority Act 1999.”

(2) In section 139A of the Local Government Finance Act 1988 (information) in subsection (5) (which defines the relevant authorities) after paragraph (b) there shall be inserted—

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- “(c) a functional body, within the meaning of the Greater London Authority Act 1999.”
- (3) Section 68 of the Local Government Finance Act 1992 (information required for purposes of Part I of that Act by Secretary of State from relevant authority or relevant officer) shall be amended as follows.
  - (4) In subsection (1)(b), after “this Part” there shall be inserted “or Part III of the Greater London Authority Act 1999”.
  - (5) In subsection (3) (failure of authority or officer to comply) after “this Part” there shall be inserted “or Part III of the Greater London Authority Act 1999”.
  - (6) In subsection (5), in the definition of “relevant authority” after “means” there shall be inserted “(a)” and after “precepting authority;” there shall be inserted “or
    - (b) a functional body, within the meaning of the Greater London Authority Act 1999) (see section 424(1) of that Act);”.

#### **110 Provision of information by functional bodies to Mayor or Assembly**

- (1) A functional body shall, at the request of the Mayor or the Assembly, provide the Authority with such information relating to the financial affairs of the body as may be specified or described in the request.
- (2) The information shall be provided in such form and manner, and within such time, as may be specified in the request.
- (3) The information that may be requested under subsection (1) above is such information as may be required for the purpose of any functions exercisable by the Mayor or the Assembly.
- (4) The information that may be requested under subsection (1) above from a functional body includes—
  - (a) information which the body has or can reasonably obtain; and
  - (b) information about the body’s plans or proposals relating to the finances or expenditure of the body or of any company in which the body has an interest.

### **CHAPTER IV**

#### **REVENUE ACCOUNTS AND CAPITAL FINANCE**

##### *Application of Part IV of Local Government and Housing Act 1989*

#### **111 Part IV of 1989 Act to apply to Authority and functional bodies**

- (1) Section 39 of the Local Government and Housing Act 1989 (application of Part IV) shall be amended as follows.
- (2) In subsection (1) (which specifies the authorities with respect to whose finances the Part applies) after paragraph (b) there shall be inserted—
  - “(bb) the Greater London Authority;
  - (bc) a functional body, within the meaning of the Greater London Authority Act 1999;”.

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- (3) In consequence of the amendment made by subsection (2) above, in subsection (1) the paragraph (bb) inserted after paragraph (a) by paragraph 88 of Schedule 16 to the Local Government (Wales) Act 1994 (county borough council) shall become paragraph (aa).
- (4) In subsection (3) (bodies which may be prescribed by regulations under subsection (1) (k)) at the end of paragraph (c) there shall be inserted “or”.

#### *Credit approvals*

### **112 Provisions to be in place of sections 53 to 55 of 1989 Act**

- (1) Sections 53 to 55 of the Local Government and Housing Act 1989 (basic and supplementary credit approvals and the criteria for issuing them) shall not apply in relation to the Authority or any of the functional bodies.
- (2) Sections 113 to 117 below shall apply in relation to the Authority and the functional bodies in place of the provisions mentioned in subsection (1) above.

### **113 Aggregate credit approval for Authority and functional bodies**

- (1) Before the beginning of each financial year the Secretary of State shall issue to the Mayor, in the form of a notice in writing, a credit approval with respect to the credit arrangements and expenditure for capital purposes during that year of the Authority and each of the functional bodies.
- (2) The Secretary of State shall send to each of the functional bodies a copy of any credit approval issued under this section.
- (3) A credit approval issued under this section (an “aggregate credit approval”) may be nil but, subject to that, shall consist of such number of specified amounts of money, for such authorities or purposes, as the Secretary of State may determine.
- (4) Each amount so determined and specified by the Secretary of State must be an amount of a category described in subsection (5) below.
- (5) For the purposes of this Chapter—
  - (a) a category A amount is an amount for a specified authority with respect to the authority’s credit arrangements and expenditure for capital purposes during the financial year for which the approval is given;
  - (b) a category B amount is an amount for a specified authority with respect to the authority’s credit arrangements and expenditure for capital purposes of one or more specified descriptions during that year;
  - (c) a category C amount is an amount with respect to credit arrangements and expenditure for capital purposes during that year for allocation by the Mayor to such one or more of the authorities, and in such proportions, as he may see fit, and for such purposes consisting of or comprised within those purposes as he may state in the notice of an allocation;
  - (d) a category D amount is an amount with respect to credit arrangements and expenditure for capital purposes of one or more specified descriptions during that year for allocation by the Mayor to such one or more of the authorities, and in such proportions, as he may see fit, and for such purposes consisting of or comprised within those purposes as he may state in the notice of an allocation.

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(6) In this section—

“authority” means the Authority or any of the functional bodies;

“specified” means specified by the Secretary of State in the approval.

#### **114 Additional credit approval**

- (1) Any Minister of the Crown may at any time issue to the Mayor, in the form of a notice in writing, a credit approval with respect to credit arrangements and expenditure for capital purposes.
- (2) A credit approval issued under this section (an “additional credit approval”) shall have effect for such period as is specified in the approval.
- (3) Where an additional credit approval is issued not more than six months after the end of a financial year, the period specified under subsection (2) above may be one which begins, or begins and ends, at any time during that financial year.
- (4) Subsections (2) to (6) of section 113 above shall apply in relation to an additional credit approval as they apply in relation to an aggregate credit approval, but taking—
  - (a) any reference to the Secretary of State as a reference to the Minister of the Crown issuing the approval, and
  - (b) any reference to the financial year for which the approval is given as a reference to the period for which the approval has effect.

#### **115 Notification of category C or D allocations**

- (1) Where the Mayor makes an allocation from a category C or D amount—
  - (a) under an aggregate credit approval, to the Authority, or
  - (b) under an additional credit approval, to the Authority or a functional body,
 he shall give notice of the allocation to each of the functional bodies.
- (2) Where the Mayor makes an allocation to a functional body from a category C or D amount under an aggregate credit approval, notice of the allocation shall be given to each of the functional bodies by including a statement of the amount so allocated (together with a statement of the purposes for which the amount is allocated) in section B of the capital spending plan, pursuant to section 122(4)(d) below.
- (3) In the other provisions of this Chapter, any reference to notice of an allocation from a category C or D amount is a reference to the notice of the allocation given in accordance with subsection (1) or (2) above.

#### **116 Amortisation**

- (1) Where regulations made by the Secretary of State so require, an aggregate credit approval or an additional credit approval shall specify, directly or by reference to tables or other documents specified in the approval, an amortisation period.
- (2) In this section “amortisation period” means a period during which a relevant authority is required to set aside, from a revenue account, as provision to meet credit liabilities, such amounts as may be appropriately determined.
- (3) If regulations under subsection (1) above so provide, an aggregate credit approval or an additional credit approval may specify—

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- (a) different amortisation periods in relation to the use of the approval in respect of credit arrangements and expenditure for capital purposes of different descriptions; or
  - (b) different amortisation periods in relation to different amounts specified in the approval.
- (4) Subsection (1) above does not apply in relation to a category B credit approval issued in respect of expenditure which is treated as expenditure for capital purposes of a relevant authority by virtue only of directions under section 40(6) of the Local Government and Housing Act 1989.
- (5) But the Secretary of State or other Minister issuing a category B credit approval may specify in the approval, directly or by reference to tables or other documents specified in the approval, an amortisation period in respect of such expenditure as is mentioned in subsection (4) above.
- (6) In subsection (2) above, “appropriately determined” means—
- (a) in its application for the purposes of subsection (1) above, determined in accordance with regulations under that subsection; and
  - (b) in its application for the purposes of subsection (5) above, determined in accordance with the approval.
- (7) In this section—
- “category B credit approval” means an aggregate credit approval or an additional credit approval to the extent that the approval consists of a category B amount;
- “relevant authority”, in the case of any credit approval, means an authority—
- (a) for which a category A or B amount is specified in the approval, or
  - (b) to which a category C or D amount is allocated under the approval.

## **117 Criteria for issuing credit approvals**

- (1) In determining any amount to be specified in an aggregate credit approval or an additional credit approval, the Secretary of State or other Minister may have regard, subject to the following provisions of this section, to such factors as appear to him to be appropriate.
- (2) Without prejudice to the generality of subsection (1) above, the Secretary of State or other Minister may, in particular, have regard—
- (a) to the amount of any grants or contributions which it appears to him that a relevant authority has received and is likely to receive from any person in respect of expenditure incurred by the authority or to be incurred by the authority before the expiry of the period for which the credit approval is to have effect; and
  - (b) subject to subsection (3) below, to the amount of capital receipts which it appears to him that any relevant authority has received, might reasonably be expected to have received or to receive or is likely to receive before the expiry of the period for which the credit approval is to have effect.
- (3) In determining any amount to be specified in an aggregate credit approval or an additional credit approval, the Secretary of State or other Minister shall not take account of capital receipts—

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- (a) to the extent that a relevant authority is required to set aside the receipts as provision for credit liabilities;
  - (b) to the extent that they are received as mentioned in subsection (7) of section 59 of the Local Government and Housing Act 1989; or
  - (c) to the extent that their amount falls to be treated as reduced for any purpose under subsection (8) or (9) of that section.
- (4) In determining any amount to be specified in the aggregate credit approval or in an additional credit approval to be issued to the Mayor in any financial year, the Secretary of State or other Minister shall not take account of the extent to which it appears to him that any relevant authority is, or is likely to be, in a position to finance expenditure for capital purposes from a revenue account.
- (5) In this section “relevant authority”, in the case of any credit approval, means—
- (a) as respects a category A or B amount, the authority for which the amount is to be specified, and
  - (b) as respects a category C or D amount, any authority to which an allocation from that amount may be made by the Mayor in accordance with the approval.

#### **118 Part IV of 1989 Act and credit approvals under this Chapter**

- (1) Where a category A or B amount is specified for an authority in an aggregate credit approval or an additional credit approval, so much of the approval as relates to that amount shall be treated for the purposes of Part IV of the Local Government and Housing Act 1989 (other than sections 53 to 55) as a credit approval issued to that authority under that Part.
- (2) Where an allocation from a category C or D amount specified in an aggregate credit approval or an additional credit approval is made by the Mayor—
- (a) to the Authority, or
  - (b) to a functional body,
- the notice of the allocation (read with so much of the credit approval as relates to the allocation) shall be treated for the purposes of Part IV of the Local Government and Housing Act 1989 (other than sections 53 to 55) as a credit approval issued under that Part to the Authority or, as the case may be, to the functional body.
- (3) Section 56 of the Local Government and Housing Act 1989 (use of basic credit approvals and supplementary credit approvals) shall apply in relation to a credit approval treated by virtue of subsection (1) or (2) above as issued under Part IV of that Act as it applies in relation to a basic credit approval or a supplementary credit approval.
- (4) Any reference in this Chapter to the use of an aggregate credit approval or an additional credit approval is a reference to the use, under Part IV of the Local Government and Housing Act 1989 or any other enactment, of any credit approvals treated as issued under that Part by virtue of the application of subsection (1) or (2) above in relation to the aggregate credit approval or, as the case may be, the additional credit approval (and related expressions shall be construed accordingly).



### *Capital receipts and mutual grants*

#### **119 Power to redistribute capital receipts of functional bodies**

- (1) The Secretary of State may make regulations for and in connection with conferring on the Mayor power to direct any functional body to pay to the Authority such percentage as may be specified in the direction of so much of the usable part of the body's capital receipts as may be so specified.
- (2) The power conferred on the Mayor must be exercisable only for the purpose of enabling the amount paid under such a direction (the "relevant amount") to be applied towards meeting expenditure for capital purposes of another functional body or of the Authority ("the assisted body").
- (3) The provision that may be made by regulations under subsection (1) above includes provision—
  - (a) with respect to the percentage or maximum percentage that may be specified in a direction;
  - (b) with respect to the portion of the usable part of a functional body's capital receipts in respect of which a direction may be issued;
  - (c) requiring a direction to be complied with before the expiration of a prescribed period;
  - (d) requiring the Mayor, within such time or in such manner as may be prescribed, to notify the functional bodies of decisions taken with respect to the exercise of powers conferred by the regulations;
  - (e) for and in connection with enabling the Mayor to permit the relevant amount to be applied towards meeting expenditure for capital purposes of the assisted body generally or to require it to be applied towards meeting only such expenditure of a particular description;
  - (f) for and in connection with treating the whole or a prescribed part of the relevant amount as added to the usable part of the capital receipts of the assisted body, for the purposes of Part IV of the Local Government and Housing Act 1989;
  - (g) for and in connection with requiring an assisted body to apply the relevant amount only for the purposes for which it was paid to the body.
- (4) In this section "prescribed" means prescribed by regulations.

#### **120 Capital grants between Authority and functional bodies**

- (1) The Authority may pay grants towards meeting expenditure for capital purposes incurred or to be incurred by a functional body for the purposes of, or in connection with, the discharge of the functions of that body.
- (2) A functional body may, with the consent of the Mayor, pay a grant towards meeting expenditure for capital purposes incurred or to be incurred by another functional body, or by the Authority, for the purposes of, or in connection with, the discharge of the functions of the body to which the grant is made.
- (3) A grant under this section must not be made subject to any limitation in respect of the expenditure for capital purposes which it may be applied towards meeting.

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- (4) A grant under this section must be applied by the recipient body solely towards meeting expenditure for capital purposes incurred or to be incurred by that body for the purposes of, or in connection with, the discharge of its functions.

## **121 Revenue grants between Authority and functional bodies**

- (1) The Authority may pay grants towards meeting expenditure, other than expenditure for capital purposes, incurred or to be incurred by a functional body for the purposes of, or in connection with, the discharge of the functions of that body.
- (2) A functional body may, with the consent of the Mayor, pay a grant towards meeting expenditure, other than expenditure for capital purposes, incurred or to be incurred by another functional body, or by the Authority, for the purposes of, or in connection with, the discharge of the functions of the body to which the grant is made.
- (3) A grant under this section must not be made subject to any limitation in respect of the expenditure which it may be applied towards meeting (other than that the expenditure must not be expenditure for capital purposes).
- (4) A grant under this section must be applied by the recipient body solely towards meeting expenditure incurred or to be incurred by that body for the purposes of, or in connection with, the discharge of its functions, other than expenditure for capital purposes.

### *The Mayor's capital spending plan*

## **122 Form and contents**

- (1) The Mayor shall, in accordance with the following provisions of this section and sections 123 and 124 below, prepare for each financial year a capital spending plan for the functional bodies.
- (2) A capital spending plan shall consist of the sections described in subsections (3) to (6) below.
- (3) Section A of a capital spending plan shall consist of a statement for each functional body of the Mayor's estimates of the following amounts—
- (a) the total amount of capital grants likely to be paid to the body during the year by any person other than the Authority;
  - (b) the amount, at the beginning of the year, of the usable part of the body's capital receipts; and
  - (c) the amount by which the usable part of the body's capital receipts is likely to be increased by capital receipts which it appears to the Mayor the functional body might reasonably be expected to receive, or is likely to receive, during the year.
- (4) Section B of a capital spending plan shall consist of a statement for each functional body of the following amounts—
- (a) if the Mayor has decided a minimum amount of grant which the Authority is to pay to the body for the year under section 120(1) above, that minimum amount;

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- (b) the total amount of category A amounts specified for the body in the aggregate credit approval for the year;
  - (c) the total amount of category B amounts specified for the body in the aggregate credit approval for the year; and
  - (d) each amount which the Mayor has decided to allocate to the body out of the category C and D amounts specified in the aggregate credit approval for the year (together with a statement of the purposes for which the amount is allocated).
- (5) Section C of a capital spending plan shall consist of a statement for each functional body of the total of the following amounts—
- (a) the total amount of expenditure for capital purposes which the Mayor expects the body to incur during the year; and
  - (b) the total amount of credit cover which the Mayor expects the body to have available under sections 50(2) and 51(4) of the Local Government and Housing Act 1989 with respect to credit arrangements entered into or varied during the year;
- and in this section the total of those amounts is referred to as the body’s “total capital spending” for the year.
- (6) Section D of a capital spending plan shall consist of an analysis of each functional body’s total capital spending for the year showing—
- (a) the amount which the Mayor expects the body to meet out of capital grants;
  - (b) the amount which he expects the body to meet out of the usable part of its capital receipts;
  - (c) the amount which he expects the body to meet by using the aggregate credit approval for the year;
  - (d) the amount which he expects the body to meet by making a charge to a revenue account.

## **123 Preparation**

- (1) After the Secretary of State has issued the aggregate credit approval for a financial year, the Mayor shall prepare a draft of the capital spending plan for the year.
- (2) Before 15th January in the financial year preceding that to which the capital spending plan relates, the Mayor shall—
  - (a) send a copy of the draft to the Assembly and to each functional body; and
  - (b) invite them to submit their comments on the draft to him in writing within 21 days.
- (3) Before finally determining the contents of the capital spending plan, the Mayor shall consider any comments submitted in accordance with the invitation under subsection (2)(b) above and make such revisions of the draft as he thinks fit, having regard to those comments.
- (4) Before 28th February in the financial year preceding that to which the capital spending plan relates, the Mayor shall—
  - (a) send the plan to the Secretary of State; and
  - (b) send a copy of the plan to the Assembly and to each functional body.

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- (5) A copy of the capital spending plan shall be kept available for the appropriate period by the Mayor for inspection by any person on request free of charge at the principal offices of the Authority at reasonable hours.
- (6) A copy of the capital spending plan, or any part of it, shall be supplied to any person on request during the appropriate period for such reasonable fee as the Mayor may determine.
- (7) In this section “the appropriate period” in the case of a capital spending plan is the period of six years beginning with the date of publication of that plan pursuant to this section.

#### *Supplementary provisions*

### **124 Admissible factors in preparing capital spending plan etc**

- (1) In preparing a capital spending plan for any financial year, the Mayor may take account of such factors as appear to him to be appropriate.
- (2) The reference in subsection (1) above to preparing a capital spending plan for a financial year includes a reference to deciding, in the case of each of the functional bodies,—
  - (a) the minimum amount of grant which the Authority is to pay to the body for the year under section 120 above; and
  - (b) the amounts to be allocated to the body out of the category C and D amounts specified in the aggregate credit approval for the year.
- (3) Without prejudice to the generality of subsection (1) above, the Mayor may in particular take account of—
  - (a) the capital spending plans for such financial years which have ended as he may determine; and
  - (b) the amounts of each functional body’s total capital spending specified in section C of each of those plans which have been met as described in each of the paragraphs of subsection (4) below.
- (4) Those amounts are—
  - (a) the amount met out of capital grants made to the body;
  - (b) the amount met out of the usable part of the body’s capital receipts;
  - (c) the amount met by using the aggregate credit approval or any additional credit approvals;
  - (d) the amount met by making a charge to a revenue account.

### **125 Information**

- (1) The Mayor may serve on a functional body a notice requiring the body to supply to him such information as is specified in the notice and required by him for the purpose of deciding whether to exercise his powers, and how to perform his functions, under this Chapter.
- (2) If the information specified in a notice under this section is in the possession or under the control of the functional body on which the notice is served, the body shall supply the information required in such form and manner, and at such time, as is specified in

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the notice and, if the notice so requires, the information shall be certified (according as is specified in the notice) in one or both of the following ways—

- (a) by the chief finance officer of the body, within the meaning of section 127 below, or by such other person as may be specified in the notice; and
- (b) under arrangements made by the Audit Commission for Local Authorities and the National Health Service in England and Wales.

(3) If a functional body fails to comply with subsection (2) above, the Mayor may decide—

- (a) whether to exercise his powers, and how to perform his functions, under this Chapter, or
- (b) whether the body has acted, or is likely to act, in accordance with this Chapter, on the basis of such assumptions and estimates as he thinks fit.

(4) In deciding—

- (a) whether to exercise his powers, and how to perform his functions, under this Chapter, or
- (b) whether a functional body has acted, or is likely to act, in accordance with this Chapter,

the Mayor may also take into account any other information available to him, whatever its source and whether or not obtained under a provision contained in or made under this or any other enactment.

## **126 Interpretation of Chapter IV**

(1) In this Chapter, unless the context otherwise requires—

“additional credit approval” shall be construed in accordance with section 114 above;

“aggregate credit approval” shall be construed in accordance with section 113 above;

“capital receipts” has the same meaning as in Part IV of the Local Government and Housing Act 1989 (see section 58 of that Act);

“capital spending plan” means a capital spending plan under section 122 above;

“category”, denoted by a following capital letter and used in relation to an amount, shall be construed in accordance with section 113(5) above;

“expenditure for capital purposes” has the same meaning as in Part IV of the Local Government and Housing Act 1989 (see section 40 of that Act);

“notice”, in relation to an allocation from a category C or D amount, shall be construed in accordance with section 115(3) above;

“the usable part”, in relation to capital receipts, has the same meaning as in Part IV of the Local Government and Housing Act 1989 (see section 60 of that Act);

“use”, in relation to an aggregate credit approval or an additional credit approval, shall be construed in accordance with section 118(4) above.

(2) References in this Chapter to credit arrangements, or to entering into credit arrangements, shall be construed in accordance with Part IV of the Local Government and Housing Act 1989 (see section 48 of that Act).

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## CHAPTER V

### FINANCIAL ADMINISTRATION, ACCOUNTS AND AUDIT

#### *Financial administration*

#### **127 Proper financial administration and chief finance officer**

- (1) In this section “relevant authority” means—
  - (a) the Authority; or
  - (b) a functional body.
- (2) Every relevant authority—
  - (a) shall make arrangements for the proper administration of its financial affairs; and
  - (b) shall secure that one of its officers (its “chief finance officer”) has responsibility for the administration of those affairs.
- (3) No person may be the chief finance officer of two or more relevant authorities at the same time.
- (4) In subsection (2)(b) above, the reference to officers includes a reference to employees or members of staff and, in the case of Transport for London and the London Development Agency, includes a reference to members of the relevant authority.
- (5) The chief finance officer of the Authority must be a member of staff appointed under section 67(2) above.
- (6) The function of appointing the Authority’s chief finance officer under subsection (2)(b) above shall be a function of the Authority which is exercisable on behalf of the Authority by the Assembly after consultation with the Mayor.
- (7) If the Mayor is a member of Transport for London, he must not be its chief finance officer.
- (8) In section 2 of the Local Government and Housing Act 1989 (politically restricted posts) in subsection (6)(d) (the effect of which is that the chief finance officer appointed under certain provisions is included among “the chief statutory officers” for the purposes of that section) after “section 112 of the Local Government Finance Act 1988” there shall be inserted “, section 127(2) of the Greater London Authority Act 1999”.

#### **128 Application of Part VIII of Local Government Finance Act 1988**

- (1) Section 111 of the Local Government Finance Act 1988 (interpretation of Part VIII (financial administration)) shall be amended as follows.
- (2) In subsection (2) (which specifies the bodies which are relevant authorities for the purposes of Part VIII) after paragraph (b) there shall be inserted—
  - “(bb) the Greater London Authority;
  - (bc) a functional body, within the meaning of the 1999 Act;
  - (bd) the London Pensions Fund Authority;”.

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- (3) In subsection (3) (meaning of “1972 Act” etc) at the end there shall be added “and the 1999 Act is the Greater London Authority Act 1999”.

### **129 Qualifications of chief finance officer**

In section 113(1) of the Local Government Finance Act 1988 (requirements to be fulfilled by person having responsibility for administration of financial affairs under certain provisions) after “section 73 of the 1985 Act” there shall be inserted “, section 127 of the 1999 Act”.

### **130 Functions of chief finance officer as regards reports**

- (1) Section 114 of the Local Government Finance Act 1988 (functions of responsible officer as regards reports) shall be amended as follows.
- (2) In subsection (1) (person having responsibility for administration of financial affairs under certain provisions to have functions as regards reports) after “section 73 of the 1985 Act” there shall be inserted “, section 127 of the 1999 Act”.
- (3) After subsection (3A) (preparation of report: duty to consult head of paid service and monitoring officer) there shall be inserted—

“(3B) Subsection (3A) above shall have effect in relation to the London Development Agency with the substitution for paragraphs (a) and (b) of the words “with the person who is for the time being appointed under paragraph 4(2) of Schedule 2 to the Regional Development Agencies Act 1998 as the chief executive of the London Development Agency”.

(3C) Subsection (3A) above shall have effect in relation to Transport for London with the substitution for paragraphs (a) and (b) of the words “with the person who is for the time being designated for the purpose under subsection (3D) below”.

(3D) Transport for London shall designate a member of Transport for London, or a member of the staff of Transport for London, as the person who is to be consulted under subsection (3A) above.”

- (4) After subsection (4) (duty to send copy of report to each member of the authority etc) there shall be inserted—

“(4A) The duty under subsection (4)(b) above—

- (a) in a case where the relevant authority is the Greater London Authority, is to send a copy of the report to the Mayor of London and to each member of the London Assembly; and
- (b) in a case where the relevant authority is a functional body, within the meaning of the 1999 Act, includes a duty to send a copy of the report to the Mayor of London and to the Chair of the Assembly, within the meaning of that Act.”

### **131 Duties of Authority or functional body as regards reports**

- (1) Section 115 of the Local Government Finance Act 1988 (authority’s duties as regards reports) shall be amended as follows.

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(2) After subsection (1) there shall be inserted—

“(1A) Where the report under section 114 above is a report by the chief finance officer of the Greater London Authority, section 115A below shall have effect in place of subsections (2) and (3) below.”

(3) After subsection (3) there shall be inserted—

“(3A) In the case of the London Development Agency or Transport for London, Part VA of the 1972 Act (access to meetings etc) shall have effect in relation to the meeting as if that authority were a principal council.”

(4) After subsection (4) (which prevents delegation under section 101(2) of the Local Government Act 1972) there shall be inserted—

“(4A) In the case of the London Development Agency or Transport for London, neither—

- (a) paragraph 7 of Schedule 2 to the Regional Development Agencies Act 1998 (delegation by London Development Agency etc), nor
- (b) paragraph 7 of Schedule 10 to the 1999 Act (delegation by Transport for London),

shall apply to the duty under subsection (2) above.”

(5) After subsection (9) (the prohibition period) there shall be inserted—

“(9A) In the application of this section where the report under section 114 above is a report by the chief finance officer of the Greater London Authority, subsection (9) above shall have effect with the substitution for paragraph (b) of—

“(b) ending with the first business day to fall after the day (if any) on which the Mayor makes the decisions under section 115A(6) below”.”

(6) In subsection (10) (immaterial for subsection (9)(b) that subsection (3) is not complied with) after “subsection (3) above” there shall be inserted “, or, where section 115A below applies, subsection (4) or (8) of that section,”.

(7) In subsection (11) (nature of decisions at meeting immaterial for subsection (9)(b)) after “decisions made at the meeting” there shall be inserted “, or, where section 115A below applies, by the Mayor under subsection (6) of that section,”.

(8) After subsection (12) there shall be added—

“(13) In the application of this section in relation to the Greater London Authority, the references to the authority in subsections (5) to (12) above shall be taken as references to the Greater London Authority whether acting by the Mayor, the Assembly or the Mayor and Assembly acting jointly.

(14) In this section—

“the Assembly” means the London Assembly;  
“the Mayor” means the Mayor of London.”

(9) After section 115 of the Local Government Finance Act 1988 there shall be inserted—



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### **“115A Duties of Mayor of London and London Assembly as regards reports**

- (1) This section applies where copies of a report under section 114 above by the chief finance officer of the Greater London Authority have been sent under section 114(4) above.
- (2) The Mayor shall consider the report preparatory to making the decisions under subsection (6) below.
- (3) The Assembly shall consider the report at a meeting where it shall decide—
  - (a) whether it agrees or disagrees with the views contained in the report; and
  - (b) what action (if any) it recommends that the Mayor should take in consequence of it.
- (4) The meeting must be held not later than the end of the period of 21 days beginning with the day on which the copies of the report are sent.
- (5) The Mayor must attend the meeting.
- (6) After the meeting, the Mayor shall decide—
  - (a) whether he agrees or disagrees with the views contained in the report; and
  - (b) what action (if any) he proposes to take in consequence of it.
- (7) In making any decision under subsection (6) above, the Mayor shall take account of any views or recommendations of the Assembly at the meeting.
- (8) The Mayor must make the decisions under subsection (6) above before the end of the period of 14 days beginning with the day on which the meeting of the Assembly concludes.
- (9) Any functions of the Mayor under this section must be exercised by the Mayor personally.
- (10) Section 54 of the 1999 Act (discharge of Assembly functions by committees etc) shall not apply in relation to any function of the Assembly under this section.
- (11) In this section—

“the Assembly” means the London Assembly;  
“the Mayor” means the Mayor of London.”

### **132 Monitoring officer not to be chief finance officer etc**

- (1) Section 5 of the Local Government and Housing Act 1989 (designation and reports of monitoring officer) shall be amended as follows.
- (2) In subsection (8) (interpretation) in the definition of “chief finance officer” after “Local Government Finance Act 1988” there shall be inserted “, section 127(2) of the Greater London Authority Act 1999”.

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*Accounts and audit*

**133 Application of the Audit Commission Act 1998**

- (1) In Schedule 2 to the Audit Commission Act 1998 (accounts subject to audit) in paragraph 1 (bodies to whose accounts section 2 applies) after paragraph (b) there shall be inserted—
  - “(bb) the Greater London Authority;
  - (bc) a functional body;
  - (bd) the London Pensions Fund Authority;”.
- (2) Schedule 8 to this Act (which makes further amendments of the Audit Commission Act 1998) shall have effect.

**134 Summary statement of accounts of Authority and other bodies**

- (1) For each financial year the Authority shall prepare a summary statement of accounts.
- (2) The summary statement of accounts shall be in respect of the Authority, the functional bodies and the London Pensions Fund Authority.
- (3) Subsection (1) above is without prejudice to any other duty of the Authority, a functional body or the London Pensions Fund Authority to prepare accounts or statements of accounts.
- (4) Section 14 of the Audit Commission Act 1998 (inspection of statements of accounts and auditors' reports) shall apply in relation to a summary statement of accounts required to be prepared under this section as it applies in relation to a statement of accounts prepared by the Authority under regulations under section 27 of that Act.
- (5) Sections 15 to 24 of the Audit Commission Act 1998 (public inspection etc and action by the auditor, and prevention of unlawful expenditure) shall not apply in relation to a summary statement of accounts required to be prepared under this section.
- (6) Section 27 of the Audit Commission Act 1998 (accounts and audit regulations) shall apply in relation to a summary statement of accounts required to be prepared under this section as it applies in relation to accounts or statements of accounts.

**135 Information for purposes of section 134**

- (1) A body to which this section applies shall, at the request of the Mayor, provide the Authority with such information relating to any accounts or statement of accounts of the body as may be specified or described in the request.
- (2) The bodies to which this section applies are—
  - (a) each of the functional bodies; and
  - (b) the London Pensions Fund Authority.
- (3) The information shall be provided in such form and manner, and within such time, as may be specified in the request.
- (4) The information that may be requested under subsection (1) above is such information as may be required for the purpose of discharging the functions of the Authority under or by virtue of section 134 above.

## CHAPTER VI

### MISCELLANEOUS AND SUPPLEMENTARY PROVISIONS

#### **136 Amendment of cross-references to provisions of Chapter I**

- (1) In section 31(10)(a) of the Local Government Act 1999 (which refers to a provision of this Act which has since been renumbered) for “70(8)” there shall be substituted “85(8)”.
- (2) Schedule 9 to this Act (which contains amendments to the Local Government Finance Act 1992 correcting references to provisions of this Act which have since been renumbered) shall have effect.

#### **137 Council tax: no Crown exemption for Authority or functional bodies**

- (1) Section 19 of the Local Government Finance Act 1992 (exclusion from Crown exemption in certain cases) shall be amended as follows.
- (2) In subsection (3) (which specifies the excluded bodies) after paragraph (b) there shall be inserted—
  - “(bb) the Greater London Authority;
  - (bc) any functional body, within the meaning of the Greater London Authority Act 1999;”.

#### **138 No discretionary rate relief for functional bodies**

- (1) Section 47 of the Local Government Finance Act 1988 (discretionary relief) shall be amended as follows.
- (2) In subsection (9) (which provides that a hereditament is an excepted hereditament, and accordingly not eligible for relief, if all or part of it is occupied by any body there mentioned) at the end of paragraph (b) (which relates to precepting authorities) there shall be added “; or
  - (c) a functional body, within the meaning of the Greater London Authority Act 1999”.

#### **139 Local loans**

- (1) In Schedule 4 to the National Loans Act 1968 (which specifies the bodies to which local loans may be made) in paragraph 1, in paragraph (a) of the definition of “local authority”, the word “and” immediately preceding sub-paragraph (iii) shall be omitted and after that sub-paragraph there shall be added “; and
  - (iv) a functional body, within the meaning of the Greater London Authority Act 1999”.
- (2) In section 2 of the Public Works Loans Act 1965 (new form of local loan and automatic charge for securing it) in subsection (1) (which includes a definition of “relevant authority”) in paragraph (a), the word “and” immediately preceding sub-paragraph (iii) shall be omitted and after that sub-paragraph there shall be added “; and
  - (iv) a functional body, within the meaning of the Greater London Authority Act 1999”.

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#### **140 Functions of Mayor or Assembly under or by virtue of this Part**

- (1) The functions conferred or imposed on the Authority under or by virtue of this Part shall be functions of the Authority which are exercisable by the Mayor acting on behalf of the Authority.
- (2) Subsection (1) above does not apply in relation to any function expressly conferred or imposed on the Assembly.