

# **The Greater London Authority's Consolidated Budget and Component Budgets for 2007-08**

**February 2007**

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## Section 1: Introduction and overview

### Consolidated budget requirement

- 1.1 The consolidated budget requirement for the GLA and functional bodies for 2007-08 of **£3,061.8m**.

<b>Component budget requirements</b>	<b>Approved 2006-07 £m</b>	<b>Approved 2007-08 £m</b>	<b>Plan 2008-09 £m</b>	<b>Plan 2009-10 £m</b>
Metropolitan Police Authority	2,425.7	2,532.7	2,616.0	2,717.8
London Fire and Emergency Planning Authority	379.5	391.5	422.1	439.6
Greater London Authority	122.5	125.6	129.6	131.3
Transport for London	12.0	12.0	12.0	12.0
London Development Agency	Nil	Nil	Nil	Nil
<b>Consolidated budget requirement</b>	<b>2,939.7</b>	<b>3,061.8</b>	<b>3,179.7</b>	<b>3,300.7</b>

- 1.2 To realise the Mayor's vision of London as an exemplary sustainable world city, sustainable development has been placed at the heart of the Mayor's budget process, with the 2007-08 budget including the following major areas of spending:
- The full year cost of the 630 safer neighbourhoods teams in place across London by December 2006 delivering very local policing for the benefit of local people, 18 months ahead of schedule;
  - An unchanged contribution to the funding package agreed with Government towards delivering a successful 2012 Olympic and Paralympic Games and maximising the economic, social, health and environmental benefits of the Games to London and Londoners;
  - Measures to reduce carbon dioxide and other emissions, and non-renewable energy consumption, and measures to minimise waste and increase recycling, minimise water consumption and promote water efficiency;
  - More transport investment in local areas, sustainable travel, road safety, walking and cycling. These include the completion of the London Cycle Network Plus by 2009 and measures to meet a new higher road safety target of a 50 per cent reduction in the number of people killed or seriously injured by 2010 (compared with the 1994-98 average);
  - Continued delivery of investment in London's transport infrastructure and further operational improvements on London Underground, London Buses and Docklands Light Railway.
- 1.3 Further information on the budgets for each individual member of the GLA Group are and are presented in organisational terms in **Sections 2 to 6** of this document. They are presented in the order of the amount that council tax payers contribute to their services.

## Section 1: Introduction and overview

### Amount to be raised from council tax payers

- 1.4 The council tax applicable to the GLA Group is set at a level that recovers the difference between the budget requirements of the five organisations and the funding received from the government. Allowing for government grants, the consolidated budget requires **£882m** (2006-07: £832m) to be raised from the council tax payer. This and other sources of finance are summarised below:

	£m	%
Spending plans	10,722	100
<i>Less:</i>		
Fares, charges and other income	-3,704	35
Specific government grants	-3,528	33
Government grants and redistributed business rates	-2,177	20
Reserves (TfL)	-390	4
Reserves (other)	-41	-
<b>Amount to be met by council tax payers</b>	<b>882</b>	<b>8</b>

- 1.5 To raise £882m, the GLA council tax precept has been set at £303.88 for a Band D household, an increase of 29p a week (5.3 per cent). Further information on the council tax precept and amounts of council tax for different valuation bands is provided in **Section 7**.

## **Section 2: Metropolitan Police Authority**

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2.1 The mission of the Metropolitan Police Service and Metropolitan Police Authority is to work together for a safer London by increasing public confidence and satisfaction, preventing and reducing crime, disorder and vulnerability, increasing safety and security, while striving to improve the quality of service and efficiency and effectiveness.

2.2 Key achievements this year are:

- Crime reduction – In the period April to December 2006 overall crime has reduced by 6.9 per cent compared to the same period 2005. Residential burglary is down 7.2 per cent, vehicle crime by 3.1 per cent and violence against the person down by 6.9 per cent and clear up rates have also increased;
- Safer Neighbourhoods – In December 2006 all 630 Safer Neighbourhood teams were in place across London with more than 3,500 staff delivering very local policing for the benefit of local people, 18 months ahead of schedule;
- Increased numbers of special constables and volunteers – there are now over 1,400 special constables working within the service and the development of the Met Volunteers Programme and Volunteer Police cadets has provided new opportunities for the police service to engage community volunteers;
- New Counter Terrorism Command – to develop the capability to minimise the risk from terrorist activities and provide an effective response to terrorist incidents;
- Violent Crime Directorate – established to provide a central focus for tackling violent crime.

### **Key Deliverables**

2.3 The key strategic outcomes are that:

- Communities are engaged with, confident and satisfied with the service;
- Safety and security is improved and the public feel assured;
- Crime, disorder, vulnerability and harm are prevented and reduced;
- More offenders are brought to justice.

2.4 The budget proposals for the Metropolitan Police Authority have been framed to provide sufficient resources to:

- Continue to develop the Safer Neighbourhoods programme with particular consideration of wards with bigger populations to address anti-social behaviour, fear of crime and re-assurance and visibility, including completion of recruitment target of 4,562 PCSOs by April 2007;
- Develop an anti-social behaviour control strategy to deliver a coordinated and effective approach to anti-social behaviour;

## Section 2: Metropolitan Police Authority

- Make progress towards delivering a 10 per cent reduction in carbon emissions from current levels by March 2010;
- Reduce overall crime in line with the national Public Service Agreement target by 15 per cent, with particular emphasis on violent crime by March 2008;
- Continue to improve the sanction detection rate towards meeting the Public Service Agreement target of offenders brought to justice by April 2008;
- Have in place a range of measures to improve performance in relation to counter terrorism, security and protection with supporting IT and accommodation for the new Counter Terrorism Command;
- Undertake planning and preparation for the 2012 Olympic Games and Paralympic Games, including completion of the co-location of the MPS Olympics Team with other partner agencies by May 2007;
- Create a Met Intelligence Bureau to bring its collective intelligence assets together within a single framework;
- Produce a Hate Crime Strategy, in consultation with partners, by September 2007
- Roll out victim focus desks to improve communications with, care for and keep victims informed through the criminal justice process;
- Actively engage all communities as in accordance with a Community Engagement Strategy launched in December 2007.

### Budget requirement

- 2.5 The Police Authority's gross expenditure is estimated to be £3,309.9m. After deducting fees, charges, specific grants, other income and use of reserves, the budget requirement for 2007-08 is **£2,532.7m**. This is £107m higher than that for 2006-07.

### Explanation of budget changes

- 2.6 The key changes in income and expenditure areas between years and that projected for the following two years for each of the main service areas are set out in the table overleaf. The changes in 2007-08 relative to 2006-07 can be summarised as follows:

<b>Changes in the Police Authority's spending plans</b>	<b>2007-08</b>
	<b>£m</b>
2006-07 budget requirement	2,425.7
<i>Changes due to:</i>	
Inflation	83.8
Net growth in existing services and programmes	143.5
New initiatives and service improvements	22.5
Savings and efficiencies	-94.7
Increase in specific grants	-68.0
Change in use of reserves	19.9
<b>2007-08 budget requirement</b>	<b>2,532.7</b>

## Section 2: Metropolitan Police Authority

Service analysis	Budget 2006-07 £m	Forecast 2006-07 £m	Budget 2007-08 £m	Plan 2008-09 £m	Plan 2009-10 £m
Territorial Policing	1,249.1	1,251.2	1,304.3	1,306.0	1,308.4
Specialist Crime Directorate	359.5	374.9	360.1	364.5	369.0
Specialist Operations	180.9	237.9	229.6	247.9	246.9
Central Operations	290.4	286.6	290.7	290.3	299.9
Central services	32.7	32.2	32.3	31.7	31.2
Standards and Intelligence Command	67.2	65.4	64.7	63.7	62.8
Directorate of Information	189.1	210.0	210.7	198.9	195.9
Resources Directorate	266.9	269.1	279.0	287.2	296.4
Human Resources	90.9	97.6	93.4	96.9	96.3
Pensions	28.5	26.8	28.5	28.5	28.5
Centrally held budgets <sup>1</sup>	98.2	51.0	121.8	205.5	300.6
MPA/Internal Audit	10.2	10.2	11.1	11.1	11.1
<b>Net services expenditure</b>	<b>2,863.6</b>	<b>2,913.0</b>	<b>3,025.6</b>	<b>3,132.2</b>	<b>3,247.0</b>
Capital financing costs	28.6	23.1	22.7	22.7	22.7
Interest receipts	-10.2	-9.1	-11.2	-11.2	-11.2
Specific grants	-432.4	-440.0	-500.4	-526.7	-540.7
<b>Net revenue expenditure</b>	<b>2,449.6</b>	<b>2,487.0</b>	<b>2,536.7</b>	<b>2,617.0</b>	<b>2,717.8</b>
Transfer to/from reserves	-23.9	-61.3	-4.0	-1.0	-
<b>Budget requirement</b>	<b>2,425.7</b>	<b>2,425.7</b>	<b>2,532.7</b>	<b>2,616.0</b>	<b>2,725.8</b>

Note 1: This line includes budgets that the MPA will not attribute to business groups until later in its budget setting process. It includes, for example, inflation, pay awards and other such budget changes.

Note 2: Transfer to/from reserves in 2006-07 is dependent on the bid for additional specific grant from the Home Office for Operations "Overt & Overamp"

### Inflation

- 2.7 Inflation is budgeted to add £83.8m to MPA costs in 2007-08. This is due to pay awards for uniformed officers and police staff (£65.5m), overtime (£4.3m) and provision for general price inflation on non-staff budgets (£14m).

### Committed change

- 2.8 Over the last three years a total of 630 safer neighbourhood teams have been rolled out across all neighbourhood areas in London. They have been funded from a mixture of Home Office grant, redirection of existing budget and an increase in the precept. This budget consolidates the full year costs of these teams by providing an additional £43.6m budget net of additional government grant.
- 2.9 The full year effect of these and other 2006-07 budget decisions and those items of expenditure which are unavoidable or to which the Authority has committed adds £143.5m to the MPA's budget for 2007-08. The impact over the next 3 years is as follows:

## Section 2: Metropolitan Police Authority

Committed change	2007-08	2008-09	2009-10
	£m	£m	£m
Committed service increases	176.5	231.5	258.2
Committed service decreases	-33.0	-59.5	-70.8
<b>Total</b>	<b>143.5</b>	<b>172.0</b>	<b>187.4</b>

### Increases in service levels and new initiatives

- 2.10 There are also new initiatives which add £22.5m to expenditure in 2007-08. The most significant proposal is to establish a £15m fund to take forward a programme of modernisation to assist in delivering key change in support of strategic priorities and improve capability across the police service. The priorities for 2007-08 are Citizen Focus and Information Quality and Access. There is also provision of £4m in 2007-08 towards the security planning preparations for the 2012 Olympic and Paralympic Games but this is matched by government grant.

### Savings and efficiencies

- 2.11 The budget include cashable savings and efficiencies totalling £94.7m in 2007-08. MPA/MPS has been required to achieve efficiency savings in accordance with guidelines set by the Home Office since 1999. It has to demonstrate efficiency savings of at least 3 per cent, of which at least half must be cash releasing. In 2006-07 the Home Office target was a total of £73.5m and this compares to a forecast outturn of £106.7m. The Home Office target for cash and non-cashable efficiencies in 2007-08 is £76.2m and £78.7m in 2008-09.

### Reserves

- 2.12 The planned use of reserves is shown in the table below, including £4m from earmarked reserves in 2007-08. This is mainly to fund the Met Time project and a new IT system. The MPA's policy is to also maintain general revenue reserves of between 1.5 and 2 per cent of net budgeted expenditure. These proposals include a general reserve and emergency contingency fund of 1.7 per cent of net budgeted expenditure. There are no budgeted movements to or from the general reserve in 2007-08.

MPA reserves	Budget	Forecast	Budget	Plan	Plan
	2006-07	2006-07	2007-08	2008-09	2009-10
	£m	£m	£m	£m	£m
<b>Opening balances</b>	<b>128.2</b>	<b>133.9</b>	<b>78.1</b>	<b>74.1</b>	<b>73.1</b>
Transfers to/from:					
Earmarked reserves	-24.0	-55.8	-4.0	-1.0	-
General reserve	-	-	-	-	-
<b>Closing balances</b>	<b>104.2</b>	<b>78.1</b>	<b>74.1</b>	<b>73.1</b>	<b>73.1</b>

## Section 3: London Fire and Emergency Planning Authority

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3.1 LFEPA has achieved significant fire reduction improvements through the “prevention is better than cure” strategy. Highlights of recent performance include reductions in the total number of fires and serious fires, a substantial increase in community safety activity and a continued fall in the number of hoax calls. Against the five year targets set out in the first performance plan (1999-00 to 2004-05) LFEPA has achieved:

- 18 per cent reduction in fires overall;
- 19 per cent reduction in fire deaths;
- 20 per cent reduction in deaths from accidental fires in the home;
- 23 per cent reduction in deaths from non-accidental fires in the home;
- 20 per cent reduction in total injuries from fire;
- 30 per cent reduction in hoax calls.

3.2 The budget for LFEPA in 2007-08 has been developed to build on these achievements and to support the aim of making London a safer city. It supports LFEPA in promoting sustainable development and in maximising the impact the Fire Authority can have on reducing pollution and harmful emissions, and provides resources to support longer-term key service targets for the next three years to 2009-10 to:

- Reduce accidental fires in people’s homes by 5 per cent (equating to 6,002 in 2007-08);
- Reduce the number of accidental fire-related deaths in the home by 20 per cent (equating to 53 in 2007-08);
- Reduce deliberate fires by 10 per cent (equating to 17,279 in 2007-08);
- Reduce hoax calls by 5 per cent (equating to 3,677 in 2007-08);
- Maintain the current time it will take on average for the first fire engine to arrive at an incident, while reviewing how we might improve on that (target of 65 per cent in 5 minutes, 90 per cent in 8 minutes in 2007-08);
- Improve the time that it takes a second fire engine to attend incidents across London (target of 75 per cent in 8 minutes, 90 per cent in 10 minutes in 2007-08).

3.3 In addition to this the budget provides resources to:

- Continue to implement measures to improve resilience and to respond to major incidents, building on the experience of the July 2005 London bombings. This will include the introduction of six new Fire Rescue Units;
- Introduce a fleet of new Command Support Units to improve support given to incident commanders whilst dealing with incidents;
- Complete, with partners, 108,000 home fire safety checks;
- Give every firefighter enhanced first aid training;

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- Fit defibrillators to every fire appliance with staff trained in their use so firefighters can help people having a heart attack and save more lives;
- Encourage landlords and occupiers of buildings to improve lift maintenance to reduce the number of call-outs;
- Continue the extensive staff training and development programme with additional investment to improve training and development for firefighters and officers attending incidents;
- Carry out agreed programmes funded by a £4.4m Invest to Save reserve to reduce energy consumption and introduce a range of sustainable energy technologies;
- Continue to give a high priority to ensuring that we provide our services in a way that is responsive to the differing needs and expectations of all of London's diverse communities;
- Continue to work to create a workforce that reflects the diversity of London.

### Budget requirement

- 3.4 The Fire Authority's gross expenditure is to be £443.0m. After deducting fees, charges and other income and the application of reserves, the budget requirement for 2007-08 is **£391.5m**. This is £12m higher than that for 2006-07.

### Explanation of budget changes

- 3.5 The key changes in income and expenditure areas between years and that projected for the following two years for each of the main service areas are set out in the table overleaf. The changes in 2007-08 relative to 2006-07 can be summarised as follows:

<b>Changes in the Fire Authority's spending plans</b>	<b>2007-08 £m</b>
2006-07 budget requirement	379.5
<i>Changes due to:</i>	
Inflation	9.4
Growth in existing services and programmes	11.4
New initiatives and service improvements	4.0
Savings and efficiencies	-12.8
<b>2007-08 budget requirement</b>	<b>391.5</b>

## Section 3: London Fire and Emergency Planning Authority

Service analysis	Budget 2006-07 £m	Forecast 2006-07 £m	Budget 2007-08 £m	Plan 2008-09 £m	Plan 2009-10 £m
Community safety	35.6	40.6	37.2	36.4	37.5
Firefighting and rescue	301.5	295.5	317.5	323.0	335.3
Firefighter pensions	64.7	59.3	61.2	64.5	65.6
Emergency planning	0.8	1.0	1.0	1.0	1.0
Central services	2.2	2.2	2.2	2.2	2.2
<b>Net services expenditure</b>	<b>404.8</b>	<b>398.6</b>	<b>419.1</b>	<b>427.1</b>	<b>441.6</b>
Capital financing costs	9.2	8.8	10.3	11.3	11.4
External interest receipts	-3.5	-5.0	-4.0	-3.0	-3.0
Specific grants	-9.6	-7.7	-9.5	-8.4	-8.4
Savings to be agreed	-	-	-2.0	-2.0	-2.0
<b>Net revenue expenditure</b>	<b>400.8</b>	<b>394.7</b>	<b>413.9</b>	<b>425.0</b>	<b>439.6</b>
Transfer to/from reserves	-21.2	-15.2	-22.4	-2.9	-
<b>Budget requirement</b>	<b>379.5</b>	<b>379.5</b>	<b>391.5</b>	<b>422.1</b>	<b>439.6</b>

### Inflation

- 3.6 Inflation is budgeted to be £9.4m in 2007-08. This includes the cost of known pay awards and provision for general price inflation on other non-staff budgets.

### Committed growth

- 3.7 A total of £6.9m is included in the 2007-08 budget to enhance the Authority's capability to respond to major catastrophic incidents following the conclusions from the review of events surrounding the July 2005 bombings in London. The full year effect of other 2006-07 budget decisions and those items of expenditure which are unavoidable or to which the Authority is contractually committed adds a further £4.5m to LFEPA's budget for 2007-08 and future years.

### Increases in service levels and new initiatives

- 3.8 There are also new initiatives, which add £4m to expenditure in 2007-08.

### Savings and efficiencies

- 3.9 The budget proposals include cashable efficiency savings of £12.8m in 2007-08. LFEPA has already achieved the Government target of £19.5m cashable savings over three years due to be achieved by March 2008, and is currently ahead of national fire service targets.

### Reserves

- 3.10 The 2007-08 budget is supported by gross use of £24.5m reserves (£22.4m net), of which £5.9m is from earmarked reserves and £18.6m is from general reserves. Earmarked reserves are being used to fund London resilience (£2m), pensions (£1.5m), PFI pumping improvement programme (£1.6m) and maintenance and minor works (£0.7m). General reserves are projected to be £8.3m at March 2009, which is 2 per cent of budget requirement.

### Section 3: London Fire and Emergency Planning Authority

3.11 The table below shows the projected balances on both capital and revenue reserves, including a switch to general reserves from the balance sheet in respect of the lease for new headquarters.

<b>LFEPA reserves</b>	<b>Budget 2006-07 £m</b>	<b>Outturn 2006-07 £m</b>	<b>Budget 2007-08 £m</b>	<b>Plan 2008-09 £m</b>	<b>Plan 2009-10 £m</b>
<b>Opening balances</b>	<b>71.4</b>	<b>71.4</b>	<b>54.8</b>	<b>35.7</b>	<b>32.4</b>
Transfers to/from:					
Earmarked reserves	-11.7	-16.4	-5.1	0.7	0.0
General reserve	-9.6	-0.2	-14.0	-4.0	0.0
<b>Closing balances</b>	<b>50.1</b>	<b>54.8</b>	<b>35.7</b>	<b>32.4</b>	<b>32.4</b>

## Section 4: Greater London Authority

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- 4.1 The Greater London Authority is set up to enable the Mayor to deliver strategies for dealing with London-wide issues. It provides co-ordination and focus for how the GLA Group will work together to achieve the Mayor's priorities, and deliver effective regional government in the capital. It is also set up to enable the Assembly to carry out its scrutiny and investigative role.
- 4.2 Key achievements over the last year include: securing approval for the Early Alterations to the London Plan, including setting new housing targets across London; publishing the draft Further Alterations, including tough new targets for tackling climate change; publishing the consultation document on a new London housing strategy; launching a new commission with the Association of London Government (now London Councils) to tackle child poverty in London; launching the London Portal; continuing a ground-breaking programme of cultural and community events across London; and establishing a framework for greater convergence across the GLA Group, to embed collaborative working in the group's work, and make the best possible use of resources.

### Key deliverables

- 4.3 While the GLA provides strategic direction and leadership, much of the delivery takes place through the members of the GLA Group and other partners such as the boroughs, private and not-for-profit bodies. The aims and objectives for the GLA, which are set out below, therefore reflect its strategic role in relation to the rest of the GLA group.

#### **Global warming and improving London's environment in a sustainable way**

- Reduce greenhouse gases and other harmful emission and promote sustainable, decentralised energy;
- Ensure London is prepared for the impact of climate change;
- Consume fewer and recycle more resources;
- Improve access to London's environment;

#### **Expand and improve transport provision in London**

- Deliver improvements in public transport performance, especially London Underground;
- Ensure delivery of key transport infrastructure projects;
- Achieve a more sustainable transport network;

#### **Improve public safety**

- Oversee a fall in crime in the capital;
- Ensure Londoners feel safer;
- Reflect the diversity of London in its police and fire services;
- Be prepared for terrorism and other major emergencies;

#### **Deliver sustainable growth within a changing global marketplace**

- Regenerate London to deliver sustainable improvement in the living standards and quality of life of all Londoners;

## Section 4: Greater London Authority

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- Increase employment opportunities and productivity to enhance London's position as Europe's leading world city;

### **Promote London at home and abroad as a world class city**

- Support the successful delivery of the 2012 Olympic Games and Paralympic Games;
- Promote London as a leading world city for the 21st century – socially, culturally and economically;

### **Remove social inequality and increase social inclusion**

- Remove the barriers preventing Londoners getting out to work;
- Promote fair business practices;
- Ensure a fair share of economic prosperity for minority groups;

### **Increase housing supply and reduce homelessness**

- Accelerate the increase in London's housing supply and affordable homes.

4.4 For 2007-08, the GLA has prioritised a number of specific areas for growth and increased focus. Much of the growth reflects the Mayor's priority to tackle climate change. At a more detailed level, growth areas include the following deliverables:

- Use funding from the Clinton Foundation to engage in the Large Cities Climate Change Group;
- Deliver a climate change and energy strategy and climate change adaptation strategies;
- Lead work on the construction of the Mayor's first zero carbon and environmentally sustainable exemplar development.

4.5 The corporate plan also prioritises implementing and ensuring maximum benefit from the outcome of the Governments' review of powers and the additional powers for the GLA (including housing, adult skills, planning, waste, culture and sport, health, energy and climate change).

### **Budget requirement**

4.6 Including the financial contribution to the public sector funding package for the 2012 Olympics Games and Paralympics Games, the Authority's proposed gross expenditure is £153.7m. After deducting fees, charges, investment income and the application of the election and general reserves, the budget requirement for 2007-08 is **£125.6m**. This is £3.1m higher than that for 2006-07.

## Section 4: Greater London Authority

### Explanation of budget changes

4.7 The changes in 2007-08 relative to 2006-07 can be summarised as follows:

Changes in the GLA's spending plans	2007-08 £m
2006-07 budget requirement	122.5
<i>Changes due to:</i>	
Inflation	1.7
Committed growth	0.2
Elections	16.0
New initiatives and service improvements	1.9
Olympic and Paralympic Games funding agreement	0.4
Additional savings and efficiencies	-0.7
Change in use of reserves	-16.4
<b>2007-08 budget requirement</b>	<b>125.6</b>

4.8 The key changes in income and expenditure areas between years and that projected for the following two years for each of the main service areas are set out in the table below.

Service analysis	Original 2006-07 £m	Forecast 2006-07 £m	Budget 2007-08 £m	Plan 2008-09 £m	Plan 2009-10 £m
Mayor's Office	11.8	12.4	12.7	12.7	13.0
Assembly and Secretariat	6.6	6.3	6.8	7.0	7.2
London Travel Watch	1.5	1.6	1.6	1.7	1.7
Trafalgar and Parliament Squares	1.5	1.2	1.2	1.2	1.3
Olympics Funding Agreement	57.7	55.0	58.1	58.6	59.0
Elections	0.3	0.3	17.0	0.3	0.4
Capital financed from revenue	1.4	1.4	1.6	2.1	1.9
Management and support services	41.3	40.5	42.3	43.5	44.4
<b>Net service expenditure</b>	<b>122.1</b>	<b>118.7</b>	<b>141.3</b>	<b>127.1</b>	<b>128.9</b>
Interest receipts	-1.9	-3.2	-2.2	-2.1	-2.1
Specific grants	-2.0	-0.6	-1.5	-0.4	-0.2
<b>Net revenue expenditure</b>	<b>118.2</b>	<b>114.9</b>	<b>137.6</b>	<b>124.6</b>	<b>126.6</b>
Transfer to/from reserves	4.3	7.6	-12.0	5.4	5.5
<b>Budget requirement</b>	<b>122.5</b>	<b>122.5</b>	<b>125.6</b>	<b>130.0</b>	<b>132.1</b>

### Inflation and committed growth

4.9 Inflation is budgeted to add £1.7m to GLA costs in 2007-08 and is due to pay awards for the Mayor, Assembly Members and staff, and provision for general price inflation on non-staff budgets. The full year effect of existing activities adds a further £0.2m.

## Section 4: Greater London Authority

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### **New initiatives and service improvements**

- 4.10 Planned increases in the Authority's activities add £1.9m to the budgeted costs relative to 2006-07. Of this sum, £0.9m relates to additional staff, £0.2m (in 2007-08 only) to develop, implement and promote events to mark the bicentenary of the Transatlantic Slave Trade in Britain, £0.1m as a contribution to the Green Advice Service and £0.1m to support the continuing delivery of the London Analyst Support Site Service presently hosted by the Government Office for London, which provides crime and disorder intelligence across London for use by the London boroughs and pan London agencies.

### **2012 Olympic Games and Paralympic Games**

- 4.11 In the memorandum of understanding between the Government and the Mayor of London, signed in May 2003, the Mayor has agreed, subject to the Greater London Authority's decision-making processes, that a financial contribution from the council tax payer would be made to support the cost of staging the Games. As part of the bid, both the Mayor and the Government signed guarantees confirming the amounts to be funded by council tax (up to £625m) and other funding sources, and pledging to take all necessary measures to ensure that London will fulfil its obligations under the host city contract, which was signed with the International Olympic Committee on London's bid being successful.
- 4.12 The financial agreement to support the cost of staging the games forms part of the component budget for the GLA. Therefore, reflecting the Mayor's intention that the amount to be raised through the council tax precept would be £20 a year at the Band D household level and that there are currently 2.9 million Band D equivalent households, the amount included in the GLA's component budget is £58.1m.

### **Savings and efficiencies**

- 4.13 The Authority's approach to partnership working, which supports better value in terms of service delivery across London, is resource intensive for the Authority in terms of supporting partnerships, providing pump priming investment or long-term core support. Efficiencies to be gained are generally realised by organisations other than the Authority. However, the Authority plans to achieve cashable savings of some £2.5m (excluding elections) in 2007-08, £2.3m of which were identified in previous years and built into current estimates. In total the Authority's savings represent 5.5 per cent of controllable expenditure, and exceed the Government's Gershon target.
- 4.14 In addition non-cashable efficiencies continue to be delivered across the Authority, in part derived from a programme of efficiency reviews. In the past year this has led to non-cashable savings arising from the move to a greater number of framework agreements, a reduction in time spent on letting contracts and the streamlining of processes.

## Section 4: Greater London Authority

- 4.15 The review programme also delivers improvements in the quality of services. Over the past year examples have included improvements in the commissioning of publications, and the management of events held in City Hall. While some growth is being proposed in respect of the Government's review of GLA powers much of the additional work is being contained within existing resources by teams across the Authority.

### Reserves

- 4.16 The expected movements in reserves are:

GLA reserves	Budget 2006-07 £m	Forecast 2006-07 £m	Budget 2007-08 £m	Plan 2008-09 £m	Plan 2009-10 £m
<b>Opening balances</b>	<b>21.2</b>	<b>21.2</b>	<b>28.5</b>	<b>16.5</b>	<b>21.9</b>
Transfers to/from:					
Earmarked reserves	4.3	6.0	-11.7	5.4	5.5
General reserve	-	1.3	-0.3	-	-
<b>Closing balances</b>	<b>25.5</b>	<b>28.5</b>	<b>16.5</b>	<b>21.9</b>	<b>27.4</b>

- 4.17 The most significant movement on the earmarked reserves in 2007-08 relates to the 2008 Mayor and Assembly Elections. The current annual contribution to the election reserve is £4m, which will result in some £18m being available to fund these elections and any potential by-elections. However, this contribution will have to increase from 2008-09 in order to build up reserves for the 2012 elections. These costs will have to be kept under review, especially as the likelihood of by-elections will increase, as the period of the plan will include a General Election. The elections reserve will also have to bear the costs of a severance scheme for elected members, which if agreed by the Mayor and Assembly could be operative for the 2008 elections.
- 4.18 At 31 March 2007 the general fund is expected to total £3.2m, which represents around 2.5 per cent of the budget requirement. Given the shortfall on the borough returns against the council tax base and collection fund estimate it is proposed to use £0.3m of the general fund balance to reduce the GLA's budget requirement and maintain the overall GLA precept at £304 for a band D property. After this contribution the General Fund balance will still be some 2.3 per cent of the budget requirement. This level of general fund balance is considered adequate given the changing nature of the Authority's budget requirement and the associated risks.

## Section 5: Transport for London

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- 5.1 The framework for TfL's Business Plan is the groundbreaking deal achieved in 2004 with the Government. Innovatively, this gave TfL a five-year grant settlement lasting until March 2010, and allowed, for the first time, borrowing from the financial markets under the prudential borrowing regime to provide further support for its five-year plan.
- 5.2 Significant achievements to date include successful implementation of the central congestion zone and the revitalisation of the bus network, including CCTV and step-free access on all vehicles. Substantial investment has been put into modernisation and refurbishment of London Underground stations, as well as the introduction of the Oyster card.

### Key deliverables

- 5.3 In its updated Business Plan, TfL continues to focus on the delivery of its Investment Programme, as well as on further operational improvements. The key outputs and deliverables of the Business Plan and Investment Programme include:

#### Improving Rail & Underground Services

- TfL will take over responsibility for the Silverlink Metro (to be known as the London Overground) in November 2007. TfL will deliver a number of improvements, including enhanced frequency, improved service and security and, as from late 2008, new trains. The additional policing on the North London Line, introduced in 2006, will be enhanced;
- East London Line extension Stage 1, linking Dalston Junction in the north to West Croydon and Crystal Palace in the south (opening in 2010), with the 'Dalston Curve' linking the line to the North London Line to Highbury and Islington and beyond;
- Oystercard ticketing on all National Rail stations in London, starting from 2008;
- Docklands Light Railway extensions and capacity upgrades are planned, including the extension from King George V under the river to Woolwich Arsenal (opening 2009), from Canning Town to Stratford International (opening in 2010), and the three-car upgrade between Bank and Lewisham (completion is due in 2009);
- Development of the DLR Barking Reach extension to Transport and Works Act powers;
- Stratford regional station will be improved by the addition of a second platform on the line from Bow Church (under construction and due to open in 2007);
- An additional 46 railcars are being built for the DLR and all will be in service by 2010, 22 to support Olympic transport requirements, 24 to support Woolwich Arsenal and three-car running;
- The PPP will deliver huge increases in network capacity through a series of line upgrades, including work on the Jubilee line in 2009. Under the PPP contracts, a rolling programme of modernisation or refurbishment of every Underground station is planned;

## Section 5: Transport for London

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- Re-prioritised London Underground Station Accessibility Programme towards a target of 33 per cent step free access by 2013, with twenty five per cent of Underground stations step free from platform to street by 2010;
- LU power upgrades to meet PPP requirements plus provision of a new radio system across the whole of the network (currently introduced on the East London, District, Circle and Hammersmith and City lines in 2006);
- LU timetable changes to enable later running on Friday and Saturday nights from May 2007, offset by one hour later starts on Saturday;
- New trains will be introduced on to the Victoria line from late 2009 as part of a line upgrade. They will include accessibility improvements such as designated wheelchair spaces, audio announcements and better ventilation. All District line trains will be refurbished by 2009;
- Additional British Transport Police will be in place on the Underground and on the National Rail network to enhance security, starting from March 2007;
- The Piccadilly line extension to Heathrow terminal 5 will open in 2008 and is expected to serve three million customers a year by 2010;

### **Better bus services**

- Further bus expansion (in terms of operated km) by 4 per cent from 2005-06 to 2009-10 (36 per cent over 1999-2000 levels), continuing a 100 per cent accessible fleet<sup>1</sup> with every bus fitted with CCTV;
- The iBus project – rolling out from 2007 – will provide a new bus radio and communications system that will give passengers better information;
- Bus station improvements, bus shelter replacement and the bus priority programme will continue;
- Continuation of enhanced transport policing on bus routes through the Transport Operational Command Unit (TOCU) of the MPS, funded by TfL;
- Trials of ten hydrogen fuel cell buses to begin in 2008-09 and expanding the existing trials of hybrid diesel electric buses;

### **Walking, cycling and travel demand management**

- Schemes to provide safe and attractive environments for pedestrians include cycle training, cycle parking, access improvements and the completion of 850km of the London Cycle Network plus (LCN+) by 2010;
- TfL will continue supporting the London boroughs' local area schemes, and it is intended that every school should have a travel plan by 2009;
- Sustainable transport town centre scheme in Sutton (for 2006 to 2009), where TfL and the borough are working in partnership to encourage people to walk, cycle and use public transport and pilot other opportunities to reduce congestion;

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<sup>1</sup> Except for buses on heritage routes

## Section 5: Transport for London

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- Continued delivery of the road safety programme with the aim of achieving by 2010 the Mayor's casualty reduction targets announced in 2005 - the overall target is to reduce the number of people killed or seriously injured by 50 per cent over the 1994-98 average by 2010;
- Sustainable freight operations are being encouraged through the eight proposals contained in the London Freight Plan<sup>2</sup>, launched in June 2006;
- The introduction of the proposed London-wide Low Emission Zone, which, from 2008, will require HGVs, coaches, taxis and buses to meet Euro III emission standards;
- The western extension of the Central London Congestion Charge will be implemented from February 2007, coupled with customer improvements, including 'pay-next-day' and more payment outlets at petrol stations;

### **Managing the road network**

- Road maintenance and renewal will continue, and bridge and tunnel safety schemes at several locations – including the A40 Hanger Lane – will be completed;
- The town centre relief road at Coulsdon is due to open in January 2007 and construction of the A406 North Circular Road improvement scheme at Bounds Green will begin, subject to planning permission, in 2009. A public realm scheme for Parliament Square will be completed by 2010-11, subject to consultation;
- A modern traffic signal control system replacing equipment that is more than 30-years-old is to be deployed starting from 2010;

### **Supporting Thames Gateway regeneration**

- Subject to the outcome of a planning inquiry, construction of the Thames Gateway Bridge could begin in 2009 and the bridge would then open in 2013;
- Two bus-based transit schemes to serve the proposed bridge are under construction: East London Transit stage 1a (Ilford-Thames View Estate opening in 2008), and Greenwich Waterfront Transit stage 1 (Abbey Wood-Woolwich-North Greenwich, opening in 2010);

### **River and coach services**

- River Services will continue to manage nine passenger piers, including those at Central London locations such as Westminster and Bankside. It will also continue to provide financial support to the river bus route from the Savoy to Masthouse Terrace and Greenwich;
- Refurbishment at Victoria Coach Station, including ticket hall improvements, will be completed in 2007. The coach station will continue to provide interchange facilities for an estimated 10 million passengers and 400,000 coaches per year serving both the UK and mainland Europe;

### **Door-to-Door transport services**

- TfL will continue to provide funding for the London Boroughs' Taxicard scheme;

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<sup>2</sup> For details of the eight London Freight Plan proposals, see: <http://www.tfl.gov.uk/tfl/freight/plan.asp>

## Section 5: Transport for London

- Additional funding for door-to-door transport services pending the outcome of the review into door-to-door transport currently in progress;

### London's Transport Museum

- The museum will re-open in summer of 2007 following an extensive refurbishment, funded by TfL, the Lottery and commercial sources. There will be more exhibition space including several new themes, and a greatly enhanced building environment including an array of photovoltaic cells on the roof which will provide a substantial proportion of the museums electricity requirements;

### Crossrail

- Crossrail – the largest single transport improvement planned in the UK – is being developed via Cross London Rail Links Limited, a 50/50 joint venture between TfL and the DfT. TfL is continuing to promote Crossrail as being vital to London's future.

### Budget Requirement

- 5.4 TfL's gross expenditure in 2007-08 is budgeted at £7,046m consisting of expenditure on its operations, capital projects, debt servicing and contingency. Deducting income of £3,397m and third party contributions of £186m leaves £3,463m to be met by funding from external sources and reserves. While the bulk of the funding is in the form of Transport Grant from Government, TfL will continue to borrow under the Prudential Borrowing regime as agreed with Government. The level of borrowing is expected to increase steadily totalling £3.1bn over the five years to 2009-10.
- 5.5 TfL's budget requirement (which is the amount to be raised in the GLA council tax precept) for 2007-08 is **£12m**, which remains unchanged on the current year.

### Explanation of budget changes

- 5.6 The changes in 2007-08 relative to 2006-07 can be summarised as follows:

Changes in the TfL's spending plans	£m
2006-07 budget requirement	12
<i>Changes due to:</i>	
Inflation	144
Committed growth in existing projects	226
Fees, charges and ticket/trading revenues	-289
New initiatives	247
Service increases	158
Efficiencies and other budget savings*	-85
Transport grant	-215
Prudential borrowing	4
Reserve and working capital movements	-190
<b>2007-08 budget requirement</b>	<b>12</b>

\* Includes total efficiencies of £217m, up by £47m from the 2006-07 budget

## Section 5: Transport for London

5.7 The key changes in income and expenditure areas between years and that projected for the following two years for each of the main service areas are set out in the table below.

<b>Service analysis</b>	<b>Budget 2006-07 £m</b>	<b>Forecast 2006-07 £m</b>	<b>Budget 2007-08 £m</b>	<b>Plan 2008-09 £m</b>	<b>Plan 2009-10 £m</b>
<b>Income</b>					
Traffic income	-2,441	-2,482	-2,660	-2,828	-2,989
Congestion charging income	-260	-258	-341	-359	-348
Interest income	-53	-59	-65	-40	-23
Other income	-323	-297	-331	-370	-419
	<b>-3,077</b>	<b>-3,096</b>	<b>-3,397</b>	<b>-3,597</b>	<b>-3,779</b>
<b>Operating costs</b>					
London Underground	2,725	2,596	2,694	2,790	3,014
Surface Transport	2,396	2,346	2,542	2,662	2,729
London Rail*	126	134	183	273	315
Corporate Directorates	240	264	290	280	260
	<b>5,487</b>	<b>5,340</b>	<b>5,709</b>	<b>6,005</b>	<b>6,318</b>
<b>Net capital expenditure</b>					
London Underground	384	296	476	632	862
Surface Transport	246	227	287	328	163
London Rail*	182	172	512	681	298
Corporate Directorates**	28	41	35	6	3
Capital receipts/third party contributions/property sales	-229	-185	-186	-220	-165
Group level overprogramming	-70	-	-70	-68	-69
	<b>541</b>	<b>548</b>	<b>1,054</b>	<b>1,359</b>	<b>1,092</b>
<b>Other</b>					
Debt servicing	85	58	70	106	151
Contingency	26	26	27	28	28
<b>Net services expenditure</b>	<b>3,062</b>	<b>2,876</b>	<b>3,463</b>	<b>3,901</b>	<b>3,810</b>
Movements in working capital	27	-2	137	147	-96
Transfer to/from reserves	-90	131	-390	-505	-276
Specific grants	-2,383	-2,389	-2,598	-2,781	-2,826
Prudential borrowing	-604	-604	-600	-750	-600
<b>Budget requirement</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

\* The London Rail operating and capital expenditure includes the Silverlink Metro franchise (where responsibility for managing the franchise transfers from the DfT to TfL in November 2007), the East London line extension, and the new trains and other improvements which will be known as the London Overground

\*\* The decrease is largely due to the completion of the museum refurbishment mentioned earlier and the completion of a project to enhance back office systems supporting customer contact centres

## Section 5: Transport for London

5.8 The above table includes estimates of net capital expenditure<sup>3</sup>, which include provision for over-programming of £165m for 2007-08, rising to £204m by 2009-10 (see below). This provision recognises that there are stages of the investment plan that are not entirely under TfL control.

5.9 The provision for over-programming is held at group level, and within the two larger modes as follows:

<b>Overprogramming</b>	<b>Budget 2006-07 £m</b>	<b>Forecast 2006-07 £m</b>	<b>Budget 2007-08 £m</b>	<b>Plan 2008-09 £m</b>	<b>Plan 2009-10 £m</b>
London Underground	-34	-20	-45	-55	-85
Surface Transport	-50	-43	-50	-50	-50
Group level	-70	-	-70	-68	-69
	<b>-154</b>	<b>-63</b>	<b>-165</b>	<b>-173</b>	<b>-204</b>

### Inflation

5.10 Inflation is estimated to add £144m to TfL's costs in 2007-08. This is based on an underlying inflation assumption of 2.5 per cent and the expected costs of bus contracts being tendered in 2006-07 and 2007-08 where the actual costs of operating these services have increased in real terms over the contracts being re-tendered.

### Committed growth

5.11 The full year cost of existing service levels and the additional cost of on-going capital projects is estimated to add £226m net to TfL's costs in 2007-08.

### Fees, charges and ticket/trading revenues

5.12 The estimates for traffic income reflect the fares package for 2007 announced by the Mayor in September 2006. This package provided for an overall increase in bus fares of RPI plus 3.8 per cent and for the tube of RPI plus one per cent. The estimates also reflect the western extension of the Central London Congestion Charge which will be implemented from February 2007.

### Increases in service levels and new initiatives

5.13 Planned increases in service levels and new initiatives service add £405m, increasing to £831m over the three years to 2009-10.

	<b>2007-08 £m</b>	<b>2008-09 £m</b>	<b>2009-10 £m</b>
Increases in service levels	158	249	327
New initiatives	247	355	504
<b>Total</b>	<b>405</b>	<b>604</b>	<b>831</b>

<sup>3</sup> Net capital expenditure less prudential borrowing is the amount of capital expenditure to be charged to a revenue account in the local authority accounting regime

## Section 5: Transport for London

### Savings and efficiencies

- 5.14 TfL's efficiency programme was established in 2002-03 and now plans to save almost £1.3bn (cumulative) by the end of 2009-10. In addition to the continuing operational and back office efficiencies, the future additional efficiency initiatives include:
- Additional procurement savings targets on controllable (reducible) spend across TfL;
  - Continued focus on delivering efficiencies through the contracting arrangements relating to the bus network, and additional operational efficiencies as a result of reducing cash on buses;
  - Further operational savings in LUL relating to the on-going successful implementation of Oystercard;
  - Savings arising from the future arrangements for managing road maintenance contracts which will be brought in-house from 1 April 2007;
  - Efficiencies arising from London Rail operational activities including savings on the DLR franchise.
- 5.15 In addition, TfL, through better procurement has delivered additional benefits from increased non-fare income (£2m in 2005-06, which will increase to almost £9m by 2009-10). This is available for TfL to spend on improving service delivery.

### Grant funding

- 5.16 Grant funding for the current year, the budget for 2007-08 and subsequent planned years to 2009-10 is set out in the table below.

<b>Grant funding</b>	<b>Budget 2006-07</b>	<b>Forecast 2006-07</b>	<b>Budget 2007-08</b>	<b>Plan 2008-09</b>	<b>Plan 2009-10</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Transport grant	2,383	2,383	2,544	2,673	2,676
Other	-	6	54	108	150
<b>Specific Grants</b>	<b>2,383</b>	<b>2,389</b>	<b>2,598</b>	<b>2,781</b>	<b>2,826</b>

- 5.17 There is additional funding provided from the Community Infrastructure Fund towards two projects:
- A new station on the Docklands Light Railway at Langdon Park (between All Saints and Devons Road), scheduled to open in November 2007, which will improve social inclusion and increase local accessibility and journey times;
  - The provision of a concrete 'slab' covering the London Overground at Dalston, enabling the construction of housing over the railway line.

## Section 5: Transport for London

### Reserves

- 5.18 Total reserves are forecast to reduce from the current level of £1,346m to £271m by the end of 2009-10, due to the application of the earmarked Capital Reserve in line with the agreed investment programme.

TfL reserves	Budget 2006-07 £m	Forecast 2006-07 £m	Budget 2007-08 £m	Plan 2008-09 £m	Plan 2009-10 £m
<b>Opening balances</b>	<b>1,347</b>	<b>1,347</b>	<b>1,442</b>	<b>1,052</b>	<b>547</b>
Transfers to/from:					
LUL reserve	-	-	-	-	-
Capital reserve	-130	108	-390	-505	-246
General reserve	-	-13	-	-	-30
<b>Closing balances</b>	<b>1,217</b>	<b>1,442</b>	<b>1,052</b>	<b>547</b>	<b>271</b>

### London Underground reserve

- 5.19 The risk management framework within London Underground includes a comprehensive review process of costs, timescales and probabilities in order to assess the level of risks in project delivery and operational activities, and to manage and reduce the level of such risks. The London Underground budget includes specific provisions within the PFI and PPP programmes to allow for the costs of identified risks impacting on the business. This approach for budgeting for risk recognises the complex and contractual inter-relationships between the Underground, the PPP Infracos and PFI contractors. The Underground budget also includes a general provision for other risks outside the PPP and PFI contracts.
- 5.20 In addition to the Underground budgets for risk areas, the Government funding settlement includes provision to establish a reserve provision to manage future business risks for major unplanned and unforeseen expenditure. The forecast level agreed by Government of £170m was achieved in 2005-06. Any drawdown from this reserve is subject to consultation with the Secretary of State, with any significant depletion being subject to review as part of the Government spending reviews, in order to maintain reserves at the agreed level. TfL expect to both use and have replenished this reserve during the plan period.

LU reserve	Budget 2006-07 £m	Forecast 2006-07 £m	Budget 2007-08 £m	Plan 2008-09 £m	Plan 2009-10 £m
<b>Opening balance</b>	<b>170</b>	<b>170</b>	<b>170</b>	<b>170</b>	<b>170</b>
Transfer from	-	-	-	-145	-25
Transfers to	-	-	-	145	25
<b>Closing balances</b>	<b>170</b>	<b>170</b>	<b>170</b>	<b>170</b>	<b>170</b>

## Section 5: Transport for London

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### **Capital reserve**

- 5.21 In order to manage its investment and borrowing programme, TfL has created an earmarked Capital Reserve that will be required to meet its capital commitments over the plan period.

### **General reserves**

- 5.22 TfL's general reserves are expected to reduce slightly in 2006-07 and are planned to be reduced by some £30m by 2009-10 to £105m; this balance represents approximately 2 per cent of TfL's gross budget. It is considered that this level of reserves is appropriate to meet general requirements.

## Section 6: London Development Agency

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- 6.1 The Mayor's revised Economic Development Strategy was launched on 20 January 2005, providing the strategic framework for the economic development of the capital for the next 10 years. The LDA plays a leading role in implementation of the strategy, working with other delivery stakeholders.
- 6.2 While the Mayor of London sets a small number of the targets for the LDA, the majority are dictated by central government through a target Framework that applies to all of England's Regional Development Agencies. This Framework does not take account of London's governance arrangements and central government is currently considering a proposal to take the London Development Agency out of the ambit of the Framework and, for the first time, allow the Mayor to set all of the Agency's output targets, taking full account of the Mayor's Economic Development Strategy for London and the role that the LDA and other bodies can play in delivering progress. Key deliverables for which targets will be set are:

### **London's places and infrastructure**

- Facilitate housing units to support London's future growth and development in the Thames Gateway and other priority regeneration areas (including seeking to achieve a 50 per cent affordable housing target);
- Remediate and/or invest in reclaiming and developing brownfield land;
- Develop and encourage an energy efficient infrastructure for London by an expanded green homes service, by ensuring the minimisation of carbon emissions in new developments and by developing a major zero carbon development;
- Expand the work of the London Climate Change Agency in conjunction with private sector partners;
- Play a crucial role in delivering the Olympic and Paralympic Games through land assembly and regeneration initiatives, and work with the Mayor and other partners to develop training and enterprise support for local people and businesses in the Lower Lea Valley and Thames Gateway and ensure legacy benefits are shared by all.

### **London's people**

- Reduce worklessness;
- Support the creation of new affordable childcare places;
- Support adults to gain basic skills as part of the Skills for Life Strategy that count towards the skills PSA target;
- Support adults in the workforce who lack full level 2 skills or equivalent to achieve at least full level 2 or equivalent as a result of LDA programmes;
- Expand provision of skills essential for ensuring carbon minimisation
- Assist people in their skills development as a result of LDA programmes;
- Create maximum benefit from the Games in terms of skills and local procurement.

## Section 6: London Development Agency

### London's enterprises

- Create or attract new businesses and which demonstrate growth after 12 months;
- Provide support to businesses to improve their performance, particularly in relation to carbon minimisation;
- Create or safeguard jobs;
- Engage businesses in new collaboration with the UK knowledge base;
- Reach a target of SMEs submitting a pre-qualification questionnaire or equivalent expression of interest for a contract as direct result of LDA support;

### London's marketing and promotion

- Maximise the benefits of London 2012 Olympic and Paralympics Games, linking the Agency's International and promotional work with the Olympics and Paralympics legacy work. This will help to ensure that London's economy derives maximum benefit in terms of tourism and sustainable inward investment.

### Budget requirement

- 6.3 The LDA's activities are met entirely from specific grants, capital receipts and borrowing to cover cash flow requirement for financing the Olympics. Over the period to 2009-10, £479m of the cost of acquisition and remediation of the land is to be funded by prudential borrowing and from asset disposals. The balance is funded by core Government grant. The LDA continues to have a nil budget requirement in 2007-08.

### Explanation of budget changes

- 6.4 The key changes in income and expenditure areas between years and that projected for the following two years for each of the main programme areas are set out in the table overleaf. The changes in 2007-08 relative to 2006-07 can be summarised as follows:

<b>Changes in the LDA's spending plans</b>	<b>2007-08</b>
	<b>£m</b>
2006-07 budget requirement	0.0
<i>Changes due to:</i>	
Increase in programme expenditure	186.1
Savings and efficiencies	-8.0
Increase in funding	-8.2
Increase in contingency	1.1
Increase in prudential borrowing	-171.0
<b>2007-08 budget requirement</b>	<b>0.0</b>

- 6.5 The grant settlement 2007-08 has not been confirmed. The only firm indication of Government funding currently available covers the Government's Spending Review period from 2005-06 to 2007-08. Allocations for 2008-09 and 2009-10 will be based on the 2007 Comprehensive Spending Review. Figures used for these years are based on regional funding allocations notified on 21 July 2005. Current spending plans will need to be reviewed when the settlement is confirmed.

## Section 6: London Development Agency

Service analysis	Budget 2006-07 £m	Forecast 2006-07 £m	Budget 2007-08 £m	Plan 2008-09 £m	Plan 2009-10 £m
<b>London's places &amp; infrastructure</b>					
Developing London's areas and sectors	46.0	46.0	39.4	32.9	32.9
Health and sustainable city	5.0	5.0	5.6	7.6	7.6
Thames Gateway and estate management	26.6	26.6	29.7	29.3	29.3
Olympic land and Olympic legacy	222.0	222.0	441.0	129.0	129.0
	<b>299.6</b>	<b>299.6</b>	<b>515.7</b>	<b>198.8</b>	<b>198.8</b>
<b>London's people</b>					
Childcare	16.5	16.5	23.0	23.0	23.0
Developing skills and addressing barriers to employment	21.0	21.0	27.0	27.0	27.0
Diversity works plus & specialist equalities projects	1.6	1.6	0.3	0.3	0.3
	<b>39.1</b>	<b>39.1</b>	<b>50.3</b>	<b>50.3</b>	<b>50.3</b>
<b>London's marketing &amp; promotion</b>					
Marketing & Promoting London	44.9	44.9	30.4	29.9	28.4
	<b>44.9</b>	<b>44.9</b>	<b>30.4</b>	<b>29.9</b>	<b>28.4</b>
<b>London's enterprises</b>					
Supporting London's enterprises & sectors	102.9	103.8	92.2	87.1	118.9
	<b>102.9</b>	<b>103.8</b>	<b>92.2</b>	<b>87.1</b>	<b>118.9</b>
<b>Implementation of the EDS</b>					
Implementation of the EDS	58.8	58.8	35.5	27.0	25.0
	<b>58.8</b>	<b>58.8</b>	<b>35.5</b>	<b>27.0</b>	<b>25.0</b>
<b>Total Programmes</b>	<b>545.3</b>	<b>546.2</b>	<b>724.1</b>	<b>393.1</b>	<b>421.4</b>
Policy & support expenditure	28.8	28.8	28.1	27.4	26.7
DTI contingency	0.9	-	2.0	2.0	2.0
<b>Total expenditure</b>	<b>575.0</b>	<b>575.0</b>	<b>754.2</b>	<b>422.5</b>	<b>450.1</b>
Core government funding	-370.6	-370.6	-400.8	-408.0	-435.6
Capital receipts	-26.6	-26.6	-11.0	-	-
Prudential borrowing	-154.0	-154.0	-325.0	-	-
Other grant funding and receipts	-23.8	-23.8	-17.4	-14.5	-14.5
<b>Total income</b>	<b>-575.0</b>	<b>-575.0</b>	<b>-754.2</b>	<b>-422.5</b>	<b>-450.1</b>
Interest receipts	-	-	-	-	-
Transfer to reserves	-	-	-	-	-
<b>Budget requirement</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

- 6.6 Policy and programme support covers the agency's staffing and running costs, with those staff costs relating to programme development and delivery recharged to the appropriate programme.

## **Section 6: London Development Agency**

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- 6.7 LDA controls its budget allocations at programme level. In order to cater for slippages at project level the LDA over-programmes to a maximum of 120 per cent for the revenue budgets and 150 per cent for capital but the actual spend is still contained within the resources available. These levels of over programming will be reviewed as part of the development of the investment strategy for 2008-09 onwards.

### **Savings and efficiencies**

- 6.8 The LDA is required by the Treasury to deliver 2.5 per cent efficiency savings each year on the 2004-05 baseline over the three year period to 2007-08. The annual savings target is some £8m of which half must be cash releasing. The efficiency savings plan includes tackling programme duplication, streamlining corporate communications, promotional activities and support services, and reducing the use of consultants.

### **Reserves**

- 6.9 At present the LDA is constrained by the rules attached to its grant on the income streams that can be used to fund reserves. The Department for Trade and Industry requires the retention of a £1m revenue and £1m capital contingency fund for 2007-08 from within the grant allocation to replace the central contingency that was previously held by the DTI for all RDAs.

## Section 7: Council tax information

### 2007-08 GLA council tax levels

- 7.1 The overall percentage increase in the GLA council tax precept is 5.3 per cent and the increase attributable to each constituent body is set out below.

Increase in Band D amounts	2007-08	2006-07	Increase a year	Increase a week
Metropolitan Police Authority	£223.60	£210.82	£12.78	24p
London Fire & Emergency Planning Authority	£47.12	£45.63	£1.49	3p
Greater London Authority*	£30.00	£29.32	£0.68	1p
Transport for London	£4.13	£4.16	-£0.03	-
London Development Agency	£0	£0	£0	-
Surplus on Borough collection funds	-£0.97	-£1.32	£0.35	1p
<b>Total GLA group</b>	<b>£303.88</b>	<b>£288.61</b>	<b>£15.27</b>	<b>29p</b>

- 7.2 There are two sets of council tax calculations because the Metropolitan Police District does not include the City. The amounts of council tax for different valuation bands are shown below.

#### For London boroughs (excluding the City of London)

Band	2007-08	2006-07	Annual increase	Weekly increase
Band A	£202.59	£192.41	£10.18	20p
Band B	£236.35	£224.47	£11.88	23p
Band C	£270.12	£256.54	£13.57	26p
<b>Band D</b>	<b>£303.88</b>	<b>£288.61</b>	<b>£15.27</b>	<b>29p</b>
Band E	£371.41	£352.75	£18.66	36p
Band F	£438.94	£416.88	£22.06	42p
Band G	£506.47	£481.02	£25.45	49p
Band H	£607.76	£577.22	£30.54	59p

#### For the City of London

Band	2007-08	2006-07	Annual increase	Weekly increase
Band A	£53.52	£51.86	£1.66	3p
Band B	£62.44	£60.50	£1.94	4p
Band C	£71.36	£69.15	£2.21	4p
<b>Band D</b>	<b>£80.28</b>	<b>£77.79</b>	<b>£2.49</b>	<b>5p</b>
Band E	£98.12	£95.08	£3.04	6p
Band F	£115.96	£112.36	£3.60	7p
Band G	£133.80	£129.65	£4.15	8p
Band H	£160.56	£155.58	£4.98	10p

## Section 7: Council tax information

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### 2012 Olympic Games and Paralympic Games

- 7.3 All the above figures include the GLA's financial contribution to the Public Sector Funding Agreement, and the Band D amount remains at £20. There are no net additional amounts in the component budget requirements for the MPA, LFEPA, TfL and LDA.

Olympics: each council tax band	Annual Amount	Weekly Amount
Band A	£13.33	26p
Band B	£15.56	30p
Band C	£17.78	34p
<b>Band D</b>	<b>£20.00</b>	<b>38p</b>
Band E	£24.44	47p
Band F	£28.89	56p
Band G	£33.33	64p
Band H	£40.00	77p

- 7.4 The GLA budget does include £0.7 million for staff and programmes to ensure that, in preparing for the Games, the Mayor's strategies and priorities are delivered to create lasting legacy benefits for communities and businesses both in east London and right across the capital, and to assist the Mayor in meeting his obligations under the Host City contract. This is a limited sum – equivalent to a Band D council tax contribution of less than a halfpenny a week – and covers activities much wider than those covered by the agreement with Government on funding the Games.

## Metropolitan Police Authority

### Metropolitan Police Authority component budget requirement calculation

Line	Sum	Description
(1)	£3,309,900,000	Estimated expenditure of the MPA calculated in accordance with s85(4)(a) of the Act
(2)	£0	Estimated allowance for contingencies for the MPA under s85(4)(b) of the Act
(3)	£0	Estimated reserves to be raised for meeting future expenditure of the MPA under s85(4)(c) of the Act
(4)	£0	Estimate of reserves to meet a revenue account deficit of the MPA under s85(4)(d) of the Act
(5)	<b>£3,309,900,000</b>	Aggregate of the amounts for the items set out in s85(4) of the Act for the MPA (lines (1) + (2) + (3) + (4) above)
(6)	-£773,200,000	Estimate of MPA's income calculated in accordance with s85(5)(a) of the Act
(7)	-£4,000,000	Estimate of MPA's reserves to be used in meeting amounts in lines (1) and (2) above under s85(5)(b) of the Act
(8)	<b>-£777,200,000</b>	Aggregate of the amounts for the items set out in section 85(5) of the Act for the MPA (lines (6) + (7))
(9)	<b>£2,532,700,000</b>	The component budget requirement for MPA (being the amount by which the aggregate at (5) above exceeds the aggregate at (8) above calculated in accordance with section 85(6) of the Act)

**The component budget requirement for the MPA for 2007-08 is £2,532,700,000.**

## London Fire and Emergency Planning Authority

### London Fire and Emergency Planning Authority component budget requirement calculation

Line	Sum	Description
(10)	£443,000,000	Estimated expenditure of LFEPA for the year calculated in accordance with s85(4)(a) of the Act
(11)	£0	Estimated allowance for contingencies for LFEPA under s85(4)(b) of the Act
(12)	£2,100,000	Estimated reserves to be raised for meeting future expenditure of LFEPA under s85(4)(c) of the Act
(13)	£0	Estimate of reserves to meet a revenue account deficit of LFEPA under s85(4)(d) of the Act
(14)	<b>£445,100,000</b>	Aggregate of the amounts for the items set out in s85(4) of the Act for LFEPA (lines (10) + (11) + (12) + (13) above)
(15)	-£29,100,000	Estimate of LFEPA's income calculated in accordance with s85(5)(a) of the Act
(16)	-£24,500,000	Estimate of LFEPA's reserves to be used in meeting amounts in lines (10) and (11) above under s85(5)(b) of the Act
(17)	<b>-£53,600,000</b>	Aggregate of the amounts for the items set out in section 85(5) of the Act for LFEPA (lines (15) + (16))
(18)	<b>£391,500,000</b>	The component budget requirement for LFEPA (being the amount by which the aggregate at (14) above exceeds the aggregate at (17) above calculated in accordance with section 85(6) of the Act)

**The component budget requirement for LFEPA for 2007-08 is £ 391,500,000.**

## Greater London Authority

### Greater London Authority component budget requirement calculation

Line	Sum	Description
(19)	£153,600,000	Estimated expenditure of the GLA for the year calculated in accordance with s85(4)(a) of the Act
(20)	£100,000	Estimated allowance for contingencies for the GLA under s85(4)(b) of the Act
(21)	£6,400,000	Estimated reserves to be raised for meeting future expenditure of the GLA under s85(4)(c) of the Act
(22)	£0	Estimate of reserves to meet a revenue account deficit of the GLA under s85(4)(d) of the Act
(23)	<b>£160,100,000</b>	Aggregate of the amounts for the items set out in s85(4) of the Act for the GLA (lines (19) + (20) + (21) + (22) above)
(24)	-£16,100,000	Estimate of GLA income calculated in accordance with s85(5)(a) of the Act
(25)	-£18,400,000	Estimate of the GLA's reserves to be used in meeting amounts in lines (19) and (20) above under s85(5)(b) of the Act
(26)	<b>-£34,500,000</b>	Aggregate of the amounts for the items set out in section 85(5) of the Act for the GLA (lines (24) + (25))
(27)	<b>£125,600,000</b>	The component budget requirement for the GLA (being the amount by which the aggregate at (23) above exceeds the aggregate at (26) above calculated in accordance with section 85(6) of the Act)

**The component budget requirement for the GLA for 2007-08 is £125,600,000.**

## Transport for London

### Transport for London component budget requirement calculation

Line	Sum	Description
(28)	£6,370,000,000	Estimated expenditure of TfL for the year calculated in accordance with s85(4)(a) of the Act
(29)	£27,000,000	Estimated allowance for contingencies for TfL under s85(4)(b) of the Act
(30)	£0	estimated reserves to be raised for meeting future expenditure of TfL under s85(4)(c) of the Act
(31)	£0	Estimate of reserves to meet a revenue account deficit of TfL under s85(4)(d) of the Act
(32)	<b>£6,397,000,000</b>	Aggregate of the amounts for the items set out in s85(4) of the Act for the TfL (lines (28) + (29) + (30) + (31) above)
(33)	-£5,995,000,000	Estimate of TfL income calculated in accordance with s85(5)(a) of the Act
(34)	-£390,000,000	Estimate of TfL's reserves to be used in meeting amounts in lines (28) and (29) above under s85(5)(b) of the Act
(35)	<b>-£6,385,000,000</b>	Aggregate of the amounts for the items set out in section 85(5) of the Act for TfL (lines (33) + (34))
(36)	<b>£12,000,000</b>	The component budget requirement for TfL (being the amount by which the aggregate at (32) above exceeds the aggregate at (35) above calculated in accordance with section 85(6) of the Act)

**The component budget requirement for TfL for 2007-08 is £12,000,000.**

## London Development Agency

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### London Development Agency component budget requirement calculation

Line	Sum	Description
(37)	£416,200,000	Estimated expenditure of the LDA for the year calculated in accordance with s85(4)(a) of the Act
(38)	£2,000,000	Estimated allowance for contingencies for the LDA under s85(4)(b) of the Act
(39)	£0	Estimated reserves to be raised for meeting future expenditure of the LDA under s85(4)(c) of the Act
(40)	£0	Estimate of reserves to meet a revenue account deficit of the LDA under s85(4)(d) of the Act
(41)	<b>£418,200,000</b>	Aggregate of the amounts for the items set out in s85(4) of the Act for the LDA (lines (37) + (38) + (39) + (40) above)
(42)	-£418,200,000	Estimate of the LDA income calculated in accordance with s85(5)(a) of the Act
(43)	£0	Estimate of the LDA's reserves to be used in meeting amounts in lines (37) and (38) above under s85(5)(b) of the Act
(44)	<b>-£418,200,000</b>	Aggregate of the amounts for the items set out in section 85(5) of the Act for the LDA (lines (42) + (43))
(45)	<b>£0</b>	The component budget requirement for the LDA (being the amount by which the aggregate at (41) above exceeds the aggregate at (44) above calculated in accordance with section 85(6) of the Act)

**The component budget requirement for the LDA for 2007-08 is £0.**

## London Development Agency

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### Greater London Authority consolidated budget requirement calculation

Line	Sum	Description
(46)	<b>£3,061,800,000</b>	The GLA's consolidated budget requirement (the sum of the amounts in lines (9) + (18) + (27) + (36) + (45)) calculated in accordance with section 85(8) of the Act

**The consolidated budget requirement for the GLA for 2007-08 is £3,061,800,000.**

## Summary

	MPA	LFEPA	GLA	TfL	LDA	Total
Estimated expenditure	3,309,900,000	443,000,000	153,600,000	6,370,000,000	416,200,000	10,692,700,000
Estimated allowance for contingencies	-	-	100,000	27,000,000	2,000,000	29,100,000
Estimated reserves to be raised for meeting future expenditure	-	2,100,000	6,400,000	-	-	8,500,000
Estimate of reserves to meet a revenue account deficit	-	-	-	-	-	-
<b>Estimated total expenditure</b>	<b>3,309,900,000</b>	<b>445,100,000</b>	<b>160,100,000</b>	<b>6,397,000,000</b>	<b>418,200,000</b>	<b>10,730,300,000</b>
Estimate of income	-773,200,000	-29,100,000	-16,100,000	-5,995,000,000	-418,200,000	-7,231,600,000
Estimate of reserves to be used	-4,000,000	-24,500,000	-18,400,000	-390,000,000	-	-436,900,000
<b>Estimated total income</b>	<b>-777,200,000</b>	<b>-53,600,000</b>	<b>-34,500,000</b>	<b>-6,385,000,000</b>	<b>-418,200,000</b>	<b>-7,668,500,000</b>
<b>Budget requirement</b>	<b>2,532,700,000</b>	<b>391,500,000</b>	<b>125,600,000</b>	<b>12,000,000</b>	<b>-</b>	<b>3,061,800,000</b>