

February 2011

The Greater London Authority Consolidated Budget and Component Budgets for 2011-12



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**Greater London Authority
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Section 1 – Introduction and overview

Consolidated Budget Requirement

- 1.1 The consolidated budget requirement for the GLA and the four functional bodies for 2011-12 is **£3,283m**. The indicative plan for 2012-13 has regard to the provisional funding settlements announced by the Government for LFEPA and MPA.

Component budget requirements	Approved 2010-11 £m	Proposed 2011-12 £m	Plan 2012-13 £m
Mayor of London	131.8	147.1	TBC
London Assembly	8.6	8.0	TBC
Metropolitan Police Authority	2,673.3	2,713.0	2,569.3
London Fire and Emergency Planning Authority	437.3	409.4	409.8
Transport for London	12.0	6.0	6.0
London Development Agency	Nil	Nil	N/A
Consolidated budget requirement	3,263.0	3,283.5	TBC

Note: It is not possible at this stage to state a level of GLA Mayoral and Assembly budget requirement for 2012-13 as the GLA General Grant settlement for that year has yet to be determined.

- 1.2 The Government reported its Spending Review on 20 October, with the Chancellor announcing substantial reductions to public spending over the course of this Parliament. On 31 January 2011 the Government announced the final local government settlement for 2011-12 for LFEPA and the MPA which confirmed that their general grant settlements (formula grant and police grant) would be reduced by 3.3 per cent and 5.1 per cent respectively on a like for like basis compared to 2010-11. The 2011-12 Local Government Finance and Police Grant settlement was approved by Parliament on 9 February. The equivalent reduction on a like for like basis in GLA general grant in 2011-12 is 3.4 per cent although the grant has increased in cash terms as a result of new responsibilities being taken on by the GLA. Transport for London has a settlement for the four year period covered by the Comprehensive Spending Review (CSR) – the impact of which is addressed in more detail in section 6.
- 1.3 As at the date the final budget was approved, however, the intelligence as to the level of Government funding for the GLA group for 2011-12 and 2012-13 was still partial in places. In particular, no LDA settlement for 2011-12 had been announced. Further, there remains considerable uncertainty over the level of funding for the GLA for the years 2012-13 to 2014-15 and for the MPA and LFEPA beyond 2012-13. This is complicated by the Government's proposal to strengthen London's governance, which include:
- The devolution of powers over housing investment from the Homes and Communities Agency to the GLA;
 - The abolition of the LDA with its city-wide roles on regeneration and management of European funding to be transferred to the GLA;
 - New powers for the Mayor of London to establish Mayoral Development Corporations to focus regeneration where it is needed most, such as to help secure East London's Olympic legacy, in partnership with London Boroughs; and

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- Streamlining consultation on Mayoral strategies, and the consolidation of environmental strategies into a single environmental strategy. The Assembly will also gain a new power to reject the Mayor's final strategies by a two-thirds majority.
- 1.4 The powers are contained in clauses in the Localism Bill deposited in Parliament on 13 December 2010 and are proposed to come into effect on 1 April 2012, and so far there has been no announcement on likely levels of Government funding to be provided to the GLA for delivery of these functions. There is additional uncertainty arising because of the impact of the Local Government Resource Review which could see London becoming self financing in formula grant terms from 2013-14 as part of plans to allow local authorities to retain their business rates revenues locally. Details on how these reforms might impact on the funding of MPA, LFEPA and the GLA post 2012-13 are unlikely to be known until the autumn of 2011 at the earliest.
- 1.5 The Government has announced that it will provide a reward grant to incentivise local authorities to freeze their Council Tax in 2011-12 which will be payable for the entire four year Spending Review period. Authorities that choose not to increase their Council Tax in 2011-12 will receive an unringfenced grant equivalent to the revenue which would have been generated from a 2.5 per cent increase after allowing for the buoyancy in their local Council Taxbase. For the GLA the grant would be around £23.2m each year until and including 2014-15 (i.e. around £92.8m in total over four years) subject to adjusting each year for the buoyancy in the London wide council taxbase. Eligibility for the Freeze Grant over the four years is unaffected by decisions on Council Tax levels for 2012-13 onwards. Although there remain considerable financial uncertainties, which are reflected in the budget proposals presented within this document, the Mayor's proposals reflect the application of the Council Tax Freeze grant, and therefore are reliant on the Mayor's proposal that there will be no increase in the GLA's Council Tax precept in 2011-12 for residents of the 32 London boroughs. There is a consequential reduction to the Band D Council Tax level of around £11 for residents the City of London - who do not contribute towards the costs of the MPA - due to the fact that LFEPA's call on the precept for 2011-12 has been reduced.
- 1.6 Given the uncertainties on Government funding for future years highlighted in paragraph 1.3 above, the draft consolidated budget concentrates on proposals for 2011-12 and 2012-13. As TfL is planning to issue a new business plan in March 2010 which takes into account the impact of its new funding settlement from Government, proposals for 2011-12 only have been prepared for that functional body. More details of the planning assumptions for future year's budgets and the latest position on the estimated impact of the Comprehensive Spending Review across the GLA group are set out in Section 8 of this document and will be further addressed in the Mayor's Budget Guidance for 2012-13 to be issued in the spring. The analysis in section 8 confirms the primary components and sources of each functional body's funding from Central Government, what information has been issued so far for 2011-12 onwards and the potential impact of the changes being considered as part of the Local Government Resource Review.

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- 1.7 Under the Greater London Authority Act 1999 (“the GLA Act”), for the purpose of budget setting the **Mayor of London** and **London Assembly** are treated as separate constituent bodies. The budget for the Assembly comprises estimates for direct expenditure and income, and appropriate contingencies and financial reserves for Assembly functions. The budget for the Mayor comprises the rest of the GLA, and includes expenditure incurred on accommodation in relation to the Assembly’s business, and goods and services provided or procured for the Authority in general.
- 1.8 The GLA Group (including Transport for London but not its subsidiaries) is subject to the local government finance regime. The planned spending of the GLA and the functional bodies, after deducting any funding from reserves, specific Government grants, fares and other expected income (i.e. other than general funding from the Government through formula, police and GLA general grant and the Council Tax), is known as their **budget requirement**. These individual requirements are consolidated to form the consolidated budget requirement for the GLA.
- 1.9 Further information on the budget proposals for each constituent body within the GLA Group is presented in organisational terms in **Sections 2 to 8** of this document. The GLA’s proposals are shown first and the remainder are presented in order of magnitude of the budget requirement. A new **Section 8** has been inserted for the future years budget for the GLA Group.
- 1.10 The Mayor’s key objective is to maximise value for the taxpayer through the rigorous pursuit of efficiencies while protecting frontline service and directing expenditure to key priorities. The Mayor’s 2011-12 budget and forward plans include:
- Contributing towards a successful and secure 2012 Olympic and Paralympic Games and creating an enduring legacy that transforms and regenerates the east of London, as well as spreading the benefits of 2012 across the capital with an unchanged contribution to the agreed funding package;
 - Financing the main construction works for the Crossrail project which will lead to London’s rail network capacity increasing by over 10 per cent;
 - Continuing with the vital upgrade of the tube network;
 - Maintaining the bus network and developing a new iconic bus for London with the first prototype expected to start testing by the end of 2011;
 - Making London a genuinely cycle-friendly city by building on the successful launch of the Barclays Cycle Hire scheme;
 - Boosting confidence and satisfaction, in the Police service by seeking to do all that is practically possible to protect the MPS’s operational capability;
 - Continuing the focus on preventing violence against women and youth, and targeting gang, knife and gun crime;
 - Improving counter terrorism capability and capacity while preventing violent extremism, including stopping terrorist attacks through detecting, investigating and disrupting terrorists and their networks;

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- Improving London’s fire and rescue services by creating four incident support centres across London;
- Securing a sustained increase in participation in sport and physical activity amongst Londoners, including by the end of 2012 making available / improving 50 sporting facilities and enhancing the skills of approximately 3,000 people involved in sport and sport-related leisure;
- Delivering a programme of activities and events to engage with London’s diverse communities, including support for youth opportunities, community cohesion and civic engagement;
- Delivering the London Housing Strategy and the Mayor’s target of 50,000 affordable homes by the end of 2012;
- Improving community safety in public areas;
- Enhancing the quality and cleanliness of London’s public realm, including planting 10,000 street trees and improving 11 rundown parks; and
- Working with the Government and others to improve the governance and delivery of services to Londoners by implementing the Mayor’s devolution proposals.

Amount to be raised from Council Taxpayers

- 1.11 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 anticipated Government grants, the consolidated budget requires **£935m** (2010-11: £923m) to be raised from the Council Taxpayer. The revenue generated from the Council Tax has increased as the final data from the 32 London boroughs and the Common Council of the City of London indicates that the aggregate Council Tax base will increase by around 1.3 per cent compared to 2010-11 and there is a projected net surplus on their collection funds at 31 March 2011 of £8.0m. Council Tax revenue and the other sources of finance are summarised below:

	£m	Per cent
Spending plans	13,100.5	100
<i>Less:</i>		
Fares, charges and other income	-5,945.1	45
Specific Government grants	-4,053.3	31
General Government grants (formula, police and GLA general)	-2,340.7	18
Reserves (TfL)	245.0	-1
Reserves (other)	-63.6	-
Net surplus in borough Council Tax collection funds	-8.0	-
Amount to be met by Council Taxpayers	934.8	7

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- 1.12 Raising this income from Council Taxpayers does not require any increase in a band D Council Tax of **£309.82** for the London boroughs. It requires a band D Council Tax of **£81.87** in the area of the Common Council of the City of London. The Band D amount for the financial contribution to support the cost of the 2012 Games remains at £20.
- 1.13 **Section 9** provides a more detailed analysis of the extent to which Government grants fund the budget requirements and the amount of Council Tax to be raised.
- 1.14 There are also more detailed public documents relating to the budget proposals, including those that have been the subject of individual scrutiny and discussion by the functional bodies. These are available on the GLA's and functional bodies' websites.

Please note that figures in the Figures and Tables throughout the document may not sum exactly due to rounding.

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- 2.1 The Greater London Authority (GLA) sets the strategic direction for London as a whole. The GLA's four functional bodies are its principal delivery arms – Transport for London (TfL), the London Development Agency (LDA), the Metropolitan Police Authority (MPA; overseeing the work of the Metropolitan Police Service - MPS) and the London Fire and Emergency Planning Authority (LFEPA).
- 2.2 The GLA also works with partner organisations – the London boroughs, Whitehall agencies and a range of other organisations from the private, public and voluntary sectors – to deliver the Mayor's vision to make London the best big city in the world.
- 2.3 The Government confirmed on the 15th February 2011 that the GLA grant for 2011-12 will be £63.4m. The final GLA general grant represents a reduction of £1.7m or 3.4 per cent from that for 2010-11 on a like for like basis. The Settlement did not include any grant figures for future years beyond 2011-12. In addition the GLA has also been awarded an additional £11.0 m in specific grants compared to 2010-11 and will be eligible to receive an estimated £23.2m from the council tax freeze specific grant as a result of the Mayor's decision to maintain the GLA precept at £309.82. Further details on the GLA's grant funding is set out in paragraphs 2.12 to 2.13. The GLA budget for 2011-12 will be affected by the expected reduction in Government funding for the LDA. The proposals set out below seek to mitigate the anticipated impact of the LDA's Government settlement once the impact of the Agency's final settlement has been assessed. More information on the LDA's budget proposals is set out in section 7 of this Document.
- 2.4 The GLA also works with partner organisations – the London boroughs, Whitehall agencies and a range of other organisations from the private, public and voluntary sectors – to deliver the Mayor's vision to make London the best big city in the world.

Key deliverables

- 2.5 The key deliverables for the GLA in 2011-12 include:
- Delivering a programme of large-scale events to promote London as the world's leading capital of culture in the run up to and during the Olympic and Paralympic games;
 - Implementing projects ensuring a safe, successful, and engaging Olympic and Paralympic Games;
 - Securing a sustained increase in participation in sport and physical activity amongst Londoners, including by the end of 2012 making available / improving 50 sporting facilities, and enhancing the skills of approximately 3,000 people involved in sport and sport-related leisure;
 - Delivering a programme of activities and events to engage with London's diverse communities, including support for youth opportunities, community cohesion and civic engagement;
 - Managing and enhancing London's transport, including progressing Crossrail, and encouraging more cycling;

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- Improving air quality, working towards a 60 per cent fall in CO₂ emissions by 2025, and preparing London to mitigate against the impacts of climate change;
- Increasing reuse and recycling, and reducing waste, by changing people's attitudes and behaviours;
- Delivering the London Housing Strategy and the Mayor's target of 50,000 affordable homes by the end of 2012;
- Improving community safety in public areas;
- Tackling the root causes of teenage violence by improving opportunities for young people to succeed through the Time for Action on Youth Crime programme;
- Enhancing the quality and cleanliness of London's public realm, including planting 10,000 street trees and improving 11 rundown parks;
- Working with the Government and others to improve the governance and delivery of services to Londoners by implementing the Mayor's devolution proposals;
- Publishing the replacement London Plan and Planning Frameworks for Opportunity Areas and Areas of Intensification, to meet London Plan targets for jobs and homes;
- Preparing for and organising the 2012 GLA elections; and
- Providing transparent Government by making data accessible, widening digital engagement and building London's capability in using new digital media.

Budget requirement

- 2.6 Including the financial contribution to the public sector funding package for the 2012 Olympic and Paralympic Games, the Mayor's estimated gross expenditure for 2011-12 is £248.9m (£57.0m of which relates to Crossrail financing costs and £60.3m to the Olympic precept). After deducting fees, charges, investment income, funding for Crossrail via the business rate supplement, specific government grants, and the application of the election and general reserves, the budget requirement for 2011-12 is **£147.1m**. This is £15.3m higher than that for 2010-11 but this reflects the impact of both the additional £9.5m provided through the GLA general grant to fund the contribution towards the London Waste and Recycling Board which previously received these resources direct from Government and £8.4m in respect of the pan London rough sleeping responsibilities transferring from CLG. The GLA budget also includes a contingency of just over £10m which could be applied to support GLA group wide activities but will not be allocated until the full impact of the final LDA settlement - once announced - is assessed. An analysis of the year on year movements in the budget requirement is set out below.
- 2.7 Excluding the contributions to the Olympic Funding Agreement, Elections, Crossrail capital financing costs, the Museum of London and other functional changes, the decrease in net revenue expenditure for 2011-12 relative to the equivalent figure for 2010-11 is 5.4 per cent.

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Explanation of budget changes

2.8 The changes in 2011-12 relative to 2010-11 can be summarised as follows:

Changes in the Mayor's spending plans	£m
2010-11 budget requirement	131.8
<i>Changes due to:</i>	
Inflation	-
Savings and efficiencies	-5.9
New initiatives and service improvements	46.2
Government funding	-16.3
Change in use of reserves	-18.9
Contingency available for the Group budget	10.2
2011-12 budget requirement	147.1

Inflation

2.9 No provision has been made for inflation in 2011-12, reflecting the public sector pay freeze and Directorates will need to contain any non-pay inflation (except for City Hall rents and rates).

Savings and efficiencies

2.10 Building on the £3.7m of savings achieved in the 2010-11 Budget, new additional savings of £5.9m are being proposed for 2011-12. The table on the following page provides further details of these savings and efficiencies. The proposals have been compiled in such a way so as to ensure that they do not adversely impact on equalities considerations. The table below provides details on the budgeted savings and efficiencies for the GLA in 2011-12.

GLA Savings and efficiencies 2011-12	£m
Chief Executive savings	-0.3
Resources savings	-0.5
External Affairs savings	-0.3
Development & Environment savings	-0.6
Communities & Intelligence savings	-0.1
Training savings	-0.2
Museum of London revenue savings	-0.4
Borrowing for Museum of London capital	-1.6
Discontinuation of Zoo & Wetlands agreement	-0.6
Discontinuation of databases' agreement	-0.3
Reduction in revenue support for capital	-0.3
Reduction in miscellaneous and planning costs	-0.7
Total	-5.9

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New initiatives and service improvements

- 2.11 A detailed analysis of the additional £46.2m being invested in new initiatives and on service improvement within the GLA budget for 2011-12 is set out in the tables below. In addition to increased expenditure on Elections in 2011-12, the main reason for this item is to reflect the Government's intention to fold the LDA's functions into the GLA and the impact of additional expenditure financed by new specific grants.

New initiatives and service improvements 2011-12	£m
Elections	14.0
Promote London (London & Partners)	14.0
Events, Design Festival & Fashion Week	2.7
GLA activities formerly funded by the LDA	2.6
Community safety funding (specific grant funded)	10.6
Housing moves (specific grant funded)	0.4
Growth for rent and rates etc.	0.9
Olympic Funding Agreement	0.7
London Resilience function	0.2
Total	46.2

GLA activities formerly funded by the LDA 2011-12	£m
Food	1.0
Voyage	0.7
GLA Economics	0.6
Other (European Funds Manager, Ordnance Survey – LDA contribution, Brussels office – LDA funding, CSL 2012, media monitoring)	0.3
Total	2.6

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Government funding

- 2.12 There are several changes in Government funding for the GLA in 2011-12 which are shown in table below. Firstly, the GLA is projected to receive a specific grant of £23.2m in each of the next four financial years as a reward for freezing the Council Tax precept although this may vary marginally each year depending on the movement in the London wide council taxbase. Secondly, the Government has opted to provide the London Waste and Recycling Board's grant of £9.5m via the GLA General Grant rather than directly to the London Waste and Recycling Board (LWARB). A further £8.45m has been provided via the GLA General Grant in order to finance the transfer of pan-London rough sleeping funds, services and commissioning responsibilities from CLG to the GLA from April 2011. No information is yet available on the level of resources provided for the rough sleeping element for 2012-13, but the Government has indicated that the level of funding provided through the GLA General Grant for LWARB will decline to £1.5m.

Changes in Government funding 2011-12	£m
London Waste and Recycling Board	9.5
Rough sleepers initiatives	8.4
Housing moves specific grant	-0.4
Community safety specific grant	-10.6
Specific grant for Council Tax freeze	-23.2
Total	-16.3

- 2.13 In addition the GLA has also been awarded an additional £11.0 m in specific grants compared to 2010-11 (excluding the £23.2m council tax freeze grant) since the publication of the draft budget. The Home Office has allocated a Community Safety Grant of £10.6m to the GLA in 2011-12 - which will reduce to £5.4m in 2012-13 when it will be paid to the new Mayor's Office for Policing and Crime. In 2010-11 the predecessor grant streams which make up this new grant had been paid to London boroughs. An additional £0.4m has also been provided as a specific grant in respect of the management and delivery of the Seaside and Country Homes Scheme ('the housingmoves service') which will transfer to GLA from April 2011 – this is transitional funding which will be provided for up to two years. The net effect of these five funding changes (three new specific grants and two uplifts to the GLA General Grant) – in isolation – is to increase the GLA's gross expenditure by £52m in 2011-12.

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2.14 The key changes in income and expenditure between years for each of the main service areas are set out in service and subjective basis in the tables below.

	Original Budget 2010-11	Revised Budget 2010-11	Forecast Outturn 2010-11	Budget 2011-12	Plan Budget 2012-13
Service/directorate analysis	£m	£m	£m	£m	£m
Mayor's Private Office	3.5	3.5	3.3	3.4	3.5
Chief Executive	1.2	0.8	0.8	0.7	0.7
Elections	1.3	1.1	1.1	15.2	4.3
External Affairs	6.7	6.7	6.6	6.3	6.4
Communities & Intelligence	8.7	9.8	9.7	8.4	8.6
Development & Environment	8.2	9.4	9.8	6.4	6.1
London 2012	1.9	1.9	1.9	1.9	1.9
Resources	21.6	22.9	22.8	22.2	23.2
Olympic Funding Agreement	59.6	59.6	59.6	60.3	60.7
Museum of London	8.1	8.1	8.1	7.7	7.3
London Waste and Recycling Board	-	-	-	9.5	1.5
Promote London (London&Partners)	-	-	-	14.0	14.0
Events, Design Festival and Fashion Week	-	-	-	2.7	2.7
GLA activities formerly funded by LDA	-	-	-	2.6	2.6
Capital financing (Crossrail)	12.0	12.0	12.0	57.0	101.0
Rough sleepers initiatives				8.4	TBC
Housing moves service (new grant)				0.4	TBC
Community safety (new grant)				10.6	5.4
Contingency for GLA Group budget	-	-	-	10.2	-
Capital financed by revenue/reserves	2.7	3.3	3.3	0.9	1.2
Savings to be identified					TBC
Net service expenditure	135.5	139.1	139.0	248.9	TBC
Interest receipts	-1.1	-1.1	-1.0	-1.1	-1.1
Council Tax freeze specific grant	-	-	-	-23.2	-23.2
Other specific grants				-11.0	TBC
Crossrail Business Rate Supplement	-12.0	-12.0	-12.0	-57.0	-101.0
Net revenue expenditure	122.4	126.0	126.0	156.6	TBC
Transfer to/from reserves	9.4	5.8	5.8	-9.5	0.7
Budget requirement	131.8	131.8	131.8	147.1	TBC

Note: The forecast plan for 2012-13 represents the current estimated full year cost of functions covered by the 2011-12 budget proposals. It also reflects the Government's intention to reduce its grant for the London Waste and Recycling Board to £1.5m a year in 2012-13. The level of the General GLA Grant and its phasing over the period 2012-13 to 2014-15 is not yet known. If the provision for the GLA's existing functions were to reduce broadly in line with the Spending Review settlement for local government then it is forecast that the General GLA grant will reduce by between a further £10m to £10.5m by the end of the Spending Review period.

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	Original Budget 2010-11	Revised Budget 2010-11	Forecast Budget 2010-11	Budget 2011-12	Planned Budget 2012-13
Subjective analysis	£m	£m	£m	£m	£m
Staff costs	29.1	31.2	31.2	29.7	TBC
Premises costs	10.8	10.8	10.8	11.1	TBC
Supplies and services	34.1	48.6	48.1	70.4	TBC
Olympic funding agreement	59.6	59.6	59.6	60.3	60.7
Rough sleepers initiatives (new funding)	-	-	-	8.4	TBC
Housing moves service (new grant)	-	-	-	0.4	TBC
Community safety (new grant)	-	-	-	10.6	5.4
Interest payable (financed by Crossrail BRS)	12.0	12.0	12.0	57.0	101.0
Capital financed by revenue and reserves	2.7	3.3	3.3	0.9	1.2
Savings to be found	-	-	-	-	TBC
Total revenue expenditure	148.3	165.5	165.0	248.9	TBC
Crossrail Business Rate Supplement	-12.0	-12.0	-12.0	-57.0	-101.0
Other Income	-12.8	-26.4	-26.0	-34.2	-28.6
Interest receivable	-1.1	-1.1	-1.0	-1.1	-1.1
Total income	-25.9	-39.5	-39.0	-92.3	-130.7
Net cost of services	122.4	126.0	126.0	156.6	TBC
Transfer to/from reserves	9.4	5.8	5.8	-9.5	0.7
Budget requirement	131.8	131.8	131.8	147.1	TBC

The subjective breakdown of the expenditure funded by the new Community Safety, Pan-London Rough Sleepers Initiatives and Housing Moves Service specific grants payable to the GLA in 2011-12 were not available at the date the final budget was prepared. The associated expenditure is therefore presented on an objective basis in the above table for 2011-12 for those budget line items only.

GLA Contribution to the Funding of Crossrail

- 2.15 The funding arrangements for Crossrail provide for the Mayor to borrow £3.5bn towards the cost of Crossrail between 2010-11 and 2014-15 of which £800m was borrowed early in 2010-11. The debt is due to be taken out by the Mayor according to the following profile which was reapproved by the Secretary of State for Transport as part of TfL's settlement in the Comprehensive Spending Review.

	2010-11 £m	2011-12 £m	2012-13 £m	2013-14 £m	2014-15 £m
GLA borrowing	800	700	700	800	500

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- 2.16 The financing and repayment of this £3.5bn of borrowing will be funded through the supplement on non-domestic ratepayers in London. Under the powers granted to the GLA in the Business Rate Supplements Act 2009 this may be levied at a rate of no more than 2p in the pound and only on properties with rateable values above £50,000. The Mayor confirmed in January 2010 that in 2010-11 the Crossrail Business Rate Supplement (BRS) would be levied at a rate of 2p on non-domestic hereditaments with a rateable value above £55,000.
- 2.17 A further £600m – representing the amount generated by the Crossrail BRS exceeding the GLA's financing costs during the construction period – will be used as direct financing towards Crossrail's construction costs.
- 2.18 The Mayor approved the final policies for the Crossrail BRS for 2011-12 on 28 January 2011 which are unchanged from those for 2010-11. The multiplier will remain therefore at 2p in the pound, the rateable value threshold above which the BRS will apply will again be £55,000 and the reliefs policies will apply on the same basis and at the same rate as for National Non Domestic Rates. The 2011-12 GLA budget reflects the effect of the expected BRS cash flows in 2011-12. The GLA has budgeted for an expected £57m in interest costs on its borrowing for 2011-12.
- 2.19 All BRS income received is held in a dedicated ring fenced account and is only used to finance the Crossrail project. The option of a bond issuance to raise the additional sums required to support Crossrail is being investigated, rather than through borrowing from the Public Works Loan Board.

Other major items of expenditure

- 2.20 The second most significant single area of expenditure by the GLA apart from Crossrail remains that for the financial agreement to support the 2012 Olympic and Paralympic Games (£60.3m in 2011-12) to be raised through a Council Tax precept of £20 a year for a Band D household. The amount collected via the £20 precept has increased by £0.7m compared to 2010-11 due to the buoyancy in the London Council Taxbase.
- 2.21 The budget estimates also include the contribution to the Museum of London (£7.7m in 2011-12): this reflects the Mayor's role of co-sponsor along with the Corporation of London. This excludes £1.6m of capital funding – financed by GLA borrowing – which will be provided to the Museum primarily to support building improvement works. The Museum's total grant from the GLA for 2011-12 will therefore be £9.3m (revenue and capital combined).

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Reserves

2.22 The expected movements in reserves are:

GLA reserves	Budget	Forecast	Budget
	2010-11	2010-11	2011-12
	£m	£m	£m
Opening balances	31.1	31.1	36.9
Transfers to/from:			
Election Reserve	3.8	3.9	-10.2
Other earmarked reserves	5.6	1.7	0.6
General reserves	-	0.2	-
Closing balances	40.5	36.9	27.3

Change in use of reserves 2011-12	£m
Transfer to reserves 2010-11	9.4
Transfer from reserves 2011-12	-9.5
Change	-18.9

- 2.23 The most significant uneven area of expenditure over the period is the cost of the elections, and this accounts for one of the significant year-on-year changes in the level of net revenue expenditure. This is managed through the use of reserves and each year the GLA transfers a provision of £5 million into an Elections Reserve to meet the cost of the GLA elections and possible by-elections. The annual costs incurred are met by drawing on this reserve. The Elections Reserve as at the 31 March 2011 is estimated to be £15m and therefore by May 2012 £20m would have been made available.
- 2.24 At 31 March 2012 the general reserves balance is expected to total some £3.8m or 5.4 per cent of 2011-12 net revenue expenditure, excluding the Olympic Funding Agreement, Elections, Museum of London, London Waste and Recycling Board, Crossrail and contingency for GLA Group budget. This will be kept under review. In addition to the general reserves, the 2011-12 budget proposals include a GLA group wide contingency provision of £10.2m. The mechanism for allocating this contingency will be determined once the final LDA settlement for 2011-12 has been confirmed and its impact assessed.

Section 3 – Greater London Authority: London Assembly

- 3.1 The GLA Act introduced a separate component budget for the London Assembly in respect of Assembly Members, employees of the Authority who normally work as support staff for the Assembly or Assembly Members, goods or services procured solely for the purposes of the Assembly and the London Transport Users' Committee (London TravelWatch).

Role of the Assembly

- 3.2 The aims of the Assembly are to:
- Hold the Mayor of London effectively to account;
 - Conduct effective investigations into issues that matter to Londoners;
 - Represent the views of Londoners and raise issues of concern on their behalf; and
 - Sponsor and monitor London TravelWatch.

Key deliverables

- 3.3 The Secretariat has seven objectives that guide its work in supporting the Assembly. The Secretariat also has a major role in the planning and managing of the Mayoral and London Assembly elections (although the cost of the Election is included within the Mayor's component budget). Deliverables specific to 2011-12 are as follows:
- To support the Assembly and its committees to enable them effectively to hold the Mayor to account;
 - To support the Assembly and its committees to conduct effective investigations into issues of importance to Londoners;
 - To support Assembly Members in relation to their representative and constituency roles;
 - To raise the profile of the work of Assembly and enhance its positive reputation among Londoners;
 - To support the effective governance of the GLA, including supporting the Authority's Standards Committee;
 - To support the Assembly in carrying out its statutory duties towards London TravelWatch; and
 - To support the Greater London Returning Officer in the effective planning and management of the Mayoral and London Assembly elections.

Budget requirement

- 3.4 The Assembly's budget requirement for 2011-12 is **£8.0m**. This is £0.6m or 7 per cent lower than that in 2010-11.

Section 3 – Greater London Authority: London Assembly

Explanation of budget changes

3.5 The changes in 2011-12 relative to 2010-11 can be summarised as follows:

Changes in the Assembly's spending plans	2011-12 £m
2010-11 adjusted budget requirement	8.6
<i>Changes due to:</i>	
Inflation	-
Savings and efficiencies	-0.6
2011-12 Budget requirement	8.0

3.6 The key changes in income and expenditure for 2011-12 are set out in the table below:

Service analysis	Budget	Forecast	Budget	Budget
	2010-11	2010-11	2011-12	Plan
	£m	£m	£m	£m
Assembly Members	1.8	1.7	1.7	1.8
Member Services	2.6	2.3	2.4	2.5
Scrutiny & Investigations	1.1	1.1	1.1	1.1
Committee Services	0.5	0.5	0.5	0.5
External Relations	0.3	0.4	0.3	0.3
Director/Business Support	0.6	0.6	0.5	0.5
Elections & Special Projects	0.1	0.1	0.1	0.1
London TravelWatch	1.6	1.6	1.4	1.4
Savings to be found	-	-	-	TBC
Net service expenditure	8.6	8.3	8.0	TBC
Interest receipts	-	-	-	-
Net revenue expenditure	8.6	8.3	8.0	TBC
Transfer to/ from reserves	-	0.3	-	-
Budget requirement	8.6	8.6	8.0	TBC

Note: The forecast plan for 2012-13 represents the current estimated full year cost of functions covered by the 2011-12 budget proposals for the Assembly. The level of the General GLA Grant and its phasing over the period 2012-13 to 2014-15 is not yet known and therefore the level of resources available to fund the London Assembly's activities (as applies for the Mayor of London's element of the GLA budget) remains uncertain as set out in Sections 2 and 8.

Inflation

3.7 No provision has been made for inflation in 2011-12, as there is a public sector pay freeze and the Assembly will need to contain any non-pay inflation.

Section 3 – Greater London Authority: London Assembly

Savings and efficiencies

- 3.8 The budget incorporates cashable efficiency savings of £0.6m in 2011-12. The proposals have been compiled in such a way so as to ensure that they do not adversely impact on equalities considerations.
- 3.9 The Mayor has decided not to seek further savings beyond the £0.6m identified by the Assembly for 2011-12. However, the Mayor is of the view that any future new roles for the Assembly (e.g. policing scrutiny) should be met from within the Assembly's existing resources.
- 3.10 In addition the Mayor will look to the Assembly to make substantial savings in 2012-13 reflecting the streamlined staffing arrangements in place in the rest of the GLA. The GLA Elections in 2012 will provide an opportunity for a re-think of the level of resources required by the Assembly and the way in which it conducts its role.

Reserves

- 3.11 The GLA's accounts include an earmarked Assembly development reserve of £0.7m as at the beginning of 2011-12.

Section 4 – Metropolitan Police Authority

4.1 The primary role of the Metropolitan Police Service (MPS) is to cut crime and the fear of crime in London. Further, in its national and international duties, to keep the Queen's peace, it has to ensure that the service is 'Here for London'. The Commissioner of the MPS has outlined a vision of a Balanced Policing Model with four strategic outcomes: Public Safety; Confidence in Policing; Value for Money; and Delivering a Safe and Secure Olympics. Met Forward is the strategic document which sets out the priorities the Mayor expects to MPS to fulfil. The Metropolitan Police Authority (MPA) scrutinises and supports the work of the Metropolitan Police Service and is a functional body of the GLA.

4.2 To achieve these four strategic outcomes service delivery is being re-engineered to place Londoners at the heart of the MPS's operational processes. At the same time everything is being done to maintain its operational capacity, deliver efficient and effective services at lowest cost and make the most productive use of operational assets.

Outcome of Comprehensive Spending Review

4.3 The Comprehensive Spending Review confirmed that the Government intended to implement a 20 per cent real terms reduction (or 12 per cent in cash terms) in the grant funding provided to police authorities in England and Wales by 2014-15 compared with the 2010-11 base position (after adjusting for the in year cuts to Home Office specific grants made in 2010-11 which included a £35.4m reduction for the MPA). Overall this would reduce police funding nationally from £9.7 billion to £8.5 billion including those elements funded by CLG (formula grant) and the Home Office (police and specific grants).

4.4 On 13 December the Government announced the provisional local government finance settlement and the Home Office police grant allocations for individual authorities. The final general grant allocations for the MPA were announced on 31 January 2011 and were unchanged from the provisional figures. The Local Government Finance and Police Grant Reports for 2011-12 were approved by Parliament on 9 February 2011. The MPA's final general grant allocation (police and formula grant) for 2011-12 is £2,025.5m representing a reduction compared to 2010-11 of £110m (5.1 per cent) on a like for like basis. In cash terms the general grant is £2m lower than in 2010-11 but this is before taking into account transfers of specific grant into formula grant. The final budget also reflects the expected impact of the Home Office Counter-Terrorism and Dedicated Security Post grant allocations which had been broadly confirmed at the date the final budget was approved.

Section 4 – Metropolitan Police Authority

Key Deliverables

- 4.5 Despite the reduction in grant funding from the Government, the MPS is developing an integrated set of activities to meet the four strategic outcomes described in paragraph 4.1. These are summarised below:

Confidence and Satisfaction

- Safer Neighbourhood Teams remain at the heart of the approach to policing in London;
- Individual access to police services will be enhanced, including providing a 'one stop shop' to report crime and increasing the proportion of non-emergency response policing that is delivered through scheduled appointments;
- The capability to reduce anti-social behaviour will be improved;
- The new Territorial Policing model will more effectively support London Boroughs; and
- Crime prevention is at the core of the approach to policing.

Anti-Violence Strategy

- There will be a continued focus on violence against women, youth violence and gangs, knife and gun crime;
- Improvements will be made on the sharing of data with partner agencies;
- Repeat victimisation will be reduced by developing the MPS's intelligence and problem solving capabilities;
- The MPS will continue to work with partners to improve criminal justice outcomes; and
- Those criminal networks causing the most harm will be identified and resources targeted to disrupt them.

Terrorism and Violent Extremism

- There are four clear aims of the Counter-Terrorism Strategy: Prevent, Pursue, Protect and Prepare;
- The effort to further embed Prevent activity into neighbourhood policy will be maintained;
- Improvements to the capacity to gather, assess, analyse and develop intelligence relating to terrorism and domestic extremism will be made to support operational activities;
- The strengthening of the overall protection against terrorist attacks continues, particularly for the 2012 Olympic and Paralympic Games; and
- Preparing for an efficient and effective response to a terrorist attack is central to the MPS's Contingency Planning.

Section 4 – Metropolitan Police Authority

Delivering a Safe and Secure London 2012 Games

- The MPS is playing a leading role in delivering a safe, secure and resilient Olympic and Paralympic Games; and
- Plans will be tested through an exercise programme, to ensure they are match fit for Games time. The MPS is also working closely with other partners to secure the Olympic legacy.

The Metropolitan Police's responsibility for security and safety issues at the London 2012 Olympic and Paralympic Games is being developed through a public service agreement with the Home Office Olympics Security Directorate.

Estimated total Metropolitan Police Service costs on Olympic-related security between 2010-11 and 2012-13 are £226.6m with revenue costs amounting to £201.6 m and capital costs of £25.0m.

The Metropolitan Police's business plan includes the following activities:

- Through the Olympic Policing Co-ordination Team, ensure that milestones within service delivery projects commissioned by the Home Office Olympic Security Directorate are achieved in time and to a fully satisfactory standard;
- To lead the development of the National Olympics Co-ordination Centre; and the establishment of the Olympic Intelligence Centre and a response capacity to tackle serious and organised crime;
- To engage, and progress security plans with, all Olympics partners, including the Olympics Security Directorate; the London Organising Committee for the Olympics Games and the Olympic Delivery Authority; and
- To continue effective operational planning for the policing of London Olympic venues in 2012, and ensure a full command structure and team has been identified.

Indicative expenditure (subject to change) is as follows:

Revenue Costs	2010-11	2011-12	2012-13
	£m	£m	£m
Pay and overtime	19.4	33.8	58.7
Running expenses	5.5	17.1	67.1
Total	24.9	50.9	125.8

Capital Costs	2010-11	2011-12	2012-13
	£m	£m	£m
IT	12.6	8.5	0.6
Buildings	2.7	0.2	-
Vehicles/Transport	0.2	0.2	-
Total	15.5	8.9	0.6

Note that the above figures represent the best estimate of the London 2012 Olympic and Paralympic Games expenditure by the MPA. The MPA will continue to work through the Comprehensive Spending Review announcement with the Home Office.

Section 4 – Metropolitan Police Authority

Budget requirement

- 4.6 The Police Authority's gross expenditure is estimated to be **£3,572.3m**. After deducting fees, charges, specific grants, other income and use of reserves, the budget requirement for 2011-12 is **£2,713.0m**. This is **£39.7m** higher than that for 2010-11 (a £41.8 increase in resources provided by the Mayor through the council tax precept to the MPA offset by a £2.1m cash reduction in its general government grant). It is important to note that this budget is based on work in progress by the MPA and that its contents are neither agreed or endorsed by the MPA as further details are still required by Members of the MPA.

Explanation of budget changes

- 4.7 The key changes to the 2011-12 budgets are set out below.

Changes in the Police Authority's spending plans	2011-12 £m
2010-11 Budget requirement	2,673.3
<i>Changes due to:</i>	
Movement of Specific Grants into General Grant	135.6
Inflation	56.6
Net growth/ savings in existing services and programmes	-5.5
New initiatives and service improvements	71.3
Savings and efficiencies	-163.0
Other Changes in specific grants	-24.7
Transfers from reserves	-30.6
2011-12 Budget requirement	2,713.0

Section 4 – Metropolitan Police Authority

- 4.8 The first table below compares the MPAs budget and forecast for 2010-11 with the proposed budget for 2011-12 and indicative plan for 2012-13 on an objective basis. The second table contains the presentation of the budget on a subjective basis.

Service analysis	Original Budget	Forecast	Budget	Plan
	2010-11	2010-11	2011-12	2012-13
	£m	£m	£m	£m
Business Groups:				
Territorial Policing	1,493.4	1,517.2	1,461.1	1,429.9
Specialist Crime Directorate	428.1	428.2	436.5	432.1
Specialist Operations	282.6	282.6	283.1	282.8
Central Operations	221.2	221.3	220.5	220.9
Olympics	34.5	24.1	59.5	183.3
Resources Directorate	266.4	263.3	240.1	233.0
Directorate of Information	226.8	229.1	205.7	190.0
Human Resources Directorate	158.2	153.8	125.3	103.0
Directorate of Public Affairs	6.9	7.2	6.7	6.7
Deputy Commissioner's Portfolio	58.7	57.6	53.9	55.8
Total Business Groups	3,176.8	3,184.5	3,092.4	3,137.5
Discretionary Pensions Costs	30.2	33.1	33.1	33.1
Centrally held budgets	49.0	7.0	88.5	92.7
Capital financing costs	23.7	26.6	38.6	48.7
Interest receipts	-0.8	-1.0	-0.8	-0.8
Specific grants	-614.7	-582.7	-516.7	-640.6
Savings to be identified	-	-	-	-92.9
Total Corporate Budgets	-512.6	-517.0	-357.3	-559.8
Metropolitan Police Authority/ Mayor's Office for Police and Crime	13.3	12.4	12.7	12.9
Net revenue expenditure	2,677.5	2,679.9	2,747.8	2,590.6
Transfers from reserves	-4.2	-17.6	-34.8	-21.3
Transfers to reserves	0.0	11.0	-	-
Budget requirement	2,673.3	2,673.3	2,713.0	2,569.3

Notes: The allocation against business groups will change once the final specific grant figures for 2011-12 and 2012-13 are confirmed in full by the Home Office. It is assumed that £3.9m of additional the £11.9m being provided in 2011-12 will be available in 2012-13 (as it results from an uplift in Council Tax Base which is expected to be maintained).

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Subjective analysis	Budget 2010-11 £m	Forecast 2010-11 £m	Budget 2011-12 £m	Plan 2012-13 £m
Total Pay and Overtime (incl Discretionary Pension Costs)	2,842.3	2,795.7	2,786.3	2,769.5
Total Running Expenses	753.8	756.4	747.3	813.1
Capital Financing Costs	23.7	26.6	38.6	48.7
TOTAL EXPENDITURE	3,619.8	3,578.7	3,572.3	3,631.3
Income				
Interest Receipts	- 0.8	-1.0	- 0.8	-0.8
Other Income	-326.7	-315.1	-306.9	-306.4
Specific Grants	-614.7	-582.7	-516.8	-640.6
TOTAL INCOME	-942.2	-898.8	-824.5	-947.8
Savings to be identified	-	-	0.0	-92.9
NET EXPENDITURE	2,677.6	2,679.9	2,747.8	2,590.6
Transfer from reserves	-4.3	-17.6	-34.8	-21.3
Transfer to reserves	-	11.0	-	
Budget Requirement	2,673.3	2,673.3	2,713.0	2,569.3

Inflation

- 4.9 Inflation is budgeted to add £56.6m to the MPA's costs in 2011-12. This will include the full-year impact in 2011-12 of the 2010-11 pay award and additional amounts for contractual non-pay inflation. This assumes a pay freeze for officers and staff from August/September 2011 in line with Government policy.

Net growth/savings in existing services and programmes

- 4.10 The full year net savings effect of the 2010-11 budget decisions and those items of expenditure which are unavoidable or to which the Authority has reduced the MPA's budget by £5.5m for 2011-12.

New initiatives and service improvements

- 4.11 The new initiatives and service improvements add £71.3m to expenditure in 2011-12. The table below details the £35.7m of new initiatives planned by the MPA for the next two years.

New initiatives	2011-12 £m	2012-13 £ m
Operational Initiatives	14.9	22.0
Support Initiatives:		
ICT System Support	14.3	21.7
Other	6.5	6.4
Total new initiatives	35.7	50.1

Section 4 – Metropolitan Police Authority

Savings and efficiencies

- 4.12 The budget includes cashable savings and efficiencies totalling £163.0m in 2011-12. Further details on these are set out in the table below:

Savings and Efficiencies	2011-12 £m	2012-13 £m
Corporate Issues		
Officer and staff pay freeze for two years	-14.6	-38.9
Withdrawal of Special Priority Payments to Officers	-16.2	-16.2
Review of police staff terms and conditions	-10.0	-18.3
ATOC (Association of Train Operating Companies) agreement - tax passed on to officers	-4.0	-4.1
Service Improvement		
Recruitment model modernisation	-8.2	-10.6
Rationalisation of property estate	-8.5	-17.8
Property Services modernisation and contract rationalisation	-9.5	-9.5
Catering modernisation	-5.2	-7.3
Training modernisation	-9.4	-21.3
Transport rationalisation	-5.0	-5.0
ICT efficiencies and contract rationalisation	-13.1	-23.9
Finance & Resources modernisation and contract efficiencies	-0.9	-1.3
Other strategic procurement	0.3	-13.7
Territorial Policing development programme	-26.2	-43.1
Support Services		
Resources Directorate	-8.2	-5.5
HR Directorate	-0.9	-0.9
Directorate of Information	-11.4	-8.8
Deputy Commissioner portfolio	-2.0	0.0
Directorate of Public Affairs	-0.2	-0.2
Specialist Crime	-1.0	-1.0
Operational Services		
Deputy Commissioner	-3.5	-3.5
Specialist Operations	-1.8	1.3
Central Operations	-1.3	-1.5
Specialist Crime	-7.6	-10.0
Territorial Policing	-18.9	-24.1
MPA reductions	-0.8	-0.6
Budget Resilience	25.1	25.4
Total savings and efficiencies	-163.0	-260.4

Section 4 – Metropolitan Police Authority

Financing changes relating to specific grants

- 4.13 The budget includes a net year on year reduction in specific grants of £24.7m in 2011-12. Three specific grants received by the MPA in 2010-11 (the Rule 2, Crime fighting fund and Basic command unit grants) will now cease in 2011-12 and have been transferred into the MPA's formula grant baseline. The MPA received around £110m in total in from these three grants in 2010-11 after allowing for the in-year cuts made to the Rule 2 grant by the Home Office.

Transfer from Reserves

- 4.14 The planned use of reserves is a transfer of £34.8m from reserves and is shown in the table under paragraph 4.17 below. The reserves figure in Explanation of budget changes shown under Paragraph 4.7 above (£30.6m) compares the planned transfer from reserves in the original 2010-11 budget (£4.2m) with the proposed budgeted movement in reserves in 2011-12 (£34.8m).

Savings to be identified

- 4.15 The MPA was presented with budget proposals at its January 2011 meeting which included savings to be identified to £11.9m, after allowing for the additional £30m contribution to the MPA financed from the precept which was set out in the Consultation Budget published in December 2010. The Mayor agreed that this gap be eliminated by the application of the entire £8m of the projected net surplus in the collection funds of 32 London Boroughs and the City of London as at 31 March 2011 and an additional £4m representing part of the additional buoyancy in the London wide Council Taxbase data confirmed by these billing authorities compared to the assumptions made in the Consultation Budget. As a result the total additional resources allocated by the Mayor through the precept to the MPA will increase by £41.9m compared to the equivalent figure in 2010-11. However, the £8m contribution for Collection Fund surplus is a one-off in 2011-12 only and it cannot be guaranteed that the same amount will be available to support the 2012-13 budget.

Officer numbers

- 4.16 The impact of this improved position means that the Met will have the resources to maintain police officer numbers at higher levels than when the Mayor came into office. The police officer establishment will fall by only 581 from 33,091 in 2010-11 to 32,510 in 2011-12. This represents an improvement from the earlier planned reduction of 1,106 posts in 2011-12 and a planned complement of 31,985 in 2011-12. Actual police officer numbers at April 2008 were 31,398.

Section 4 – Metropolitan Police Authority

Reserves

- 4.17 There is no statutory guidance on reserves, and there never has been an accepted case for introducing a statutory minimum level of reserves, even in exceptional circumstances. CIPFA guidance issued in November 2008 confirms that authorities, on the advice of their Treasurers, should make their own judgements on such matters, taking into account all the relevant local circumstances. The estimates include a general reserves and emergency contingency fund of 1.7 per cent of the 2010-11 net budgeted expenditure, by the end of 2012-13.

MPA reserves	Budget 2010-11 £m	Forecast 2010-11 £m	Budget 2011-12 £m	Budget 2012-13 £m
Emergency Contingencies Fund	23.1	23.1	23.1	23.1
Earmarked reserves	127.4	82.3	60.5	50.2
General reserves	47.4	47.4	34.4	23.4
Budget Pressures	51.2	38.8	38.8	38.8
Total	249.1	191.6	156.8	135.5

Notes:

1. The budget pressures reserve shown above has been set up to help facilitate the re-organisation of the MPS and MPA. An amount of £12.4m is forecast to be drawn-down in 2010-11 to fund costs of voluntary redundancy.
2. The forecast use of balances in 2010-11 include a £11m transfer to reserves from a £11m underspend on revenue budgets. This reserve will be drawn down by £6m in 2011-12 and £5m in 2012-13.

Section 5 – London Fire and Emergency Planning Authority

- 5.1 The London Fire and Emergency Planning Authority (LFEPA) is responsible for fire and rescue services in London and it supports the London boroughs in their emergency planning role. LFEPA has achieved significant fire reduction improvements through the strategies in their London Safety Plan.
- 5.2 The fourth London Safety Plan (LSP 4) for 2010-11 to 2012-13 was approved by LFEPA in March 2010. The two key elements of the Plan are to maintain the service's current focus and to further improve the safety of London and Londoners. LFEPA's budget proposals have been developed having regard to the deliverables and targets set out in this document.
- 5.3 The Comprehensive Spending Review confirmed that the Government intended to implement a 25 percent reduction in the grant funding provided to fire authorities in England by 2014-15 compared to the 2010-11 base position. This was to be back-loaded to the second half of the Spending Review period (2013-14 and 2014-15). This was to enable fire authorities time to prepare, with any reduction in 2011-12 being less demanding.
- 5.4 In making savings the Government also encouraged fire authorities to focus on the following seven areas:
- Flexible staffing arrangements;
 - Improved sickness management;
 - Pay restraint and recruitment freezes;
 - Shared services/back office functions;
 - Improved procurement;
 - Sharing Chief Officers and other senior staff; and
 - Voluntary amalgamations between Fire and Rescue Authorities.
- 5.5 On 13 December the Government announced the provisional local government finance settlement that confirmed the proposed formula and specific grant allocations for individual fire authorities for 2011-12. The final allocations for 2011-12 were confirmed by the Government on 31 January and approved by Parliament on 9 February 2011. LFEPA's final general grant allocation (formula grant) for 2011-12 is £251.6m representing a reduction compared with 2010-11 of £8.5m (3.3 per cent) on a like for like basis. This reduction was lower than the average for English fire authorities (5.8 per cent) and other metropolitan fire authorities (9.5 per cent). LFEPA is no longer at the funding floor as a result of changes made to the national fire distribution formula which include the introduction of an additional top up for population density.

Section 5 – London Fire and Emergency Planning Authority

- 5.6 LFEPA's formula grant allocation includes a £550,000 baseline adjustment for the funding provided to London boroughs in relation to their resilience work. LFEPA will continue to support London's local authorities in this work by providing the mechanisms by which the capital's 33 local authorities respond collectively to regional events, managing the work of the Local Authorities' Panel and through undertaking regional planning work and training and exercising in support of boroughs. This planning was most recently successfully tested by the January 2010 severe weather event. Over the next two years this work will also include supporting local authority Olympic work: supporting infrastructure such as the London Local Authority Olympic Co-ordination Centre and maintaining the Local Authority Gold Arrangements.
- 5.7 As only part of the new Fire and Rescue revenue specific grant allocation was announced at the time of the final local government finance settlement LFEPA's budget assumes the total level of funding via this route will be at the same level as the equivalent grants for 2010-11 on a like for like basis. In 2010-11 LFEPA is due to receive around £11.7m in specific grants (including £4.4m via the fleet and equipment PFI grant and £4m for New Dimensions funding). The grant for New Dimensions will be £4.1m in 2011-12 and 2012-13, which is similar to the 2010-11 grant allocation. Grant funding of £0.8m has also been provided for Firelink in both years. This final budget reflects latest available information on the impact of the specific grant allocations so far announced for LFEPA.
- 5.8 The London Fire Brigade has a vital role in ensuring delivery of a safe and secure Olympic and Paralympic Games in 2012. LFEPA's specific grant for the Olympics for 2011-12 and 2012-13 will be £3.6m. This is a reduction of £0.8m from the funding required in the business case submitted to CLG. LFEPA will tailor its plans to ensure it achieves Olympic objectives within this reduced funding envelope.

Key Deliverables

- 5.9 LFEPA's headline targets have two components. The first is the level of reduction that can reasonably be achieved by maintaining the current focus with the resources it has. The second is a 'stretch target'. The stretch targets are more challenging and are likely to require substantial changes to the way LFEPA delivers its services, but will further improve the safety of London and Londoners if they can be achieved. The headline targets LFEPA is proposing to set for the period 2011-12 to 2013-14 are as follows:
- reduce fires in the home by 2 per cent (without stretch) and by 6 per cent (with stretch);
 - reduce fires in non-domestic buildings by 10 per cent (without stretch) and by 19 per cent (with stretch);
 - deliver 230,000 home fire safety visits, targeting those most at risk (so that by 2012-13 LFEPA will have completed over 395,000 home fire safety visits in total);
 - reduce fires of rubbish (with deliberate or unknown motive) by 38 per cent (without stretch) and by 43 per cent (with stretch);
 - reduce false alarms from automatic fire alarm systems by 10 per cent (without stretch) and by 22 per cent (with stretch); and

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- reduce shut in lift incidents attended by 14 per cent (without stretch) and by 23 per cent (with stretch).
- 5.10 The fourth London Safety Plan is based on six strategic aims set out below.
- **Prevention** - engaging with London's communities to inform and educate people in how to reduce the risk of fires and other emergencies. The objectives are:
 - To reduce fires and the impact they have; and
 - To target people most at risk.
 - **Protection** - to influence and regulate the built environment to protect people, property and the environment from harm. The objectives are:
 - To regulate buildings and other places to protect people from fire; and
 - To influence planners, designers and decision makers to improve safety for Londoners.
 - **Response** - planning and preparing for emergencies that may happen and making high quality, effective and resilient responses to them. The objectives are:
 - To improve and deliver plans, developed with partners to address identified risks; and
 - To use resources in a flexible and efficient way arriving at incidents as quickly as possible.
 - **Resources** - managing risk by using resources flexibly and efficiently and continuously improving the way public money is used. The objectives are:
 - To minimise costs and provide value for money for Londoners, working with others; and
 - To manage performance and continuously improve service delivery.
 - **People** - working together to deliver high quality services and to create a safe and positive environment for everyone. The objectives are:
 - To develop a positive and healthy culture with strong and effective leadership;
 - To embed ownership, responsibility and accountability at all levels of the organisation; and
 - To make sure staff have the right knowledge and skills to do their jobs.
 - **Principles** - operating in accordance with values and ensuring that safety, sustainability, partnership and diversity run through all activities. The objectives are:
 - To work with others to keep people in London safe;
 - To increase the diversity of the workforce to ensure high quality services across London;
 - To continue to act in a more sustainable way; and
 - To continuously review working practices in order to keep the workforce safe.

Section 5 – London Fire and Emergency Planning Authority

5.11 The London Safety Plan also includes a range of key initiatives to further enhance and improve London's fire and rescue service over the next three years that are also represented in these budget proposals. These initiatives are:

- To create four incident support centres strategically located across London. These will be stations where vehicles and bulk materials needed for larger, or specific types of incident will be grouped together;
- To become more efficient in the way crew and incident response units (equipment needed to provide mass decontamination facilities at large chemical or similar incidents) are used;
- To deliver key priority projects including the Olympic and Paralympic Games. More details of LFEPA's role in 2012 Games are set out at in paragraph 5.8 above; and
- Continue to look at ways in which LFEPA can deliver excellent services for less.

Budget requirement

5.12 The Fire Authority's gross expenditure is estimated to be £459.6m. After deducting fees, charges and other income and the application of reserves, the budget requirement for 2011-12 is **£409.4m**. This is £27.9m lower than that for 2010-11 reflecting a rebalancing of the precept with the MPA and the impact of the reduction in formula grant in cash terms.

Explanation of budget changes

5.13 The changes in 2011-12 relative to 2010-11 are set out below.

	2011-12
Changes in the Fire Authority's spending plans	£m
2010-11 budget requirement	437.3
<i>Changes due to:</i>	
Inflation	2.6
Committed savings in existing services and programmes	-1.3
New initiatives and service improvements	1.0
New Savings and efficiencies	-10.9
Change in use of reserves	-19.3
2011-12 budget requirement	409.4

Section 5 – London Fire and Emergency Planning Authority

5.14 The tables below compare LFEPA's budgeted income and expenditure firstly by service area and then on a subjective analysis basis for 2010-11, 2011-12 and 2012-13.

Service analysis	Budget 2010-11 £m	Forecast 2010-11 £m	Budget 2011-12 £m	Plan 2012-13 £m
Community safety	43.4	40.6	38.7	39.5
Fire fighting and rescue	371.1	369.0	370.3	378.2
Fire-fighter pensions	17.4	16.2	17.4	17.4
Emergency planning	1.0	0.9	0.9	0.9
Central services	1.9	1.8	1.8	1.8
Savings to be agreed	-	-	-	-27.9
Net service expenditure	434.8	428.4	429.1	409.9
Capital financing costs	12.1	11.6	11.8	12.2
External interest receipts	-0.3	-0.4	-0.5	-0.6
Specific grants	-9.3	-11.7	-11.7	-11.7
Net revenue expenditure	437.3	427.9	428.7	409.8
Transfer to/(from) general reserves	-	9.4	-19.3	-
Budget requirement	437.3	437.3	409.4	409.8

Subjective analysis	Original Budget 2010-11 £m	Budget 2011-12 £m	Plan 2012-13 £m
Operational staff	284.5	277.9	277.9
Other staff	58.1	58.0	57.5
Employee related	10.2	8.2	8.2
Pensions	17.2	15.3	15.3
Premises	30.4	30.3	32.4
Transport	24.7	25.2	25.2
Supplies and services	24.2	26.2	25.6
Third party payments	0.5	0.4	0.4
New initiatives	-	-	-
Savings to be allocated	-	-	-28.1
Capital financing costs	12.1	11.8	12.4
Central contingency against inflation	9.0	10.8	19.4
Total revenue expenditure	470.9	464.1	446.2
Total income	-33.6	-35.4	-36.4
Net revenue expenditure	437.3	428.7	409.8
Use of reserves	-	-19.3	-
Budget Requirement	437.3	409.4	409.8

Inflation

5.15 Inflation is budgeted to be £2.6m in 2011-12. This includes the cost of known incremental pay progression and a provision for general price inflation on other non-staffing budgets.

Section 5 – London Fire and Emergency Planning Authority

Committed savings in existing services and programmes

- 5.16 The full year effect of 2011-12 budget decisions and those items of expenditure which are unavoidable or to which the Authority is contractually committed reduces LFEPA's budget for 2011-12 and future years by £1.3m.

Increases in service levels and new initiatives

- 5.17 There are also new initiatives, which add £1.0m to expenditure in 2011-12 as set out in the table below. The initiatives are unavoidable pressures which include the replacement of gas tight suits and investment in the LFEPA IT System (Application and Server Infrastructure development).

New initiatives	2011-12 £m	2012-13 £m
Gas Tight Suits replacement	0.7	0.4
Application and Server Infrastructure - hardware and software	0.2	0.2
Software licences and hardware support renewal	-	0.1
Total new initiatives	0.9	0.7

Savings and efficiencies

- 5.18 The budget includes savings and efficiencies of £10.9m in 2011-12, which represents 2 per cent of net revenue expenditure. These are set out in the table below and include significant back office savings and efficiencies that will help ensure that the front line service is maintained and improved to drive down further deaths and injuries from fire.

Savings and efficiencies	2011-12 £m	2012-13 £m
Procurement efficiencies	0.9	1.0
Cost avoidance	4.5	4.0
Establishment efficiencies	5.3	5.7
Other means:		
- Income	0.2	0.3
Total savings and efficiencies	10.9	11.1

Operational officer numbers

- 5.19 As a result of LFEPA's initiatives, which are designed to enhance front line services delivered to the public, the number of fire-fighters is forecast to decrease by 121 (full time equivalents) by the end of 2011-12. The impact of the proposed initiatives is currently under discussion and may lead to further changes to the establishment in future years. These changes are designed to: carry forward LFEPA's continuing commitment to modernisation; achieve a professionally focused and supported fire and rescue service in London; and deliver value for money.

Section 5 – London Fire and Emergency Planning Authority

Reserves

- 5.20 Reserves are projected to be £53.5m at March 2011 based on the current projected underspend for 2010-11 and allowing for revenue contributions to capital and the expected drawdown of earmarked reserves. The Authority's policy is to maintain a general reserve of 2.5 per cent of the net requirement (£10.7m based upon the current forecast net revenue expenditure for 2011-12). However it was also proposed that 7 per cent or £30m could be held as an appropriate level of general reserves until the future financial position becomes more certain.
- 5.21 In the Consultation Budget in order to support the delivery of the Mayor's wider priorities and to align LFEPA's reserves position closer to its target level, it was proposed that £20m of the authority's general reserves be drawn down in 2011-12 to support its budget. Following consultation with LFEPA it has been decided to amend that to £19.3m which is offset by an additional net £0.7m of other amendments to the LFEPA budget. Therefore, earmarked and general reserves are projected to be £34.2m at March 2012 of which £29.8m are general reserves. The use of reserves in future years budgets will be kept under close review. In particular, given the backloading of grant reductions for fire authorities, LFEPA will be asked to develop plans for the use of reserves to contribute to long term savings.
- 5.22 The table below shows LFEPA's estimated balances.

LFEPA reserves	Original Budget 2010-11 £m	Forecast 2010-11 £m	Budget 2011-12 £m	Plan 2012-13 £m
Opening balances	44.5	49.6	53.5	34.2
Transfers to/from:				
Earmarked reserves	-	-1.9	-	-
General reserves	-	5.8	-19.3	-
Closing balances	44.5	53.5	34.2	34.2

Note: The forecast for 2010-11 adjusts for the actual brought forward balances as at 1 April 2010 which, were £5.6m higher than estimated at the date the Mayor's 2010-11 budget was approved in February 2010. The general reserves movement for the 2010-11 forecast therefore reflects the £9.4m underspend at the year end offset by £3.6m revenue contribution to capital. The projected opening balance at 1 April 2011 for the 2011-12 budget comprises £49.1m of general reserves and £4.4m of earmarked reserves.

Section 6 – Transport for London

- 6.1 Despite Transport for London (TfL) facing a significant reduction in its funding, the 2010 Spending Review has secured 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 is protected. The Barclays Cycle Hire scheme will be extended. The Western Extension of the Congestion zone has been removed. The East London line extension to Clapham Junction will be delivered. The fares increase for 2011 will be maintained at the previously announced level.
- 6.2 The Transport Grant provided to TfL by the Department for Transport (DfT) is to be reduced by a total of £2.2bn over the four years to 2014-15, compared with TfL's 2007 settlement. This amounts to a 21 per cent real terms reduction over the Spending Review period compared with the current year. However, the profile of this reduction is favourable in the early years and protects in real terms the delivery of Crossrail and the Tube upgrade. Further, once TfL's other sources of funding, such as fares, are considered, the reduction in Government Grant amounts to an 8 per cent reduction in TfL's planned operating and capital expenditure by 2014-15.
- 6.3 The funding settlement means that:
- The upgrade of the Tube, including major congestion relief schemes at Victoria, Bond Street, Tottenham Court Road, Paddington and Bank, now has a secure funding arrangement in place;
 - Crossrail will also now proceed with all four elements of the link to Abbey Wood, Shenfield, Maidenhead and Heathrow preserved bringing an additional 1.5 million people within one hour's journey time of central London. Together with the Tube Upgrade, Crossrail will add 30 per cent additional capacity to the transport network in London, boosting the UK economy and improving the reliability of services;
 - Mileage operated on London's extensive and accessible bus network, is protected at the levels in TfL's published Business Plan;
 - TfL's commitments for the London 2012 Games will be delivered;
 - Barclays' Cycle Hire will be extended before the 2012 Games and all 12 Barclays Cycle Superhighways will be delivered by 2015;
 - The Western Extension of the Congestion Charging zone was removed before Christmas 2010;
 - The East London Line extension to Clapham Junction will go ahead and will be delivered by the end of 2012; and
 - Fare increases for 2011 will be maintained at the planning assumption announced last year – Retail Price Index (RPI) plus two per cent – while free travel and concessions for Londoners are protected.

Meeting the challenges of TfL's new funding settlement

- 6.4 TfL's current Business Plan to 2017-18 already contains over £5bn of savings and efficiencies. With stronger than anticipated fare income, and further efficiencies identified since the Published Business Plan, the Business Plan will be boosted by an additional £800m over the Spending Review period, accounting for well over a third of the £2.2bn reduction in grant funding.

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6.5 Although the Mayor's top transport priorities are protected, TfL still needs to take further action to absorb the remaining impact of the settlement. Given that the settlement has only recently been confirmed, TfL is now in the process of working through the detailed implications for its activities and a revised Business Plan to 2014-15 will be published in the spring. However, the following savings were announced on 20 October:

- Over £1bn in savings to Crossrail construction will be delivered, with the central section now being completed in 2018, rather than 2017, and a phased introduction of the other sections and stations over the following months;
- Around £300m will be saved by 2014-15 from being able to deliver the upgrade of the Tube more efficiently and with less disruption because of the end of the Public Private Partnership (PPP), together with further paring back of cosmetic works at stations and deferral of non-essential civil works;
- Around £300m in savings or additional revenues over the period will occur from TfL focussing on core priorities. The funding provided to Boroughs for small scale projects through the Local Implementation Plan will be maintained at the same level from 2011-12 to 2013-14 in cash terms. TfL will introduce parking charges on the TfL controlled road network, as previously announced. The Congestion Charge will also increase to £10, and TfL will keep the effectiveness of the zone in tackling congestion under review; and
- TfL is carrying out a review of its operations and structure. 'Project Horizon' will ensure the organisation is as efficient as possible and fit for the challenges it faces. Further reductions in the number of jobs at TfL are likely to predominantly affect non-frontline services, while Tube and bus mileage and the quality of frontline services are protected.

Key deliverables

6.6 The key deliverables in the Budget for 2011-12 are set out below. Details of TfL's role in the 2012 Games are set out at in paragraph 6.27 below.

London Underground (LU) and Tube Lines

Line upgrades: Details of the Tube upgrades are set out below:

- **Jubilee line** replacing the signalling and train control system to increase capacity by a further 33 per cent is scheduled to complete by spring 2011;
- The **Victoria line** upgrade is on schedule and within budget. Journey times will be cut by 16 per cent and capacity increased by 21 per cent;
- On the **sub-surface railway** (Circle, District, Hammersmith & City and Metropolitan lines), the first of 191 new, air-conditioned S-stock trains entered service on the Metropolitan line in August 2010. Roll-out will start on the Circle and Hammersmith & City lines from 2012, and from 2014 on the District line; and

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- A new control centre and computerised signalling system will be installed during the first stage of the upgrade to the **Northern line**. This will cut journey times by 18 per cent and increase capacity by 20 per cent. The work is targeted for completion by 2014.

Station capacity: Extensive improvement works to the following stations are being undertaken:

- The rebuilding of Tottenham Court Road station, a key interchange with Crossrail, is under-way and due for completion in 2017;
- Paddington (Hammersmith & City line) capacity works to support the doubling of train frequencies between Paddington and Hammersmith will be completed in 2014;
- Works started at Victoria station, which are crucial to deliver the full benefits of the Victoria line upgrade, are to be completed in 2018;
- Works are due to start at Bond Street in 2011 to develop a key Crossrail interchange. The contract has already been awarded and completion is expected in 2017;
- In partnership with Legal & General, work starts in 2011 on a new entrance for the Waterloo & City line at Bank station that will relieve congestion; and
- Improvements to Cannon Street Tube station, as part of a wider development of the National Rail station and Cannon Place, will finish by 2012.

Step-free access at stations: Schemes to provide step-free access at stations are being delivered as part of larger projects, including those at Tottenham Court Road, Paddington (Hammersmith & City), Victoria, Bond Street and Bank (Waterloo & City). In addition, Thameslink works at Blackfriars and Farringdon will deliver step-free access to Tube platforms. To support the 2012 Games, step-free access to all lines at Green Park will be completed in 2011.

Cooling the Tube: Works will prioritise the Victoria line to ensure a safe service by mitigating the extra heat that will result from the additional power needed during the upgrade. Mid-tunnel vents on the line will be completed by 2012.

London Rail

London Overground

- A programme of upgrades and improvements is being carried out across the London Overground network to increase capacity, quality and reliability. This work will also enable the network to play an integral part during the 2012 Games.
- **The East London line extension:** A new connection from Surrey Quays to Clapham Junction using the South London line will complete the Overground's orbital route by 2012.
- **The North London Railway (NLR):** Extra carriages are being introduced, extending trains from three to four cars and increasing the railway's capacity by 50 per cent. The East London line extension will connect to the railway via new track in the Dalston area, and East London line services will then run to Highbury & Islington by early 2011.

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- **New rolling stock:** Sixty-five new trains are being introduced on the Overground network.

DLR

A total of 55 new carriages have been delivered, expanding trains from two to three cars and delivering a 50 per cent capacity increase. Additional work is planned to allow three-car trains to run to Beckton, which will be completed by May 2011.

Tramlink

There are planned improvements to alleviate overcrowding at peak times and to replace the tram management system to improve reliability.

Crossrail

Crossrail will be Europe's largest civil engineering project. It will provide the outer suburbs east and west of the Capital with fast, frequent, high-capacity links to the City, West End, Heathrow Airport and Docklands. As Europe's biggest transport project, it will increase London's rail network capacity by 10 per cent, potentially easing congestion by 45 per cent on many other rail and Tube lines.

Work at key locations such as Canary Wharf, Paddington, Tottenham Court Road and Farringdon has already started and the main tunnelling and construction is due to begin in 2011.

Surface Transport

London's buses: TfL plans to maintain network mileage at the level set out in the Business Plan published in October 2009 and it will continue to keep the network under regular review, taking account of changes in demand and new developments, including during the 2012 Games:

- **New Bus for London:** An operational prototype is expected to start route tests by the end of 2011;
- **Passenger information:** From mid-2011, TfL will introduce a new generation of Countdown real-time information, delivered through mobile phones, the internet and 2,500 signs at bus stops;
- **East London Transit (ELT) phase 1b:** Building on the success of phase 1a (services from Ilford to Dagenham Dock via Barking town centre), which started in February 2010, phase 1b (Barking town centre to Barking Riverside) is under-way and construction is scheduled to begin in summer 2011; and
- **Accessibility:** TfL and the London boroughs continue to improve the accessibility of the Capital's bus stops. This may involve adjustments to kerb height, footway depth, bus stop clearways, installation of enforceable clearway signage plus de-cluttering of the footway.

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Managing the road network

- **Asset management:**
 - On the TfL road network, the capital renewals programme will continue with the replacement of carriageway, footway and lighting units;
 - The traffic signals modernisation programme will carry on ensuring traffic signals are kept in a state of good repair;
 - The systems relocation programme will deliver full disaster recovery and resilience to TfL's frontline Urban Traffic Control and CCTV street management systems prior to the 2012 Games;
 - TfL is implementing a programme of safety improvements for its 13 road tunnels and is undertaking a major refurbishment of the Blackwall Tunnel (northbound), which is due to be completed in 2012; and
 - In developing the road network, TfL will complete safety and environmental improvements on the A406 at Bounds Green, scheduled for completion by May 2012. The Hanger Lane bridge replacement on the A406 is due for completion in summer 2011.

- **Traffic operations:** TfL is delivering the Mayor's smoothing traffic flow agenda to improve reliability through a range of traffic signal and network management initiatives on the TfL road network.

- **Roadworks management:** Working closely with the DfT, TfL will develop a proposal for lane rental by summer 2011. This would require utility companies to pay 'rent' for every day they are working on a street, rather than a one-off charge.

The cycling revolution

- **Cycle trips and parking:** TfL is working to increase cycle trips by 400 per cent by 2026, against the 2000 baseline, which should take the overall modal share for cycling from two to five per cent.
- **Barclays Cycle Superhighways:** The first two pilot routes from Outer London into the centre – Barking to Tower Gateway (A13) and Merton to the City of London (A24-A3) – were successfully launched in July 2010. Further routes are in the final stages of design.

Making Walking Count

- **Walking trips:** Through 'Making Walking Count', TfL will make London an easier city to travel around by foot. It is working to increase the overall mode share through a variety of measures including physical improvements, enhanced information and smarter travel programmes.

- **Legible London:** is a map-based pedestrian information system that provides high quality and consistent information to help more people navigate the Capital on foot. It is now operational in central London and will be rolled out across the four host Olympic boroughs and a further five boroughs in 2012.

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Improving safety and security

- **Crime levels:** TfL will continue to work with the police, boroughs and other partners to deliver the activities set out in the Mayor's Transport and Travel Community Safety Strategy for London.
- **Road safety:** TfL is working towards reducing the number of casualties on London's roads through casualty data analysis; implementing road safety engineering measures; developing campaigns to improve road safety; and working with partners to install, maintain and manage safety cameras.
- **Cycle safety and security:** TfL will continue to improve cycle safety and security, including delivering activities outlined in TfL's Cycle Safety Action Plan and Cycle Security Action Plan.

Urban realm and accessibility

- **Better Streets:** By 2012, a number of borough 'Better Streets' flagship schemes will have been delivered with TfL support. These include Piccadilly Circus, Woolwich town centre, Leicester Square, Kender Street and Wimbledon town centre.

Active travel: TfL will continue to seek to reduce car use and increase the adoption of active travel modes, especially in areas of high congestion or collision rates. TfL will also work with London 2012 to develop an Active travel programme for the 2012 Games.

Reducing transport's contribution to climate change and improving air quality:

- **Electric vehicles:** TfL is supporting the Mayor's aspiration to have 100,000 electric vehicles in use, by installing publicly accessible charging points across London;
- **Hybrid buses:** During 2012, TfL plans to introduce 300 hybrid-power buses as part of its carbon reduction programme. This will reduce individual vehicle carbon dioxide emissions by up to 30 per cent; and
- **Greater London Low Emission Zone (LEZ):** In 2012, phases three and four of the LEZ will be introduced, extending it to include large vans and minibuses and increasing the emissions standards for those vehicles already affected.

London 2012 Olympic and Paralympic Games

- **Greenway routes:** The aim is for 100 per cent of spectators to get to the Games by public transport, walking or cycling. To help achieve this, TfL is managing the delivery of enhancements to greenway routes for cyclists and pedestrians, linking the Olympic Park and River Zone venues across a number of London's boroughs.

Olympic Route Network (ORN) and Paralympics Route Network (PRN): TfL is leading the design and implementation of these on behalf of the Olympic Delivery Authority (ODA).

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Ticketing and customer information:

- The Future Ticketing Project will allow contactless bank cards to be used to pay for fares on TfL services. The first phases of the project will be launched in 2012; and
- LU's ticket machines will be upgraded in 2011 to allow a full range of services to be offered, including the ability to issue Oyster cards.

Working with London boroughs and other partners:

- **Funding to deliver the Mayor's Transport Strategy (MTS):** TfL continues to provide funding to London's boroughs for minor highways works, road and bridge renewals and major scheme developments.
- **Collaborative working:**
 - TfL will work with the boroughs to champion Biking Borough initiatives and Key Walking Routes and to encourage the roll-out of car club bays;
 - Local implementation plan to London boroughs will be maintain at £147.8m per annum from 2011-12 to 2013-14 in recognition of the crucial role they play in supporting the Mayor in the delivery of his transport strategy.
 - TfL is working with the London Technical Advisory Group (LoTAG), London Councils and Capital Ambition in a project to develop collaborative highways contracts.
- **Concessionary travel**
 - The Mayor will continue to guarantee free bus travel for under 16s and half price bus travel for the unemployed, Employment & Support Allowance claimants and those on income support;
 - TfL and the GLA are committed to working with London boroughs and London Councils to ensure funding for the 24 hour Freedom Pass for older and disabled Londoners is protected and the scheme remains affordable to the London Council Taxpayer; and
 - These schemes will ensure that forty per cent of bus passengers will continue to travel for free or at a substantial concessionary rate.

Improving connectivity in east London: TfL is looking to take forward a package of new river crossings in east London. These schemes will be subject to public consultation and will be dependent on securing private sector funding.

- 6.7 TfL's gross expenditure in 2011-12 is now budgeted at **£8.6bn** (£7.4bn excluding Crossrail) after allowing for projected changes in reserves. This covers operations, capital projects, debt servicing and Group-level contingency. Deducting income and other receipts of £5.0bn leaves £3.6bn to be met through funding from external sources and reserves. The bulk of the funding (£3.3 billion) is in the form of a transport grant from Government. In addition, TfL will continue to borrow under the prudential borrowing regime as agreed with Government in the 2010 settlement. Total outstanding borrowing is expected to reach approximately £5.3bn by the end of 2011-12, with an additional £1.8bn in respect of Tube Lines.

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Budget Requirement

- 6.8 TfL's budget requirement (which is the amount to be raised from the GLA Council Tax precept) for 2011-12 is £6m. This is a reduction of £6m from the 2010-11 level. The key changes in income and expenditure areas between the 2010-11 and 2011-12 budgets, are set out in the table below.

Explanation of budget changes

	2011-12
Changes to the TfL's spending plans	£m
2010/11 Budget requirement:	12
Changes due to:	
Inflation	65
Fares, Charges and Other Income	-289
Increases in PPP/PFI payments	-171
Net Operational Increases/Decreases	274
Savings and Efficiencies	-237
Capital Projects	-403
Debt Servicing, Contingency and Other Items	-92
Funding and Working Capital	847
2011-12 Budget requirement	6

Inflation

- 6.9 Inflation is estimated to increase TfL's net costs in 2011-12 by £65m. This change represents both the RPI element of the increase in fares income and the increase in direct costs, such as employees.

Fees, charges and ticket/trading revenues

- 6.10 The estimates for traffic income reflect the fares package already announced for 2011. The estimates also reflect the removal of the western extension of the central London Congestion Charge, as well as the increases in the Congestion Charge to £10, or £9 if paid through Auto Pay, from 4 January 2011.

6.11 Increase in PPP/ PFI payments

Following the acquisition of Tube Lines there are no PPP payments in the 2011-12 Budget.

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Net operational increases and decreases

- 6.12 Planned increases and decreases in operational expenditure in 2011-12 by TfL are summarised in the following table.

TfL Net operational increases and decreases	2011-12 £m
LU operations	6
LU maintenance	-55
LU strategy and commercial	-18
LU central services	-34
LU Investment Programme	-34
Better Routes and Places	-26
Bus network	17
Congestion Charging operations	-25
Olympics Route Network	20
Fares and ticketing	9
Group Information Management	41
Tube Lines	76
Savings and efficiencies	237
Other	62
Total	274

Savings and efficiencies

- 6.13 TfL's 2009 Business Plan has set a target to deliver more than £5bn in savings and efficiencies to 2017-18. Approximately £763m of these are projected to be realised in 2011-12.
- 6.14 Planned savings and efficiencies based on the 2009 TfL Business Plan, and do not yet take account of savings measures introduced since publication are set out in more detail below. TfL's savings target will be updated in the revised Business Plan, to be published in Spring 2011.

Efficiency Targets	2011-12 Budget £m
London Underground (LU)	369
Surface Transport	223
Corporate and Group Wide	157
London Rail	14
Total Gross Savings	763

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6.15 TfL's comprehensive savings programme comprises hundreds of initiatives, ranging from small scale local savings projects to high value contract renegotiation and organisational change programmes. Specific examples include:

- A reduction of around 1,000 back office and support roles at LU following the integration with the former Metronet operations, plus several hundred roles being reduced elsewhere across TfL;
- Management de-layering and the consolidation of activities;
- Significant reductions in all back-office costs including accommodation, Information Management and support functions such as HR and Finance;
- A reduction in the number of temporary workers and consultants;
- Commercial savings from all parts of the organisation including the re-tender of the Congestion Charging, Oyster ticketing and former Metronet sourcing arrangements;
- A restructure of TfL's Planning Group following the cancellation of work on unfunded projects and other long-term studies, plus an extensive review of activities to reduce costs and align the function more closely with Mayoral priorities. Significant savings in external spend have also been made;
- Reorganisation of the way TfL delivers cycling, walking, road safety, bus priority and freight, as well as red route network planning, the Better Routes and Places team and the borough funding programme. This is a significant change from the previous structure and resulted in significant savings;
- Consolidating customer service activities, reducing cost and improving service;
- A review of marketing and customer research activities to focus on core activities;
- Continuing to optimise bus network costs including competitive tendering; and
- Freezing the base pay of senior managers from 2009 and reducing the funds available for bonus payments.

6.16 The table below illustrates the proportion which these efficiency savings represent as a proportion of TfL's reducible expenditure. A considerable proportion of TfL's expenditure is committed through PPP (Public Private Partnership), PFI (Private Finance Initiative), and long term contracts. These items are excluded from the reducible expenditure figures.

	2010-11 Forecast £m	2011-12 Budget £m
Reducible Costs	5,838	6,028
Gross Savings	528	763
Percentage	9.0%	13.0%

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Capital Projects

- 6.17 Capital projects expenditure is planned to decrease by £403m.

Debt Servicing, Contingency and Other Items

- 6.18 The planned increase in debt servicing reflecting further borrowing is offset by lower expenditure on Group Items.

Funding and Working Capital

- 6.19 Planned movements include prudential borrowing, utilisation of cash reserves as well as amounts applied to an increased working capital requirement.
- 6.20 The 2011-12 Budget represents a high level budget reflecting CSR settlement. TfL is refreshing its business plan to 2014-15 over the winter, as part of which it will be conducting a full equality assessment of the new plan.

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6.21 The table below illustrates the calculation of the budget requirement by reference to the income and expenditure incurred by service.

Service analysis	Budget 2010-11 £m	Forecast 2010-11 £m	Budget 2011-12 £m
Income			
Traffic income	-3,012	-3,177	-3,447
Congestion Charge, LEZ, enforcement income	-363	-349	-305
Other income	-256	-291	-274
	-3,631	-3,817	-4,025
Operating costs			
London Underground	2,137	1,996	2,029
Tube Lines	316	307	401
Surface Transport	2,612	2,605	2,623
London Rail	337	329	343
Corporate Directorates	291	339	334
	5,693	5,577	5,730
Capital expenditure			
London Underground	1,430	1,342	1,176
Tube Lines	252	249	300
Surface Transport	297	335	221
London Rail	252	202	90
Corporate Directorates	53	73	49
Over-programming	-117	-61	-71
	2,168	2,138	1,765
Other			
Property sales	-29	-37	-67
Third-party contributions	-93	-87	-74
Interest income	-5	-3	-4
Debt servicing	270	254	314
Group items	288	135	154
Net services expenditure	4,662	4,161	3,793
Movements in working capital	65	420	199
Specific grants	-3,413	-3,305	-3,274
Crossrail cash commitment	1,052	1,052	1,205
Crossrail funding sources	-1,237	-1,222	-1,390
Utilisation of cash reserves	-420	-367	-102
Prudential borrowing	-696	-726	-425
Budget requirement	12	12	6

Note: (1) The Tube Lines figure for 2010-11 has been included from the point of acquisition at the end of the first quarter. The budget for 2011-12 reflects full year's costs.

(2) The 'utilisation of cash reserves' figure reflects the cash reserves used to fund net expenditure, including the cash commitment for Crossrail. The full TfL Group reserves, including those held to fund future expenditure on Crossrail, are set out in Reserves section.

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- 6.22 The Crossrail cash commitment included above represents funding that TfL will pass to Crossrail. Part of this is financed by GLA borrowing agreed with Government in the 2010 Spending Review settlement (included in the Crossrail funding sources line). Further information on the GLA's contribution is set out in Section 2.
- 6.23 The phasing of the cash that TfL has committed for Crossrail is in accordance with the sponsors' agreement and is not always matched to the timing of the Crossrail-specific funding sources that TfL anticipates receiving. Including contributions to date, over the course of the construction, TfL will be making a contribution of more than £2bn from its own resources.
- 6.24 The table above includes estimates of net capital expenditure, which include provision for over-programming shown in the table below. This Budget assumes £71m of over-programming related to the timing of capital projects across TfL, in particular LU's Investment Programme. TfL has reviewed the likelihood of the programme slipping (which could be for a number of reasons, such as failure to gain planning approval) based on prior experience to establish this level.

Over-programming (capital)	Budget 2010-11 £m	Forecast 2010-11 £m	Budget 2011-12 £m
London Underground	100	28	66
Surface Transport	22	33	5
London Rail	-5	-	-
Total over-programming	117	61	71

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6.25 The table below illustrates the calculation of the budget requirement by subjective analysis.

Subjective analysis	Budget 2010-11 £m	Forecast 2010-11 £m	Budget 2011-12 £m
Income			
Fares Revenue	-3,012	-3,177	-3,447
Congestion Charging	-174	-167	-159
Enforcement Income	-154	-155	-103
PCO & VCS Fees	-33	-35	-34
Advertising Income	-91	-100	-104
Rental Income	-51	-55	-58
Other Income	-116	-129	-119
Total Income	-3,631	-3,817	-4,025
Operating Expenditure			
Employee Expenses	1,833	1,747	1,835
Premises	244	269	255
PPP Payments	157	150	0
PFI Payments	239	234	206
Bus Contract Payments CCS & Other Road	1,653	1,648	1,718
Contracted Services	55	54	60
Asset Maintenance & Local Authority Payments	611	596	763
Professional Fees and Management Consultancy	48	34	36
Engineering, Project Management and Other			
Technical consultancy	200	193	154
Ticket Commissions	46	44	55
Customer Information	52	40	40
National Rail Payments	9	8	9
Franchise Payments	203	205	223
Information and Communication			
Technology	133	194	214
Insurance	49	37	44
Traction Current	85	89	82
Other Expenses	3	-33	-8
Bad Debt Provision	70	69	46
Total Operating Expenditure	5,693	5,577	5,730
Net Operating Expenditure	2,061	1,759	1,704
Capital Expenditure	2,168	2,138	1,765
Third Party Contributions	-93	-87	-74
Property Sales	-29	-37	-67
Interest and Other Group Items	559	389	465
Total Net Service Expenditure	4,663	4,161	3,793

Section 6 – Transport for London

Grant funding

- 6.26 Grant funding for 2011-12 is set out in the table below. This is based on figures announced by the Government.

Grant funding	Budget 2010-11 £m	Forecast 2010-11 £m	Budget 2011-12 £m
Core Transport Grant	3,111	3,003	2,804
Metronet Grant	158	158	424
Overground Grant	25	26	26
DfT Transport grant	3,294	3,186	3,253
Other grant items (including ODA contributions for Olympics)	119	119	21
Total external grants	3,413	3,305	3,274

Reserves

- 6.27 TfL seeks to maintain a General Fund balance of at least £150m (and a minimum cash balance of £250m), to protect it from the short-term effects of specific risks crystallising and to ensure sufficient liquidity. Should there be a significant call on the General Fund, provision would be made in future years' budgets to rebuild the reserve to this target level.
- 6.28 Total reserves are forecast to increase in the current year from the opening 2010-11 level of £1,385m to a closing level of £1,520m. They are projected then to increase to £1,765m by the end of 2011-12, reflecting the effect of the additional balances being held to meet the future costs of the Crossrail project. Excluding Crossrail, TfL reserves are close to the minimum level of £150m in 2011-12. The closing balances include general reserves at a constant £154m with the remainder being earmarked reserves. It is considered that this level of reserves is appropriate to meet general requirements.

TfL reserves	Budget 2010-11 £m	Forecast 2010-11 £m	Budget 2011-12 £m
Opening balances	522	1,385	1,520
Transfers to/(from):	-	-	-
Earmarked reserves	1,026	135	245
General reserves	-	-	-
Closing balances	1,549	1,520	1,765

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Games and Legacy

6.29 Transport schemes for the 2012 London Olympics are being designed to leave a lasting legacy, combining existing projects near the venues with specific additional improvements.

The schemes are split into two parts:

- Schemes which already formed part of TfL's Investment Programme and would be delivered in time for the Games; and
- Additional Olympic specific schemes funded wholly or partly by the ODA and LOCOG.

	2010-11	2011-12
	£m	£m
Pre-existing TfL-funded Schemes		
East London Line extension	15	-
Extensions/improvements in capacity on DLR	8	1
Improvements to the A13	23	24
Total	46	25

	2010-11	2011-12
	£m	£m
Additional ODA/LOCOG-funded Schemes		
North London Railway signalling and infrastructure works	95	14
Conversion of North London Line to DLR operation	19	4
DLR additional railcars	6	-
DLR East Route infrastructure	13	-
DLR West Route signalling	1	-
Stratford Regional upgrade	5	1
Enhancement of London Cycle network	6	-
Enhancement of walking routes	1	1
Olympic Route Network junctions and carriageways	5	18
Piers infrastructure	-	2
Total	151	40

Section 6 – Transport for London

Application of Net Congestion Charging Revenue

- 6.30 It is anticipated that net revenue (after direct operating costs) of £132m will be generated from the Congestion Charge in 2011-12. This is after the removal of the Western Extension of the Congestion Charging zone at Christmas 2010. An indicative attribution on how this revenue will be applied in line with the Congestion Charging scheme order is shown below.

	2011-12 £m
Congestion Charging	
Bus network improvements:	
TfL will continue to keep the bus network under regular review. Priorities will be to maintain ease of use, attractive frequencies, adequate capacity, reliability of services and good coverage. A new generation of Countdown will be introduced which will deliver real-time arrival and service information for all routes and stops. TfL awarded the contract to build the New Bus for London at the end of 2009, with the first prototype expected to start testing by the end of 2011. Engine emission standards will be hugely improved by the introduction of diesel electric hybrid buses, 56 of which are currently on trial. TfL is also introducing a fleet of eight zero-emission hydrogen buses to central London route RV1, five of which will enter service at the end of 2010.	106
Borough plans:	
The boroughs control 95 per cent of the Capital's road network, so the successful delivery of innovative projects such as the Barclays Cycle Superhighways will demand close partnership working to achieve the outcomes for which the Mayor strives.	9
Roads and bridges:	
TfL will continue to support a programme for improving the quality of street conditions and bridges, including reconstructing and resurfacing carriageways and footways, plus upgrading and strengthening structures. Road maintenance and renewal will continue, while bridge and tunnel safety schemes at several locations will be developed.	13
Road safety:	
Investment will continue in road safety measures on TfL and borough roads via Local Implementation Plan (LIP) funding, in conjunction with measures adopted by the police and boroughs. Initiatives to reduce road casualties include engineering schemes at accident hotspots and road safety campaigns.	1
Walking and cycling:	
TfL will continue a programme of improvements for pedestrians, both on its own roads and on borough roads. Investment will be made to promote the benefits of walking, making it easier to plan and undertake journeys on foot, and deliver a safe, comfortable, attractive street environment. Investment will continue in projects designed to create and sustain an environment that enhances the attractiveness of cycling. To generate further interest, TfL is developing new initiatives, including the Barclays Cycle Hire scheme (the central zone went live on 30 July 2010), Barclays Cycle Superhighways (two went live in July 2010) and supporting additional development as part of a healthier environment for London's visitors and residents. Initiatives are intended to broaden the range of people who choose to cycle and walk in the Capital. There is also a target to raise cycling's two per cent share of journeys to five per cent by 2025, and increase walking from 24 to 25 per cent over the same period.	3
Congestion Charge net revenue	132

Section 7 – London Development Agency

- 7.1 The LDA's Budget is based on the Agency's current plans for the period 2011-12 and assumes no draw on the precept for the LDA.
- 7.2 Over the past two years the LDA has focused on delivering fewer and larger projects – investing on the basis of better returns and better value and working differently with its partners. This will continue in 2011-12: the Agency has become much more of a catalyst, an enabler and a focused strategic commissioner.
- 7.3 Like all public bodies, the LDA faces significant budget reductions as a result of the Government's plans to reduce public sector expenditure. The Mayor has also proposed substantial changes to the GLA Group as part of a broader package of proposals to Government for the devolution of additional powers. These include folding the LDA into the GLA, which means the LDA will cease to exist as a separate organisation. The Government has agreed to these proposals, which now form part of its Localism Bill. As a result it is likely that the LDA will cease to exist in March 2012.
- 7.4 At the date the final budget was approved, the Mayor had yet to receive a grant settlement from Government for the LDA in 2011-12. Once a final settlement is agreed, the Mayor will update his budget plans as they relate to LDA functions.
- 7.5 The LDA and the Mayor are responsible for encouraging economic development and regeneration in the capital. The folding in of LDA functions into the GLA does not in any way diminish the Mayor's commitment to making London the best big city in the world.
- 7.6 In fact the drivers for these changes are to improve the Mayor's strategic control of economic development investment and create economies across the GLA Group, and in so doing enhance his ability to achieve the objectives set out in his Economic Development Strategy, published earlier this year.
- To promote London as the world's capital of business, the world's top international visitor destination, and the world's leading international centre of learning and creativity (**International Promotion**);
 - To ensure that London has the most competitive business environment in the world (**Business support**);
 - To make London one of the world's leading low carbon capitals by 2025 and a global leader in carbon finance (**Climate Change**);
 - To give all Londoners the opportunity to take part in London's economic success, access sustainable employment and progress in their careers (**Youth and Sustained Employment**); and
 - To attract the investment in infrastructure and regeneration which London needs, to maximise the benefits from this investment and in particular from the opportunity created by the 2012 Olympic and Paralympic Games and their legacy (**Regeneration, Olympics and Sports**).

Section 7 – London Development Agency

- 7.7 In the period covered by the budget there is a heavy emphasis on the successful delivery of the Olympic Games and in particular ensuring that the unprecedented physical and socio-economic opportunities for the Capital, in terms of regeneration, tourism, sport, employment and business are captured and maximised, to leave a lasting positive difference for London and Londoners. The LDA continues to work to ensure that London remains a leading global city for visitors, investors, businesses and students, particularly in the face of increasing global competition from established competitor cities.
- 7.8 The Mayor is committed to continuous strengthening of engagement and relationship with partners including the private sector, local authorities and sub-regional partnerships, other public sector, and third sector organisations, and the London Assembly. Given the common ambitions to tackle some of the capital's most deep-rooted challenges, to boost enterprise and deliver successful regeneration and a transition to the low carbon economy, it is crucial that these bodies continue to work together to minimise duplication and maximise the impact of interventions.
- 7.9 The proposed investment themes represent the result of an extensive amount of prioritisation and re-balancing to ensure that the LDA continue to deliver the best outcomes possible for London. In addition to the settlement to be received from Government, the Agency will aim to maximise leverage from European funds and other partners as well as land receipts.

Key deliverables and objectives

- 7.10 The LDA has identified the following key deliverables and objectives for the period 2011-12 which cover the theme categories set out below as well as an orderly folding of its functions into the GLA.

A. International Promotion

The LDA will:

- continue the current strategy of streamlining and aligning operations through Promote London by consolidating activities through a new integrated agency to promote London;
- Consolidate and strengthen messaging under a single London brand;
- Continue to support the development of business and visitor tourism to London;
- Grow London's share of the international meetings, conferences and exhibitions industry to bring more business tourists into the city;
- Encourage new Foreign Direct Investment into the city and enhance the efforts of London's universities to attract foreign students;
- Ensure that London's creative, design and media excellence continues to be promoted effectively across the globe; and
- Maximise the opportunity created by London 2012, to sell London's proposition via the world's media, who will be present in London during the Games.

B. Business Support

The LDA will:

- Work with Government to ensure that national policy changes in business support continue to support London's specific needs;
- Concentrate support on those businesses that are more likely to grow and create jobs for Londoners;
- Enhance the innovation and collaboration networks with London's knowledge base and innovation-driven businesses; and
- Continue to support the development of effective supply chain management programmes to ensure the benefit of public procurement to London businesses.

C. Climate Change

The LDA will:

- Support the private, the public and the residential sectors to improve the energy efficiency of their buildings;
- Work to ensure that London's infrastructure and businesses are well adapted to cope with the impacts of climate change;
- Continue to drive London's transition to a low carbon economy and aim to maximise the economic opportunities this generates;
- Make full use of the £100m London Green Fund and other financing streams to develop London's low carbon capacity; and
- Seek to attract private sector investment focusing on initiatives that leverage London's strengths as well as the LDA existing low carbon programmes.

D. Sustained Employment

The LDA will continue to:

- Promote more joined up delivery of Skills & Employment programmes in London;
- Help London's workless and young people to be able to capitalise on Olympic and Crossrail infrastructure investments and new and emerging priorities;
- Engage, support and target specific groups of young people with the most need and ensure that it is linked to work readiness and the journey towards sustained employment;
- Continue to make the most of the opportunities presented by major investment projects such as the Olympics, Crossrail and the low carbon economy by linking local people to training and job opportunities;
- Develop and shape volunteering initiatives pan London, encouraging the active participation of all Londoners; and
- Work to draw upon and influence additional funding from both the private and public sectors.

Section 7 – London Development Agency

E. Regeneration

The LDA will:

- Continue to transform the look and feel of London by delivering the public spaces, workplaces and high quality homes that London needs through alignment of investment across the GLA Group;
- Continue the strategic release of its own sites to enable optimal development outcomes and value for money;
- Foster the local and wider engagement of partners that will bring about the best quality integrated regeneration where business and employment outcomes are strong and benefit local and disadvantaged communities; and
- Give priority to places that will most benefit from investment and/or practical influence.

F. Olympics

The LDA will:

- Act as a strategic partner and facilitate joint approaches to deliver against Mayoral Olympic priorities along with other organisations including GLA, ODA, the LSEB and the London boroughs;
- Ensure that Londoners benefit from the staging of the 2012 Games through jobs, business opportunities, increased tourism, investment and regeneration; and
- Continue to deliver Olympic-related flagship projects to maximise employment and business opportunities from the Olympic and Paralympic Games.

G. LDA transition and folding of the Economic Development functions into GLA

- The LDA will ensure an orderly close down of the projects that come to an end over the coming 15 months. The GLA will take the lead for some projects in 2011-12 (e.g. Promote London) with other projects coming over from the LDA to the GLA at the beginning of 2012-13.

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7.11 A summary of expenditure by theme is as follows;

LDA budget	2010-11 Budget (Revised)	2010-11 Latest Forecast	2011-12 Budget
	£m	£m	£m
Regeneration	33.4	41.0	17.0
Climate Change	19.8	20.4	15.2
JESSICA (Climate change)	17.0	17.0	-
Sustained employment	40.6	30.6	19.6
Business support	28.1	26.5	12.1
International promotion	27.0	27.0	7.4
Olympic legacy	4.0	4.1	14.3
Total thematic expenditure	169.9	166.6	85.6
Olympic land and debt	269.4	224.5	320.0
OPLC grant	4.9	4.9	5.1
Administration	37.6	37.8	18.0
Transition	-	-	TBC
TOTAL BUDGET	481.8	433.9	428.7
Funding	480.1	435.0	469.0
Indicative (deficit)/surplus before transition costs	-1.7	1.1	40.3

7.12 There is a proposed reduction of around 50 per cent in the theme budget for the LDA in 2011-12. This is due to the anticipated reduction in funding to be announced by Government. However, a final settlement has not yet been received following the Spending Review therefore the above is an indicative spending plan and not a final plan.

7.13 Despite the reduction in the budget the emphasis of spend is similar to that in 2010-11.

7.14 Regeneration accounts for 19.9 per cent of expenditure in 2011-12 as compared with 19.6 per cent of the 2010-11 budget. This supports the Agency's strategy to transform London to support the Mayor's aim to promote regeneration in East London. Climate change accounts for 17.8 per cent of expenditure in 2011-12 as compared with 21.7 per cent of the 2010-11 budget (including the contribution to JESSICA fund). This reduction in proportion is due to the LDA bidding to utilise the London Green Fund in the future to invest in a number of climate change projects.

7.15 Sustained employment is the theme which accounts for the greatest proportion of spend in 2011-12, accounting for 22.9 per cent of the total as compared with 24 per cent of the 2010-11 budget. The priorities for this theme in 2011-12 are around youth and volunteering projects.

Section 7 – London Development Agency

- 7.16 The proportion of expenditure for Business Support has fallen from 16.5 per cent in 2010-11 to 14.1 per cent in 2011-12. The reason for the reduction is that support for small businesses is to become a national programme.
- 7.17 International Promotion is the theme with the greatest reduction in proportion of spend, from 15.9 per cent in 2010-11 to 8.6 per cent in 2011-12. This reduction is due to the Promotion of London Council being funded by the GLA from 2011-12 onwards, and this will bring together the activities of the LDA International Promotion, Visit London and Think London. The LDA will continue to support Film London in 2011-12 and in its current budget plans has earmarked £1.3m for that purpose.
- 7.18 Olympic Legacy is the only theme with an absolute increase in proposed expenditure in 2011-12 to £14.3m. This increase is due to additional projects being classified in this theme some of which previously came under Sustainable Employment.
- 7.19 Administration expenditure covers the Agency's staffing and running costs. It does not cover the LDA's transition and closedown costs. The administration budget has yet to be confirmed. The figure included of £18.0m is based upon 50 per cent of the administration grant received in 2010-11. Administration costs for 2011-12 are expected to be £19.5m lower than those for 2010-11. The £19.5m has therefore been classified as an efficiency saving.
- 7.20 The final transition plans and costs for 2011-12 have yet to be finally determined. They will be included in the budget plans once the LDA has a grant settlement for 2011-12. The indicative funding surplus in 2011-12 totals £40m, however this is required to fund LDA transition costs over the Spending Review period and is based upon the assumption that the full transition grant will be received in 201-12 – which has not yet been agreed. The above plan is therefore subject to a number of key risks the most significant being the fact that a reduced settlement to that assumed above is received.
- 7.21 The equalities impact of the LDA's 2011-12 budget will be reported once full budget proposals are presented.

Reserves

- 7.22 The LDA is seeking to maintain its reserves at existing levels up to 31 March 2012. The general reserve of £3.9m is 3 per cent of turnover excluding Olympic Land expenditure.

	Original Budget 2010-11	Forecast 2010-11	Budget 2011-12
LDA Reserves	£m	£m	£m
Opening balances	22.3	3.9	3.9
Transfers to/from:			
Other earmarked reserves	-18.6	0	0
General reserves	3.0	0	0
Closing balances	6.7	3.9	3.9

Section 8 – GLA Group: future years

- 8.1 There are two principal sources of uncertainty regarding future years' budgets for the GLA Group: the announcement of a full set of outcomes from the Government's Spending Review for the period 2011-12 to 2014-15 for the GLA Group, including the Local Government Resource Review, and the progress of legislation through Parliament which will impact on the GLA Group's finances.

Legislation

- 8.2 The Government's Localism and Police Reform & Social Responsibility Bills are currently making their way through Parliament. Both have now had their second readings in the House of Commons and so, in line with convention, it is now possible for public bodies to start making plans and incurring expenditure relating to the implementation of their provisions (even though they are still subject to amendment). The following provisions are relevant to the GLA Group:
- The abolition of the MPA and the creation of a new policing functional body – the Mayor's Office for Policing and Crime (MOPC);
 - The devolution of the Homes and Communities Agency's (HCA) London activities to the GLA;
 - The folding in of the LDA's functions to the GLA; and
 - The granting of a power to the Mayor to establish Mayoral Development Corporations (MDC) – the only MDC current planned is an Olympic Park Legacy Corporation to succeed the Olympic Park Legacy Company (OPLC).

Comprehensive Spending Review and the Provisional Local government Finance Settlement for 2011-12 and 2012-13

- 8.3 The table on the following page gives the latest position on Spending Review grant settlements across the GLA Group. It confirms the primary components and sources of each functional body's funding from Central Government and what information has been issued so far for 2011-12 onwards.

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Information on Availability of Government Funding Settlement for Each Functional Body Over the Four Year CSR Period (as at February 2011)

Functional Body	Sources of Core Central Government Funding	2011-12	2012-13	2013-14	2014-15
GLA	GLA general grant (CLG)	Yes	Not yet	Not yet	Not yet
MPA / MOPC	Police grant and specific grants (Home Office)	Yes	Yes	Partial	Partial
	Formula grant (CLG)	Yes	Yes	Not yet	Not yet
LFEPA	Formula grant and specific grants (CLG)	Yes	Yes	Not yet	Not yet
TfL	Transport grant (DfT)	Yes	Yes	Yes	Yes
LDA	LDA Grant (DBIS)	Not yet	N/A (GLA)	N/A (GLA)	N/A (GLA)
HCA London	Via GLA General grant	N/A	N/A (GLA)	N/A (GLA)	N/A (GLA)
Olympic Park Legacy Corporation	To be confirmed	N/A (requires legislation)	Not yet	Not yet	Not yet

8.4 The provisional local government finance settlement for 2011-12 and the indicative allocations for 2012-13 were published for consultation by the Communities Secretary on 13 December 2010. The final settlement was confirmed on 31 January 2011 and the Local Government Finance and Police Grant reports for 2011-12 were approved by Parliament on 9 February 2011. These announcements set out the general grant allocations for MPA (CLG formula grant and Home Office police grant) and LFEPA (CLG formula grant). The indicative 2012-13 formula and police grant allocations for MPA and LFEPA - while not expected to change materially - remain indicative until the publication of the provisional settlement for that year at the end of 2011. The GLA's General Grant for 2011-12 was confirmed on 15 February 2011.

Metropolitan Police Authority

8.5 The MPA information beyond 2012-13 is shown in the above table as 'partial' because while the Home Office has announced indicative police grant allocations for 2013-14 (£1,102m) and 2014-15 (£1,084m) no figures have been provided for the formula grant element (£838m in 2012-13) from CLG which is primarily financed by business rates or precise details on future specific grant funding. However the Home Office has confirmed that the Neighbourhood Policing fund 'PCSO' grant (£101m) will end in 2013-14 and will instead form part of the indicative £1,102m police grant allocation.

Section 8 – GLA Group: future years

- 8.6 The Home Office's settlement in the 2010 Spending Review envisaged that police funding would decline by 20 per cent in real terms (12 per cent in cash terms) between 2010-11 and 2014-15 but the precise profiling of this and the damping arrangements which may apply for the two year settlement for 2013-14 and 2014-15 are not known fully. Applying the average reduction in the formula grant element of police funding outlined in the Spending Review would suggest a potential formula grant allocation for MPA of £826m in 2013-14 but there is significant uncertainty as to the precise outcome pending the completion of the Local Government Resource Review (see below).

London Fire and Emergency Planning Authority

- 8.7 LFEPA receives all of its core funding from CLG either through formula grant (£252m in 2011-12) or the much smaller fire revenue specific grant. As is the case for policing CLG have not provided any details on formula grant allocations for fire or other local authorities (including London boroughs) beyond 2012-13. CLG's settlement in the 2010 Spending Review envisaged that funding via formula grant for fire authorities would decline by up to 25 per cent between 2010-11 and 2014-15. The actual cut for each fire authority over the four year period is likely to vary – for example LFEPA's grant will be reduced by 3.1 per cent between 2010-11 and 2012-13 due to favourable changes to the national fire distribution formula whereas some metropolitan fire authorities will see grant reductions exceeding 12 per cent over the same two year period. There is significant uncertainty therefore around LFEPA's grant funding for 2013-14 and 2014-15.
- 8.8 If all English Fire and Rescue authorities were to contribute equally to any 25 per cent reduction over the CSR period then LFEPA's grant would have to fall by approximately £45m or 22 per cent between 2012-13 and 2014-15 (equivalent to more than 10 per cent of the authority's gross expenditure over two years) to deliver this outcome. If the remaining 18 per cent of reductions to be delivered were phased equally across all fire authorities then LFEPA's general grant is projected to reduce by £38m or 15 per cent over the same two year period. The current settlement and the changes to the fire formula introduced for 2011-12 that support it, however, do not provide for an equal distribution of the overall reduction and further formula changes would be required to reduce LFEPA's share of the available funding going forward.
- 8.9 On the basis of the 2011-12 and 2012-13 funding settlement, however, – reflecting the impact of the new funding formula - LFEPA will bear less than half of the average national reduction grant in percentage terms which if repeated for the next two year settlement would see its grant reduced by a much lower amount between 2012-13 and 2014-15 i.e. £17m or 7.5 per cent. The difference between these three outcomes equates to almost £30m in grant annually by 2014-15. This analysis assumes of course that the existing national formula grant system is maintained which may not be the case from 2013-14 depending on the outcome of the Local Government Resource Review. These range of outcomes illustrate the level of uncertainty which exists in the medium term.

Section 8 – GLA Group: future years

GLA General Grant and LDA Settlement

- 8.10 The Government has only published indicative allocations for the GLA general grant for 2011-12. Allocations for 2012-13 and beyond will be announced once the Government has confirmed the LDA settlement and considered the funding implications of the new responsibilities which are due to be granted to the Mayor.

Local Government Resource Review

- 8.11 The Government's Local Government Resource Review which is due to commence in March 2011 will consider fundamental changes to the formula grant system alongside mechanisms which could allow local authorities to retain the growth in their business rates yield. This could fundamentally alter the funding system for local authorities (including the MPA, LFEPA and the GLA) and potentially lead to the capital becoming self financing in formula grant terms through the retention of its business rates revenues (estimated at over £5.5 billion in 2010-11). The review could mean that London may be permitted to develop its own devolved equalisation and needs based formula system which would be used to determine the core formula grant funding for the 32 London boroughs, the Corporation of London, LFEPA, and potentially the GLA's general grant and that part of the MPA's and the City of London's policing settlement not funded by the Home Office. The Government has indicated that it intends to complete this element of the review by the summer of 2011 in order to permit its implementation in time for the local government finance settlement for 2013-14. This adds additional uncertainty to the levels of Government funding (if any) which will be provided to London's local authorities (including the MPA, LFEPA and the GLA) through formula grant beyond 2012-13.

Transport for London

- 8.12 TfL is the only functional body which has been awarded a four year settlement through to 2014-15. The draft consolidated budget sets 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, in order to finalise and embed the savings measures 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). Irrespective of the outcome of the Local Government Resource Review, TfL is expected to continue to receive its grant funding directly from the Department for Transport as the business rates taxbase in London is insufficient to finance the GLA Transport Grant assuming these funds continue to be applied – as at present – to support London boroughs, the GLA, the MPA and LFEPA.

Section 8 – GLA Group: future years

Future years' budget plans

- 8.13 As a result of the uncertainties outlined above, it is only feasible at this stage to present GLA Group budget plans for 2012-13 (and even then the grant levels are still not clear for the GLA and LDA) and not for the years following that. No TfL plans have been presented in this document for 2012-13 for the reasons stated above. Details of the future year's budgets for the other functional bodies – in so far as they are available – are set out in the relevant sections.

Section 9 – Council Tax Information

Consolidated budget requirement

- 9.1 The budget estimates set out in Sections 2 to 8 provide for a consolidated budget requirement for 2011-12 of **£3.283.5m** (£3,263.0m in 2010-11).

Budget requirements	2010-11	2011-12	2012-13
	£m	£m	£m
Greater London Authority (Mayor of London and London Assembly)	140.4	155.1	TBC
Metropolitan Police Authority	2,673.3	2,713.0	2,569.3
London Fire and Emergency Planning Authority	437.3	409.4	409.8
Transport for London	12.0	6.0	6.0
London Development Agency	-	-	-
Total	3,263.0	3,283.5	TBC

Note: It is not possible at this stage to state a level of GLA Mayoral and Assembly budget requirement for 2012-13 as the GLA General Grant settlement for that year has yet to be determined.

General Government funding

- 9.2 This requirement will be met in part by Government grants and non-domestic rates.

Government grants	2010-11	2011-12	2012-13
	£m	£m	£m
Non-Domestic Rates (Part of formula grant)	1,023.9	878.5	1,090.3
Revenue Support Grant (Part of formula grant)	148.7	271.0	(included above)
Police Grant	1,114.7	1,127.7	1,051.6
General GLA Grant	48.1	63.4	N/A
Total	2,335.5	2,340.7	TBC

Note: For 2012-13 the Government has not provided a split between that element of formula grant funded through redistributed non domestic (i.e. business) rates and that met from general taxation (i.e. Revenue Support Grant). For the purposes of presentation here it has been assumed the entire amount will be funded through business rates. The Government will confirm the actual breakdown in December 2011 once the Retail Prices Index figure (September 2011) - which will be used to update the national business rates multiplier for 2012-13 - is known.

- 9.3 The difference between the consolidated budget requirement and Government funding, after taking account of any surpluses on borough collection funds, represents the amount to be raised from Council Taxpayers by issuing precepts on the City and the London boroughs.

Section 9 – Council Tax Information

Council Tax for police services

9.4 The estimated amount to be raised for police services is as follows:

Council Tax for police services	2010-11	2011-12	2012-13
	£m	£m	£m
MPA budget requirement	2,673.3	2,713.0	2,569.3
General Government funding	-2,027.7	-2,025.5	-1,889.8
Amount for police services	645.6	687.5	679.5

Note: The Council Tax amount for police services for 2012-13 is net of the £3.9m of additional resources being provided in 2011-12 through the higher than previously projected buoyancy in the London Council Taxbase. The capacity for this resource to be made available again to the MPA/MOPC in 2012-13 will be determined as part of the budget setting process for that financial year once the corresponding data is provided by boroughs and therefore, at this stage, £3.9m has been included in the provisional council tax amount for police services shown above for 2012-13.

9.5 This is equivalent to a band D Council Tax of **£227.95** for 2011-12 in the London boroughs (£216.83 in 2010-11).

Council Tax for other services

9.6 The estimated amount to be raised for other services is as follows:

Council Tax for other services	2010-11	2011-12	2012-13
	£m	£m	£m
GLA, LFEPA and TfL budget requirements	584.0	570.5	N/A
General Government funding	-307.7	-315.2	-252.1
Share of borough net collection fund surplus	-0.2	-8.0	N/A
Amount for other services	276.1	247.3	254.3

Note: The General Government funding figure for 2012-13 reflects the provisional LFEPA formula grant allocation only. It does not include the GLA General Grant which will be confirmed by the Government following the agreement of the final LDA settlement and consideration of the financial implications of the wider Devolution proposals in the Localism Bill. The indicative amount shown for other services for 2012-13 assumes a 0.8 percent buoyancy in the London Council Tax Base (in line with historic trends). The collection fund surplus is assumed to be zero.

9.7 This is equivalent to a band D Council Tax of **£ 81.87** for 2011-12 in the City and the London boroughs (£92.99 in 2010-11).

Funding analysis by body

9.8 There are two sets of Council Tax calculations because the Metropolitan Police District does not include the City of London which has its own separate police force. Although the statutory arrangements only require a distinction to be made between police and other services, a summary of spending, funding and the resultant Council Tax attributable to each functional body and for the GLA is provided on the following page.

Section 9 – Council Tax Information

Budget requirement

	Gross expenditure	Specific grants	Other income	Net expenditure	Reserves	Budget requirement
	£m	£m	£m	£m	£m	£m
Metropolitan Police Authority	3,572.3	-516.7	-307.8	2,747.8	-34.8	2,713.0
Greater London Authority (Mayor and Assembly)	256.9	-34.2	-58.1	164.6	-9.5	155.1
London Fire and Emergency Planning Authority	459.6	-11.7	-19.2	428.7	-19.3	409.4
Transport for London	8,595.0	-3,274.0	-5,560.0	-239.0	245.0	6.0
London Development Agency	216.7	-216.7	0.0	0.0	0.0	0.0
Total Other Services	9,528.2	-3,536.6	-5,637.3	354.3	216.2	570.5
Total GLA Group	13,100.5	-4,053.3	-5,945.1	3,102.1	181.4	3,283.5

Note: The above table excludes LDA capital expenditure of £212m included within the budget proposals contained in section 7 which is funded by borrowing and/or capital receipts.

External financing

	Total to be financed	Police Grant	General GLA Grant	Formula grant (RSG/NDR)	Council Tax income	Band D Amount
	£m	£m	£m	£m	£m	£
Metropolitan Police Authority	2,713.0	-1,127.7	0.0	-897.8	687.5	227.95
Greater London Authority (Mayor and Assembly)	155.1	0.0	-63.4	0.0	91.6	30.33
London Fire and Emergency Planning Authority	409.4	0.0	0.0	-251.7	157.7	52.20
Transport for London	6.0	0.0	0.0	0.0	6.0	1.99
London Development Agency	0.0	0.0	0.0	0.0	0.0	0.00
Net Collection fund (surplus)/deficit	-8.0	0.0	0.0	0.0	-8.0	-2.65
Total Other Services	562.5	0.0	-63.4	-251.7	247.3	81.87
Total GLA Group	3,275.5	-1,127.7	-63.4	-1,149.5	934.8	309.82

2009-10 band D amount: £309.82

Please note that figures in the tables above may not sum exactly due to rounding.

Section 9 – Council Tax Information

2011-12 GLA council tax levels

- 9.9 There is no overall increase in the total GLA council tax precept. The increase attributable to each constituent body is set out below:

Increase in Band D amounts	2011-12	2010-11	Annual increase/decrease	Weekly increase
Metropolitan Police Authority	£227.95	£216.83	£11.12	21p
Greater London Authority	£30.33	£30.91	-£0.58	-1p
London Fire and Emergency Planning Authority	£52.20	£59.57	-£7.37	-14p
Transport for London	£1.99	£4.02	-£2.03	-4p
London Development Agency	-	-	-	-
Collection fund surplus	-£2.65	-£1.52	-£1.13	-2p
Total Other Services	£81.87	£92.99	-£11.12	-21p
Total GLA Group	£309.82	£309.82	-	-

- 9.10 The amounts of council tax for different valuation bands are shown below:

For London boroughs (excluding the City of London)

Band	2011-12	2010-11	Annual increase	Weekly increase
Band A	£206.55	£206.55	-	-
Band B	£240.97	£240.97	-	-
Band C	£275.40	£275.40	-	-
Band D	£309.82	£309.82	-	-
Band E	£378.67	£378.67	-	-
Band F	£447.52	£447.52	-	-
Band G	£516.37	£516.37	-	-
Band H	£619.64	£619.64	-	-

For the City of London

Band	2011-12	2010-11	Annual decrease	Weekly decrease
Band A	£54.58	£61.99	-£7.41	-14p
Band B	£63.68	£72.33	-£8.65	-17p
Band C	£72.77	£82.66	-£9.89	-19p
Band D	£81.87	£92.99	-£11.12	-21p
Band E	£100.06	£113.65	-£13.59	-26p
Band F	£118.26	£134.32	-£16.06	-31p
Band G	£136.45	£154.98	-£18.53	-36p
Band H	£163.74	£185.98	-£22.24	-43p

Section 9 – Council Tax Information

2012 Olympic and Paralympic Games

- 9.11 All of 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 budgets requirements from the MPA, LFEPA, TfL or 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
Band D	£20.00	38p
Band E	£24.44	47p
Band F	£28.89	56p
Band G	£33.33	64p
Band H	£40.00	77p

- 9.12 In addition the GLA plans to spend an estimated £0.8 million a year for the London 2012 Olympics Unit to ensure that, in preparing for the Games, the Mayor's strategies and priorities are delivered to create lasting benefits for communities and businesses both in east London and right across the capital. The in-house unit also assists 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 a halfpenny a week – and covers activities much wider than those covered by the agreement with Government on funding the Games.

Greater London Authority: Mayor of London (“Mayor”) final draft component budget requirement calculations

Line	Sum	Description
(1)	£238,310,462	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)	£0	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)	£248,931,462	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)	-£92,364,462	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)	-£101,864,462	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Mayor (lines (6) + (7))
(9)	£147,067,000	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 final draft component budget requirement for the Mayor for 2011-12 is £147,067,000.

Greater London Authority: London Assembly (“Assembly”) final 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 final draft component budget requirement for the Assembly for 2011-12 is £8,000,000.

Metropolitan Police Authority (“MPA”) final 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 final draft component budget requirement for the MPA for 2011-12 is £2,713,000,000.

London Fire and Emergency Planning Authority (“LFEPA”) final 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 final draft component budget requirement for LFEPA for 2011-12 is £409,400,000.

Transport for London ("TfL") final 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 final draft component budget requirement for TfL for 2011-12 is £6,000,000.

London Development Agency (“LDA”) final 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 final draft component budget requirement for the LDA for 2011-12 is £0.

Greater London Authority (“GLA”) final draft consolidated budget requirement calculation

Line	Sum	Description
(55)	£3,283,467,000	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 final draft consolidated budget requirement for the GLA for 2011-12 is £3,283,467,000.

Summary of final draft consolidated budget 2011-12

£	GLA: Mayor	GLA: Assembly	MPA	LFEPa	TfL	LDA	Total
Estimated expenditure	238,310,462	8,000,000	3,547,200,000	459,600,000	8,441,000,000	213,700,000	12,907,810,462
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	-	-	-	-	245,000,000	-	245,000,000
Estimate of reserves to meet a revenue account deficit	-	-	-	-	-	-	-
Estimated total expenditure	£248,931,462	8,000,000	3,572,300,000	459,600,000	8,840,000,000	216,700,000	13,345,531,462
Estimate of income	-£92,364,462	-	-824,500,000	-30,900,000	-8,834,000,000	-216,700,000	-9,998,464,462
Estimate of reserves to be used	-£9,500,000	-	-34,800,000	-19,300,000	-	-	-63,600,000
Estimated total income	-£101,864,462	-	-859,300,000	-50,200,000	-8,834,000,000	-216,700,000	-10,062,064,462
Budget requirement	£147,067,000	8,000,000	2,713,000,000	409,400,000	6,000,000	-	3,283,467,000

Other formats and languages

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Chinese

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Hindi

यदि आप इस दस्तावेज की प्रति अपनी
भाषा में चाहते हैं, तो कृपया निम्नलिखित
नंबर पर फोन करें अथवा नीचे दिये गये
पते पर संपर्क करें

Vietnamese

Nếu bạn muốn có bản bản tài liệu
này bằng ngôn ngữ của mình, hãy
liên hệ theo số điện thoại hoặc địa
chỉ dưới đây.

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি
(কপি) চান, তা হলে নীচের ফোন নম্বরে
বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος
εγγράφου στη δική σας γλώσσα, παρακαλείστε να
επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυ-
δρομικά στην παρακάτω διεύθυνση.

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں
چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر
پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Turkish

Bu belgenin kendi dilinizde
hazırlanmış bir nüshasını
edinmek için, lütfen aşağıdaki
telefon numarasını arayınız
veya adrese başvurunuz.

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى
الاتصال برقم الهاتف أو مراسلة العنوان
أدناه

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ
ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫੋਨ ਕਰੋ ਜਾਂ ਹੇਠ
ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં
જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર
ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.