Mayor's Background Statement in support of his Draft Consolidated Budget for 2011-12

Summary

This report presents the Mayor's Budget proposals for the GLA and the functional bodies for the next financial year. The Budget is still in draft form and may be changed before being presented to the Assembly on 23 February as the Mayor's final Budget.

1 Introduction

- 1.1 The budgetary process is to a large extent governed by the provisions of sections 85, 86 and 87 and Schedule 6 of the Greater London Authority Act 1999 ("the GLA Act"). A summarised version of that process is as follows:
 - (a) The Mayor must prepare for each financial year a budget for each of the constituent bodies and a consolidated budget for the GLA and the functional bodies as a whole (the Authority's consolidated budget). For the purposes of budgeting, the Mayor of London and London Assembly are treated as separate constituent bodies.
 - (b) Before arriving at the final budget, a draft of the budget for each component body will be the subject of consultation with the relevant body and the Assembly respectively. This has been done (see Paragraph 3.1).
 - (c) After preparation of those drafts, and on or before 11 February, the Mayor was required to prepare a draft of his proposed consolidated budget for consultation with the Assembly. The Assembly had resolved that the Mayor should consult its Budget and Performance Committee. Such consultation occurred and the Committee considered that document on 6 and 11 January. The Mayor was also required within the same timeframe to consult with other bodies or persons that he considered appropriate. This also occurred (see paragraph 3.1).
 - (d) Following consultation, the Mayor determines the draft consolidated budget, publishes it and presents it to the Assembly at a public meeting. The draft consolidated budget that has been determined is attached to this statement and the Assembly must approve this budget (with the draft component budgets comprised in it) with or without amendment.

- (e) After the draft consolidated budget has been approved, with or without amendment, the Mayor will prepare and publish a final draft of his proposed consolidated budget for the next financial year. If the final draft budget to the Assembly does not incorporate the Assembly's amendments the Mayor must state his reasons for not doing so. Also, if that final draft is different to the original draft with or without amendments, the Mayor must lay a written statement before the Assembly of his reasons for the changes. This final draft must be considered at a public meeting of the Assembly and approved with or without amendment before the last day of February. Any amendment must at this stage be agreed by at least two thirds of the Members voting. The resulting budget will be the approved consolidated budget for the financial year 2011-12.
- 1.2 Consequently, the Assembly must approve the draft consolidated budget with or without amendment. If no amendments are made, the draft consolidated budget shall be deemed to be approved.

2 Documentation

- 2.1 Annex A to this statement presents the Mayor's draft consolidated budget as defined in the GLA Act.
- 2.2 A separate accompanying document provides an explanation of the budget proposals. This is in the same format as the consultation paper summarising the draft budget and its precept requirement which was published on 22 December 2010. The last appendix to that document lists the changes that have been made to the consultation paper.
- 2.3 Another separate accompanying document provides financial and legal advice to the Mayor and Assembly, and this includes separate advice on the setting of the Assembly component budget.

3 Consultation Process and Responses

3.1 In addition to consulting the Assembly and the constituent functional bodies, in preparing his draft budget the Mayor must consult other bodies and may consult others as appear to him appropriate. The Mayor issued draft component budget proposals to each functional body in October 2010 for consultation which they were invited to respond to by 19 November 2010. The budget consultation paper issued on 22 December has been widely circulated to each functional body, London borough councils, the Common Council of the City of London, London Councils, and a wide range of business and representative organisations. It was also placed on the Greater London Authority website, enabling members of the public to make their comments. A summary of the responses and copies of all responses received have been made available to Assembly Members.

4 The Mayor's Approach to Decision Making

- 4.1 The Mayor has a number of statutory functions that must be fulfilled on behalf of Londoners and reflected in a financially balanced budget. These include the existing very major responsibilities in respect of policing, transport, fire and emergency planning and regeneration of land use/planning, housing, adult skills, planning, waste, culture and sport, health, sustainable development, energy and climate change.
- 4.2 The Mayor also has a number of discretionary functions, in particular a general power to do anything to further the principal purposes of the Authority, e.g. promoting economic development and wealth creation, social development and the improvement of the environment in Greater London. In the exercise of his functions the Mayor also has to have regard to the need to promote equality of opportunity for all people irrespective of their race, sex, disability, age, sexual orientation or religion.
- 4.3 To help fulfil these functions and responsibilities, but subject to the information available on future grant settlements, the budget development process is a key element of the planning framework and has an important purpose of ensuring there are sound medium term financial plans within which all Mayoral priorities and objectives are adequately funded, while recognising areas of risk and uncertainty will inevitably exist. This means ensuring that the estimates of income and expenditure (including appropriate consideration of the effects of inflation), Government funding and council tax are soundly based, with appropriate and sufficient reserves, paying due regard to professional and statutory guidance. This is reinforced by the Local Government Act 2003 which requires the Authority's Chief Finance Officer to report on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed financial reserves.
- 4.4 A primary aim of the budget process is to provide a financially balanced budget, as a basis for an efficient and effective use of available resources. The aim is to secure a fair and reasonable balance between the discharge of obligatory and discretionary responsibilities for the provision of services and the financial burden upon those required to finance the net cost.
- 4.5 This approach was reflected in the Mayor's guidance for the preparation of budget submissions for 2011-12 and future plans which was issued to the GLA Group in May 2010. It has also been supplemented through a series of meetings with the functional bodies and GLA officers to ensure the guidance remains valid and responsive to emerging needs and changing circumstances. The functional bodies and the Assembly's Budget and Performance Committee have also played a major role in the preparation and scrutiny of budget proposals. The Mayor's response to the recommendations made by the Budget and Performance Committee on the Budget Consultation Document is set out below with the relevant recommendations highlighted in italics.

5 Economic Context and Finance Settlement

- 5.1 During 2008-09 London and the UK went through a deep and long recession. The recovery is likely to be bumpy, with households feeling squeezed due to job insecurity, relatively stagnant wages and rising prices. GLA Economics' most recent forecast for 2011 and 2012 is for London's economy to continue its recovery with output growth of 2.4 per cent in 2011 and 2.9 per cent in 2012. Employment is forecast to grow by 0.6 per cent in 2011 and by 1.0 per cent in 2012.
- 5.2 London's labour market deteriorated during the recession but showed some degree of recovery over 2010, linked to output growth. Compared to the experience of previous recessions London's (and the UK's) labour market continues to show surprising resilience. Over the past year London's International Labour Organisation (ILO) unemployment rate has been broadly stable at around 9 per cent.
- 5.3 The UK went into recession with a substantial structural budget deficit and public sector net borrowing has been increasing for most of the last decade. Government spending increased from 36 per cent of GDP in 1999-2000 to 41 per cent of GDP in 2007-08. In 2009-10 the budget deficit stood at 11 per cent of GDP and it is projected to be 10 per cent in 2010-11. The budget deficit is then projected to fall further and reach 1 per cent of GDP in 2015-16.
- A key factor in determining the GLA's financial position is Government grant funding. Although the GLA's Government grants have been substantially reduced, London has done better relatively to any other region. The Government listened to the Mayor's argument that London is the engine of the UK's economy and with the 2012 Games around the corner it would be wrong to cut off the fuel of investment in the region that will provide the most economic growth and future tax receipts.
- 5.5 Even after the reductions in grant that have been announced the GLA Group will receive some £6.4 billion in Government grants. The Local Government Finance Settlement can be summarised as follows:
 - LFEPA has a 3.3 per cent decrease in formula grant in 2011-12, followed by a small cash increase of 0.2 per cent in 2012-13.
 - MPA has a decrease of 5.1 per cent in its general grant (Home Office police grant and CLG formula grant) in 2011-12, followed by a further reduction of 6.7 per cent in 2012-13.
 - GLA has a decrease of 3.4 per cent in its general grant on a like for like basis in 2011-12 although the final settlement is still to be confirmed formally by CLG. No figures have yet been issued for 2012-13.
 - Once other funding sources such as fares are considered, the reduction in Government grants amount to an 8 per cent reduction in TfL's planned operating and capital expenditure by 2014-15.

 At the time of writing no LDA Settlement has been received. The assumptions made include a proposed reduction of 50 per cent in the service and administration budgets for the LDA in 2011-12.

6 The Mayor's Budget Proposals

Consolidated Budget Requirement

- 6.1 On 22 December 2010 the Mayor commenced consultation on the budget for the 2011-12 financial year. More detail is contained in the accompanying explanatory document and in the reports relating to draft budget and business plan proposals considered by the functional bodies and the Assembly's Budget and Performance Committee during the course of the year.
- 6.2 The Mayor's proposed consolidated budget requirement remains broadly unchanged from consultation except that it now includes the council tax base and collection fund surplus information from the 32 London boroughs and the Corporation of London on which the precept is calculated. The budget requirement is £12 m higher than the published spending plans for 2010-11. This reflects buoyancy in Council Tax income as the London wide taxbase is estimated to have increased by around 1.3 per cent compared to 2010-11.
- 6.3 The Mayor's financial planning guidelines in his budget guidance reflected the nature and specific circumstances of each member of the GLA Group. Keeping the overall level of the council tax precept unchanged has meant that changes in the component amounts for each functional body are not uniform, reflecting their different funding settlements from Government. Pending the publication of a revised business plan in the spring, TfL's budget proposals are for 2011-12 only but reflect the funding settlement with Government which protects key investment in Crossrail and the Tube. Savings in the functions and activities of the Metropolitan Police Service and London's Fire Service have been sought that do not impair the delivery of front line services. Whilst continuing to make savings, the GLA budget has sought to protect key services previously funded by the LDA. However, at the time of writing there is no LDA Settlement and therefore a number of issues remain to be resolved.

Mayor of London

- 6.4 Except for activities prescribed by the GLA Act as falling within the component budget for the London Assembly, the budget for the Mayor of London covers all of the GLA activities. The combined budget requirement for the GLA for 2011-12 is £146.6 million, comprising £138.6 million for the Mayor and £8.0 million for the Assembly. On a 'like-for-like' basis (excluding the Olympics precept, Crossrail financing costs met through the Business Rate Supplement and the provision for the 2012 Mayor and Assembly Elections) the Authority's expenditure has reduced by 5.4 per cent.
- 6.5 This year's budget process has built upon last year's review of City Hall expenditure (Organising for Delivery). Additional savings and efficiencies of £5.9m have been proposed. Since the beginning of the administration 150 posts have been deleted without diminishing the GLA's performance.

- The budget includes £60.3million for the 2011-12 council tax contribution to support the cost of delivering the infrastructure and preparing for the 2012 Olympic and Paralympic Games. The GLA itself will also spend £1.9 million in 2011-12 to assist the Mayor to help deliver a lasting legacy, meet his obligations under the Host City Contract, ensure that London will operate effectively at Games time and looks and feels like an Olympic city. The functional bodies are also all making vital contributions to the success of the Games. The Mayor will not ask Londoners to pay any more for the Games other than the existing amount of 38p a week for a Band D home, fulfilling his Manifesto commitment.
- 6.7 The budget includes interest costs of £57m in 2011-12 on borrowing to support Crossrail. These interest costs are met by the Business Rate Supplement levied on business and other non domestic ratepayers in respect of ratings assessments with a rateable value above £55,000. This threshold ensures that more than four out of five non domestic ratepayers in London are exempt from paying the supplement. The intention is that by 31 March 2012 the GLA would have raised £1.5 billion of its £3.5 billion borrowing for Crossrail.
- 6.8 A key issue for this year's budget has been mitigating the projected impact of the reduction in funding to the LDA. The GLA's budget includes some £20m to support activities previously undertaken or financed by the LDA, most notably the new Promote London agency which is being formed for the future promotion of London (London & Partners Ltd.) from the amalgamation of Visit, Think and Study London.
- 6.9 In addition to the above, the key deliverables that are supported in the GLA's budget include: securing 50,000 affordable homes by 2012, the most in any single Mayoral term; planting 10,000 street trees; delivering a programme of large scale events; and implementing the 'Time for Action' programme tackling the root causes of youth crime.
- 6.10 Sharing services across the Group is becoming increasingly important. The objective of the Shared Services scoping exercise referred to in Appendix F of the Draft Consolidated Budget is to enable the Mayor to assess the timing and magnitude of savings that may be achievable from each workstream and the Mayor will share this information with the Assembly (*Recommendation 4*).
- 6.11 The Elections reserve remains the most significant of the Authority's reserves, with an estimated balance of £15 million available in April 2011. The Elections reserve is increased by £5 million a year so that an estimated £20m is available for the next Mayor and Assembly elections in 2012.

London Assembly

6.12 The budget for the Assembly reflects its current staffing establishment, approved levels of Member and group support and approved policies. It includes annual savings of £0.6m in 2011-12. These savings have enabled the proposed budget for the Assembly to be reduced to £8 million in 2011-12.

Metropolitan Police Authority

- 6.13 Making London safer and, in particular, tackling violent crime has been at the heart of the Mayor's agenda. The past year has seen widespread reductions in offending, with gun crime down 10.4 per cent, violence with injury down 5.8 per cent, racial and religious crime down 10.9 per cent, domestic violence down 5.2 per cent and homophobic crime down 4.8 per cent. Furthermore, not only have homicides reduced by 5.3 per cent compared to 2009, they are now at the lowest level since 1978.
- 6.14 This budget allows the Mayor to continue to focus on preventing violence against women and youth, and targeting gang, knife and gun crime. At the same time, the budget improves the Met's counter-terrorism capability and its capacity to prevent violent extremism.
- 6.15 The Budget Consultation Document set out that the MPA's budget shortfall for 2011-12 was £61.0m. Due to additional proposed actions identified by MPA officers the shortfall can be reduced to £11.9m. As the GLA's share of London Borough Collection Fund surpluses has increased and the buoyancy in London's Council Tax Base has strengthened, the MPA's budget shortfall can now be fully covered in 2011-12.
- 6.16 This improved position means that the Mayor is able to honour his commitment to do all that is possible to protect the Met's operational capacity. The Met will have the resources to maintain police officer numbers at higher levels than when the Mayor came into office.
- 6.17 As Government grants reduce in future years there will be further pressure to reduce police numbers and potentially to maintain or even increase the MPA's share of the precept. The Mayor remains committed to maintaining the Met's operational capacity and will each year make a judgement on the share of the precept to support his priorities (*Recommendation* 2, 2nd bullet).
- 6.18 The Treasurer of the MPA is proposing to reduce its general fund balances over three years to 1.5 per cent of its expenditure. However, total planned reserves, including earmarked reserves, are planned to be some £157m at 31 March 2012. This still represents some 6 per cent of expenditure in 2011-12.

London Fire and Emergency Planning Authority

6.19 LFEPA has improved, and will continue to improve, its services to Londoners. By the end of 2010, LFEPA had attended just over 27,000 fires. This is the lowest ever number of fires since the formation of the Greater London area and is around 7.5 per cent lower then the number of fires in 2008. This reduction is partly attributed to LFEPA's initiative to carry out Home Fire Safety visits. They carried out 65,000 visits in 2009-10 which is 23,000 more than those completed in 2007-08. Overall, all incidents attended are lower. LFEPA attended around 125,000 calls in 2010, which is nearly 10 per cent lower than the number of incidents in 2008.

- 6.20 The budget allows for further improvements in services provided, particularly further reductions in fires. In addition, four incident support centres are to be created across London. LFEPA has delivered savings and efficiencies for 2011-12 of some £11m. These include significant back office savings and efficiencies that will help ensure that the frontline service is maintained and improved to drive down further deaths and injuries from fire.
- 6.21 The funding gap created as a result of the reduction in LFEPA's share of the precept in 2011–12 will be met primarily from reserves. If this reduction continues in 2012–13 additional savings are likely to be required to meet ongoing budget reductions. The process of identifying savings, that do not impact upon service levels, is ongoing in anticipation of this and the as yet unknown grant settlements for 2013–14 and 2014–15. To seek to ensure that LFEPA can maintain service levels in future years, whilst potentially maintaining the 2011–12 shares of the precept, the Mayor will be asking LFEPA to develop plans for the use of reserves to contribute to long-term savings (*Recommendation 2*, 1st bullet).

Transport for London

- 6.22 Although TfL's settlement is challenging, the Mayor has been able to secure vital investment for London's transport infrastructure and TfL's frontline services. The upgrade of the Tube and Crossrail are secure. London's bus network and the most generous fare concessions in the UK are protected. The Barclays Cycle Hire scheme will be extended. The East London line extension to Clapham Junction will be delivered.
- 6.23 While TfL will produce a new detailed Business Plan in the spring, the Mayor has consistently followed a policy of setting fares at RPI +2 per cent, giving a level of certainty not only to fare payers but also to TfL who need a predictable revenue stream to deliver the infrastructure investment to London's transport system. The trend for fare payers to pay a greater percentage of transport costs is national and London's bus fares remain cheap in comparison to most other UK other cities. The Mayor has also maintained a 24 hour Freedom Pass.
- 6.24 The draft consolidated budget set out, at a high level, the measures that TfL has adopted in response to the 20 October Spending Review. TfL has since been undertaking a detailed, bottom-up planning process, as part of which the measures announced are being finalised and embedded in budgets across the organisation. TfL intends to publish a revised Budget and Business Plan, covering the duration of its Spending Review settlement to 2014-15, once it has been approved by the TfL Board (which is expected to consider it on 30 March 2011). The updated Business Plan will include further detail on TfL's savings programme, including both the initiatives that formed part of TfL's 2009 Business Plan and the impact of the relevant CSR measures (*Recommendation 3*).

- 6.25 TfL's savings programme comprises a large number of initiatives for which plans exist at various stages of development. The savings and efficiencies targets set out in Table 3, Appendix D of the draft consolidated budget represented the Quarter 2 forecast of savings to be delivered, and did not include the impact of relevant initiatives that were announced as part of the Spending Review (such as Project Horizon), since targets at that stage had not been finalised. Since efficiency initiatives tend to take time to ramp up and can incur up-front implementation costs, the final savings number for 2011-12, including the impact of Spending Review initiatives, is unlikely to be materially greater than the £763m included in Table 3 of Appendix D, net of implementation costs (Recommendation 3).
- 6.26 Each year TfL, in common with the other functional bodies, provides the most comprehensive and up-to-date information possible at the time of the Mayor's budget-setting process. TfL was able to publish on the day the Spending Review was announced what the major impacts and practical effects of it were. It should be noted that TfL's Business Plan is among the most comprehensive financial documents of any major public transport organisation in the world. As part of an extensive accountability framework, TfL also publishes regular reports on its operational and financial performance, delivery of savings and investment programme (*Recommendation 3*).
- 6.27 There is a reduction in TfL's call on the precept from £12m to £6m in 2011-12. This reduction in TfL's share of the precept is part of the Mayor's strategy to mitigate the impact of the Government's overall Settlement for the GLA Group.
- 6.28 TfL maintain a level of reserves that is appropriate to meet in year fluctuations with an estimated balance at the end of 2011-12 of £1.765 billion, an increase of some £1/4 billion year on year. This primarily reflects the ring-fenced balance being held in the Crossrail Sponsors Funding Account, excluding which, TfL's reserves are close to the minimum level of £150m in 2011-12.

London Development Agency

- 6.29 At the time of writing no LDA Settlement for 2011-12 has been received. Therefore, the budget for the LDA remains the same as set out in the Budget Consultation Document and assumes no call on the precept in 2011-12.
- 6.30 Although the indicative budget for the LDA assumes a 50 per cent reduction in service budgets, the LDA's work on the Olympics and other non-Olympic contractual commitments are assumed to be secure. Furthermore, the GLA budget has been applied to support some core LDA work which it is assumed will not be supported in the LDA Settlement.

- 6.31 The Mayor's priorities remain the five objectives set out in the Economic Development Strategy: to promote London; to keep London competitive; to pursue the transition to a low carbon economy; to extend opportunities to all Londoners; and to attract investment to London. Pursuing these involves many inter-related policies, programmes, and projects for the GLA Group as a whole. The most urgent priorities related to LDA responsibilities transferring to the GLA for the long-term include: the establishment of a new promotion agency by 1 April; and managing the transition of a number of other programmes (including youth programmes, various cultural events and support for the film, fashion, and design industries). Further, the Localism Bill grants the Mayor various new powers to execute his duty to promote economic and social development, including the power to set up development corporations, which will underpin the long-term regeneration of east London (*Recommendation 2*, 3rd bullet).
- 6.32 The LDA is seeking to maintain its reserves at existing levels up to 31 March 2012. The general reserve of £3.9m equates to 3 per cent of the Agency's turnover excluding Olympic Park land expenditure.
- 6.33 The Mayor hopes to be able to conclude his budget proposals for the LDA for consideration by the Assembly at its meeting on 23 February.

Future Years

6.34 The Mayor has issued further details of the prospects for the GLA Group for future years. It is important to recognise the caveats and limitations of this analysis, in particular the continuing absence of key data. Nevertheless, this section of the Budget sets out, where possible, the potential scale of new savings required in the future to allow the context for proposals in 2011-12 to be better assessed (*Recommendation 1*).

7 The Impact on Local Taxpayers

- 7.1 In deciding on the proposed spending plans across the GLA group of £13 billion gross the key priorities have been to maintain key front-line services and ensure that the Council Tax Precept remains frozen, as it has done throughout this Mayor's administration. At the end of 2011-12, the precept will have fallen in real terms by some 10% since May 2008.
- 7.2 The maintenance of key front-line services whilst freezing the precept has been largely achieved by the Mayor making savings and efficiencies of some £2.3 billion since 2008-09 across the GLA Group. In 2011-12 some £1 billion of savings have been agreed. In addition, the Mayor is undertaking a wide-ranging review to deliver £450 million of savings over two years from sharing services across the GLA Group. The GLA will also receive a Council Tax Freeze grant of £23.2 million for the next four years as a result of the intention to freeze the GLA precept.

- 7.3 To set a financially balanced budget for the Group, the Mayor needs to raise £935m from Council Taxpayers in 2011-12. Subject to certain financial information being confirmed, this requires a Band D Council Tax of £309.82 for 2011-12 in the London boroughs, and £81.87 in the City of London.
- 7.4 The expected changes in components of the precept are shown below with an increase in share for policing and largely offset by a decrease for the fire service.

Change in share of precepts	Change in share of precept (%)
Metropolitan Police Authority	+3.6
London Fire and Emergency Planning Authority	-2.3
Greater London Authority	-0.2
Transport for London	-0.7
Collection fund –council tax collection surplus	-0.4
Total band D change	Nil

Capital spending

7.5 The Mayor published his Draft Capital Spending Plan for consultation on 22 December 2010. Proposed capital spending across the Group totals £4.2 billion with estimated capital financing costs of £449 million in 2011-12. The proposed programme of capital spending is reflected fully in these budget proposals.

"Capping"

7.6 Having regard to the overall context of the GLA's Group budget and unchanged amount of band D council tax, the Mayor is of the opinion that the budget could not reasonably be categorised as "excessive" and therefore capping is not a valid risk to these budget proposals.

8 Conclusions

- 8.1 In considering the Mayor's budget proposals and any amendments they wish to make at this stage, Assembly Members must also consider the need to secure a financially balanced budget and achieve a balance between the statutory and discretionary responsibilities for the provision of services and the burden upon those required to finance the net cost.
- 8.2 In commending the budget proposals to the Assembly the Mayor believes that Londoners recognise and support his plans to freeze the GLA Group's share of the Council Tax for the third year running while continuing to maintain and invest in public services in London.
- 8.3 The Mayor is satisfied that he has weighed respective interests fairly and that the savings required to freeze his element of the Council Tax will not adversely affect the front line service delivery of his statutory and discretionary responsibilities. The Mayor believes firmly

that the proposals will make a significant contribution to improving Londoners' quality of life and supporting London's economy.

9 Recommendations

9.1 On the basis of the information set out in this statement and accompanying documents, the Assembly approve the Mayor's draft consolidated budget requirement for the GLA and the functional bodies of £3,275,017,000, as contained in Annex A. This draft consolidated budget requirement is made up as follows:

Constituent body	Component budget requirement
Mayor of London	£138,617,000
London Assembly	£8,000,000
Metropolitan Police Authority	£2,713,000,000
London Fire and Emergency Planning Authority	£409,400,000
Transport for London	£6,000,000
London Development Agency	£0
Total	£3,275,017,000

Boris Johnson

Mayor of London

Draft component and consolidated budget requirements 2011-12

Greater London Authority: Mayor of London ("Mayor") draft component budget requirement calculations

Line	Sum	Description
(1)	£212,696,000	estimated expenditure of the Mayor for the year calculated in accordance with s85(4)(a) of the GLA Act
(2)	£10,621,000	estimated allowance for contingencies for the Mayor under s85(4)(b) of the GLA Act
(3)	£5,000,000	estimated reserves to be raised for meeting future expenditure of the Mayor under s85(4)(c) of the GLA Act
(4)	£0	estimate of reserves to meet a revenue account deficit of the Mayor under s85(4)(d) of the GLA Act
(5)	£228,317,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the Mayor (lines $(1) + (2) + (3) + (4)$ above)
(6)	-£80,200,000	estimate of the Mayor's income calculated in accordance with s85(5)(a) of the GLA Act
(7)	-£9,500,000	estimate of Mayor's reserves to be used in meeting amounts in lines (1) and (2) above under s85(5)(b) of the GLA Act
(8)	-£89,700,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Mayor (lines (6) + (7))
(9)	£138,617,000	the component budget requirement for the Mayor (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 GLA Act)

The draft component budget requirement for the Mayor for 2011-12 is £138,617,000.

Greater London Authority: London Assembly ("Assembly") draft component budget requirement calculations

Line	Sum	Description			
(10)	£8,000,000	estimated expenditure of the Assembly for the year calculated in accordance with s85(4)(a) of the GLA Act			
(11)	£0	estimated allowance for contingencies for the Assembly under s85(4)(b) of the GLA Act			
(12)	£0	estimated reserves to be raised for meeting future expenditure of the Assembly under s85(4)(c) of the GLA Act			
(13)	£0	estimate of reserves to meet a revenue account deficit of the Assembly under s85(4)(d) of the GLA Act			
(14)	£8,000,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the Assembly (lines (10) + (11) + (12) + (13) above)			
(15)	£0	estimate of the Assembly's income calculated in accordance with s85(5)(a) of the GLA Act			
(16)	£0	estimate of Assembly's reserves to be used in meeting amounts in lines (10) and (11) above under s85(5)(b) of the GLA Act			
(17)	£0	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Assembly (lines (15) + (16))			
(18)	£8,000,000	the component budget requirement for the Assembly (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 GLA Act)			

The draft component budget requirement for the Assembly for 2011-12 is £8,000,000.

Metropolitan Police Authority ("MPA") draft component budget requirement calculations

Line	Sum	Description
(19)	£3,547,200,000	estimated expenditure of the MPA calculated in accordance with s85(4)(a) of the GLA Act
(20)	£25,100,000	estimated allowance for contingencies for the MPA under s85(4)(b) of the GLA Act
(21)	£0	estimated reserves to be raised for meeting future expenditure of the MPA under s85(4)(c) of the GLA Act
(22)	£0	estimate of reserves to meet a revenue account deficit of the MPA under s85(4)(d) of the GLA Act
(23)	£3,572,300,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the MPA (lines (19) + (20) + (21) + (22) above)
(24)	-£824,500,000	estimate of MPA's income calculated in accordance with s85(5)(a) of the GLA Act
(25)	-£34,800,000	estimate of MPA's reserves to be used in meeting amounts in lines (19) and (20) above under s85(5)(b) of the GLA Act
(26)	-£859,300,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the MPA (lines (24) + (25))
(27)	£2,713,000,000	the component budget requirement for MPA (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 GLA Act)

The draft component budget requirement for the MPA for 2011-12 is £2,713,000,000.

London Fire and Emergency Planning Authority ("LFEPA") draft component budget requirement calculations

Line	Sum	Description
(28)	£459,600,000	estimated expenditure of LFEPA for the year calculated in accordance with s85(4)(a) of the GLA Act
(29)	£0	Estimated allowance for contingencies for LFEPA under s85(4)(b) of the GLA Act
(30)	£0	estimated reserves to be raised for meeting future expenditure of LFEPA under s85(4)(c) of the GLA Act
(31)	£0	estimate of reserves to meet a revenue account deficit of LFEPA under s85(4)(d) of the GLA Act
(32)	£459,600,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for LFEPA (lines (28) + (29) + (30) + (31) above)
(33)	-£30,900,000	estimate of LFEPA's income calculated in accordance with s85(5)(a) of the GLA Act
(34)	-£19,300,000	estimate of LFEPA's reserves to be used in meeting amounts in lines (28) and (29) above under s85(5)(b) of the GLA Act
(35)	-£50,200,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LFEPA (lines (33) + (34))
(36)	£409,400,000	the component budget requirement for LFEPA (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 GLA Act)

The draft component budget requirement for LFEPA for 2011-12 is £409,400,000.

Transport for London ("TfL") draft component budget requirement calculations

Line	Sum	Description
(37)	£8,441,000,000	estimated expenditure of TfL for the year calculated in accordance with s85(4)(a) of the GLA Act
(38)	£154,000,000	estimated allowance for contingencies for TfL under s85(4)(b) of the GLA Act
(39)	£245,000,000	estimated reserves to be raised for meeting future expenditure of TfL under s85(4)(c) of the GLA Act
(40)	£0	estimate of reserves to meet a revenue account deficit of TfL under s85(4)(d) of the GLA Act
(41)	£8,840,000,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the TfL (lines (37) + (38) + (39) + (40) above)
(42)	-£8,834,000,000	estimate of TfL income calculated in accordance with s85(5)(a) of the GLA Act
(43)	-£0	estimate of TfL's reserves to be used in meeting amounts in lines (37) and (38) above under s85(5)(b) of the GLA Act
(44)	-£8,834,000,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for TfL (lines (42) + (43))
(45)	£6,000,000	the component budget requirement for TfL (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 GLA Act)

The draft component budget requirement for TfL for 2011-12 is £6,000,000.

London Development Agency ("LDA") draft component budget requirement calculations

Line	Sum	Description			
(46)	£213,700,000	estimated expenditure of the LDA for the year calculated in accordance with s85(4)(a) of the GLA Act			
(47)	£3,000,000	estimated allowance for contingencies for the LDA under s85(4)(b) of the GLA Act			
(48)	£0	estimated reserves to be raised for meeting future expenditure of the LDA under s85(4)(c) of the GLA Act			
(49)	£0	estimate of reserves to meet a revenue account deficit of the LDA under s85(4)(d) of the GLA Act			
(50)	£216,700,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the LDA (lines (46) + (47) + (48) + (49) above)			
(51)	-£216,700,000	estimate of the LDA income calculated in accordance with s85(5)(a) of the GLA Act			
(52)	£0	estimate of the LDA's reserves to be used in meeting amounts in lines (46) and (47) above under s85(5)(b) of the GLA Act			
(53)	-£216,700,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the LDA (lines (51) + (52))			
(54)	£0	the component budget requirement for the LDA (being the amount by which the aggregate at (50) above exceeds the aggregate at (53) above calculated in accordance with section 85(6) of the GLA Act)			

The draft component budget requirement for the LDA for 2011-12 is £0.

Greater London Authority ("GLA") draft consolidated budget requirement calculation

Line		Description			
(55)	£3,275,017,000	the GLA's consolidated budget requirement (the sum of the amounts			
		in lines (9) + (18) + (27) + (36) + (45) + (54)) calculated in			
		accordance with section 85(8) of the GLA Act			

The draft consolidated budget requirement for the GLA for 2011-12 is £3,275,017,000.

Summary of draft consolidated budget 2011-12

£	GLA: Mayor	GLA: Assembly	MPA	LFEPA	TfL	LDA	Total
Estimated expenditure	212,696,000	8,000,000	3,547,200,000	459,600,000	8,441,000,000	213,700,000	12,882,196,000
Estimated allowance for contingencies	10,621,000	-	25,100,000	-	154,000,000	3,000,000	192,721,000
Estimated reserves to be raised for meeting future expenditure	5,000,000	-	-	-	245,000,000	1	250,000,000
Estimate of reserves to meet a revenue account deficit	-	-	-	-	1	-	-
Estimated total expenditure	228,317,000	8,000,000	3,572,300,000	459,600,000	8,840,000,000	216,700,000	13,324,917,000
Estimate of income	-80,200,000	-	-824,500,000	-30,900,000	-8,834,000,000	-216,700,000	-9,986,300,000
Estimate of reserves to be used	-9,500,000	-	-34,800,000	-19,300,000	-	-	-63,600,000
Estimated total income	-89,700,000	-	-859,300,000	-50,200,000	-8,834,000,000	-216,700,000	-10,049,900,000
Budget requirement	138,617,000	8,000,000	2,713,000,000	409,400,000	6,000,000	1	3,275,017,000