

MAYOR OF LONDON

The Mayor of London's Capital Spending Plan for 2013-14

February 2013

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Section 1: Statutory capital spending plan

Background

- 1.1 The Mayor is required, under section 122 of the Greater London Authority (GLA) Act 1999 (the 'GLA Act'), each financial year to prepare a capital spending plan for each functional body of the GLA Group which for 2013-14 will be: the Mayor's Office for Policing and Crime (MOPAC); the London Fire and Emergency Planning Authority (LFEPA), Transport for London (TfL) and the London Legacy Development Corporation (LLDC) which became a functional body on 1 April 2012. For completeness the capital spending plans for the core Greater London Authority's expenditure are also included within this final plan so that the proposed capital expenditure for the entire GLA group is presented in one place.
- 1.2 The statutory procedure under section 123 of the GLA Act requires the Mayor to send a copy of the draft plan to the London Assembly and each of the functional bodies before 15 January each year, inviting them to submit written comments to him within 21 days. The draft capital spending plan was included in section 9 of the Mayor's consultation document on his draft consolidated budget which was issued on 2 January 2013 and the statutory consultation requirement was met as part of that process. Before approving this final capital spending plan, the Mayor considers any comments submitted as part of the budget consultation process and makes such revisions as he sees fit, having had regard to the responses made.
- 1.3 An updated version of the capital spending plan for the GLA Group was included in the Mayor's final draft consolidated document presented to the London Assembly on 25 February. The final draft consolidated budget was approved unamended by the Assembly. This final capital spending plan is consistent with the figures included in the final draft consolidated budget.
- 1.4 The capital spending plan has to be sent to the Secretary of State (DCLG) before 28 February and copies sent to the Assembly and the functional bodies.

Capital spending plan

- 1.5 The prescribed format of the capital spending plan and its contents are set out in section 122 of the GLA Act 1999, as amended by the Local Government Act 2003. The plan is to be in four sections, which the Act describes in some detail. The four parts can be categorised as follows:

Section A – a statement of the resources each functional body will have for capital expenditure by virtue of capital grants and capital receipts.

Section B – a statement of the resources each functional body will have for capital expenditure by virtue of borrowing.

Section C – a statement for each functional body of total expenditure for capital purposes that the Mayor expects the body to incur and the total amounts which the Mayor expects to be treated as borrowing in the year.

Section 1: Statutory capital spending plan

Section D – a breakdown of this total capital spending showing how much the Mayor expects the body to meet out of capital grants; its capital receipts; amounts to be met from borrowing; and how much out of revenue.

- 1.6 The table below sets out the Mayor’s statutory capital spending plan for 2013-14 which totals £5.6 billion. This includes the spending plans for the GLA for completeness although they are not required to be included under section 122 of the GLA Act.

Table 1 – Final Statutory Capital Spending Plan 2013-14

Section		GLA	MOPAC	LFEPA	TfL	LLDC
		£m	£m	£m	£m	£m
A	Total external grants	559.8	38.2	9.3	2,193.0	256.9
	Opening balance of capital receipts	0.0	0.0	0.0	0.0	12.8
	Total capital receipts during the year	8.5	40.0	0.0	0.0	1.0
	Total capital grants/ receipts	568.3	78.2	9.3	2,193.0	270.7
B	Minimum s.120(1) grant	0.0	0.0	0.0	0.0	0.0
	Total borrowings during the year	800.0	87.5	6.2	304.0	0.0
	Total borrowings	0.0	0.0	0.0	0.0	0.0
	Total borrowings and credit Arrangements	800.0	87.5	6.2	304.0	0.0
C	Total capital expenditure anticipated during the year	1,582.4	171.1	13.8	3,560.0	266.6
	Total credit arrangements	0.0	0.0	10.6	0.0	0.0
	Total capital spending for the year	1,582.4	171.1	24.4	3,560.0	266.6
D	Funding: capital grants	670.0	38.2	6.4	1,088.0	265.6
	Funding: capital receipts/reserves	6.9	43.3	1.2	177.0	1.0
	Funding: borrowings and credit arrangements	800.0	87.5	6.2	304.0	0.0
	Funding: revenue contributions (including Crossrail)	105.5	2.1	10.6	1,991.0	0.0
	Total funding	1,582.4	171.1	24.4	3,560.0	266.6

- 1.7 Although the statutory capital spending plan has to be approved by the Mayor, each body is responsible for preparing and approving its own detailed capital spending programme. The following sections provide a breakdown of the four functional bodies’ proposed programmes along with those of the core GLA.
- 1.8 Set out below is a summary of the Mayor’s proposed Capital Plan to 2015-16 and how this is financed. This shows that overall the GLA Group will be investing an additional £643 million in 2013-14 compared to 2012-13. This is largely because of TfL’s capital investment programme - including Crossrail and the Tube upgrade.

Section 1: Statutory capital spending plan

Table 2 – Summary of Capital Spending Plans from 2012-13 to 2015-16

Summary of Capital Spending Plan 2012-13 to 2015-16	2012-13 Forecast £m	2013-14 Plan £m	2014-15 Plan £m	2015-16 Plan £m	Total £m
GLA	1,552.8	1,582.4	1,357.0	42.3	4,534.5
MOPAC	201.6	171.1	238.5	152.0	763.2
LFEPAC	12.2	24.4	16.2	11.8	64.6
TfL*	3,041.0	3,560.0	3,868.6	3,868.6	14,338.2
LLDC	154.1	266.6	117.0	83.4	621.1
Total	4,961.7	5,604.5	5,597.3	4,158.1	20,321.6

* TfL's capital spending plan for 2015-16 is to be confirmed. For the purposes of this document the total capital spending for that year is assumed to be the same as for 2014-15.

Table 3 – Financing of Capital Spending Plan in 2013-14

How the Capital Plan is financed in 2013-14	Borrowing £m	Government and Other Grants to support capital expenditure £m	Capital Receipts £m	Revenue contributions, Crossrail BRS and other funding £m	Total £m
GLA	800.0	670.0	6.9	105.5	1,582.4
MOPAC	87.5	38.2	43.3	2.1	171.1
LFEPAC	6.2	6.4	1.2	10.6	24.4
TfL	304.0	1,088.0	177.0	1,991.0	3,560.0
LLDC	0.0	265.6	1.0	0.0	266.6
Total	1,197.7	2,068.2	229.4	2,109.2	5,604.5

- 1.9 The Mayor will also approve the borrowing limits and prudential indicators for 2013-14 for each functional body as part of a separate Mayoral Decision in March 2013. The limits and indicators agreed will have regard to the capital spending plans set out in this document.
- 1.10 Please note that some of the tables in this capital spending plan may not sum exactly due to rounding.

Section 2: Mayor's Office for Policing and Crime

- 2.1 The main elements of MOPAC's Capital Plan over the next three years are to meet the renewal needs of the current ageing infrastructure and support new initiatives to meet the requirements of Total Policing and the emerging demand to support the Met Change Programme and the One Met model.
- 2.2 MOPAC's Capital Plan is critical to improving public access to the Police by co-locating front counters in hospitals, fire stations, council housing estate offices, libraries, supermarkets and other appropriate locations. The Capital Plan also includes the release of underutilised assets to both help reduce costs and allow re-investment to support the re-organisation of the MPS.
- 2.3 Funding sources for the capital spending plan comprise Government grants, third party contributions, reserves, capital receipts, revenue contributions, other third party income and borrowing.
- 2.4 In preparing the draft capital programme for 2013-14 to 2015-16 it has been necessary to:
- Give due consideration to those projects that have specific funding sources e.g. specific grants, third party contributions, major change programmes, revenue contributions and earmarked reserves; and
 - Consider the organisational priority and timeliness of specific projects with obligations on delivery times.
- 2.5 For 2013-14 the gross capital spending plan totals £181.8 million, with an over-programming limit of £10.7 million – equivalent to around 6 per cent of planned expenditure. After deducting this over-programming the statutory spending plan is £171.1 million. For 2014-15 the proposed programme is £238.5 million with a headroom limit of £33.6 million and for 2015-16 the proposed programme is £152.0 million with £51.1 million of headroom.
- 2.6 The capital programme has been built upon MOPAC being able to afford £87.5 million of borrowing in 2013-14 and £166.4m and £80m in 2014-15 and 2015-16 respectively to support capital investment. This level of borrowing has been determined in accordance with the indicators set down within the Prudential (Code) borrowing framework. Borrowing is presently constrained by the Mayor's borrowing limits for the GLA Group as a whole, and the resultant capital financing charges and their impact on the revenue budget.

Section 2: Mayor's Office for Policing and Crime

- 2.7 The element of over-programming amounting to £10.7 million in 2013-14 and the level of headroom of £33.6 million in 2014-15 and £51.1 million in 2015-16 has been incorporated into the plan to enable dynamic management of the capital programme. Processes have been strengthened to enable projects to be fast tracked when others are delayed; thereby making best use of available finances while ensuring expenditure is contained within the approved budget. Steps will be taken to ensure that delivery and timing issues are addressed with the objective of improving the capacity levels of the provisioning departments.
- 2.8 Table 4 below summarises the current implications of the proposed capital programme and spending plans against likely funding sources including affordable borrowing levels.

Table 4 – MOPAC Capital expenditure by operational business group

MOPAC's final capital plan	Forecast Outturn 2012-13 £m	Proposed Programme 2013-14 £m	Proposed Plan 2014-15 £m	Proposed Plan 2015-16 £m
Business Group				
Territorial Policing	34.2	21.2	36.0	15.9
Specialist Crime and Operations	10.5	20.0	41.3	4.7
Specialist Operations - Counter Terrorism	11.4	3.2	1.8	2.0
Specialist Operations – General	4.7	6.7	0.3	0.0
Olympics	1.2	0.0	0.0	0.0
Directorate of Resources - Property Services	2.0	16.1	1.3	0.3
Directorate of Resources – Other	4.2	0.6	0.0	0.0
Directorate of Information – Infrastructure	1.6	2.2	1.0	0.0
Directorate of Information – General	8.9	4.1	6.5	3.5
Human Resources	0.3	0.2	0.0	0.0
All Business Groups – Corporate	119.4	107.5	116.7	74.5
Total	198.4	181.8	204.9	100.9
Less overprogramming (-ve)/headroom (+ve)	3.2	-10.7	33.6	51.1
Grand total	201.6	171.1	238.5	152.0
Funding:				
Capital receipts	-58.0	-40.0	-40.0	-40.0
Prudential Borrowing	-61.8	-87.5	-166.4	-80.0
Capital reserves	0.0	0.0	0.0	0.0
Capital grants & other contributions	-67.9	-41.5	-32.1	-32.0
Revenue contributions	-13.9	-2.1	0.0	0.0
Total funding	-201.6	-171.1	-238.5	-152.0

Section 2: Mayor's Office for Policing and Crime

- 2.9 The impact of the changes to the 2013-14 and 2014-15 plans compared to last year's capital spending plan are summarised below:

Table 5 – Year on Year Changes to MOPAC Spending Plans Previously Agreed by Mayor in the 2012-13 Capital Spending Plan

Changes in Capital Spending Plan	2013-14 £m	2014-15 £m
Net changes to capital spending plan	40.7	120.2
Total	40.7	120.2

- 2.10 The financing costs in the revenue budget relate to Minimum Revenue Provision and external interest payments as shown in the table below.

Table 6 – MOPAC Capital financing costs

Capital financing costs	2013-14 £m	2014-15 £m	2015-16 £m
Minimum revenue provision for debt repayment	26.5	29.2	33.9
External interest	18.0	22.1	26.7
Total financing costs	44.5	51.3	60.6

- 2.11 The estimated incremental impact of the capital investment decisions on the council tax for MOPAC are set out below:

Table 7 – Incremental impact on council tax of capital investment decisions (£ per band D property)

MOPAC Council tax impact (£ per band D property)	Proposed 2013-14	Proposed 2014-15	Proposed 2015-16
Incremental impact on council tax	0.84	2.86	2.20

Section 3: London Fire and Emergency Planning Authority

- 3.1 The London Fire and Emergency Planning Authority's (LFEPA) capital programme has been developed to support achievement of its overall objective of making London a safer city. Overall, the projected capital expenditure at this stage for the Authority in 2013-14 amounts to £24.4 million.
- 3.2 Table 8 below summarises the current proposed capital programme and spending plans against likely funding sources including affordable borrowing levels.

Table 8 - LFEPA Final Capital Plan

LFEPA final capital plan	Forecast Outturn 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m	Plan 2015-16 £m
IT projects	2.3	3.5	6.6	1.1
Community fire safety	0.0	0.0	0.0	0.0
New Respiratory Protection Equipment	0.0	0.0	0.0	0.0
Resilience projects	0.5	0.3	0.0	0.0
Refurbishment of fire stations	3.0	2.8	5.4	7.8
Extensions of fire stations	0.7	0.0	0.0	0.0
New/Replacement fire stations	0.4	3.8	1.5	0.0
London Safety Plan	0.3	0.0	0.0	0.0
Other property projects	1.7	0.8	0.4	1.0
Sustainability projects	2.3	1.1	1.1	0.0
Minor improvements programme	1.0	0.5	0.2	1.0
Contingency programme	0.0	1.0	1.0	0.9
PFI	0.0	0.0	0.0	0.0
Service concessions	0.0	10.6	0.0	0.0
Other projects	0.0	0.0	0.0	0.0
Total project spend	12.2	24.4	16.2	11.8
Less Over-programming	0.0	0.0	0.0	0.0
Total capital expenditure	12.2	24.4	16.2	11.8
Funding:				
Capital receipts	-1.3	-1.2	0.0	0.0
Borrowing	-2.6	-6.2	-11.3	-8.0
Capital grants	-8.3	-6.4	-4.9	-3.8
Revenue and other contributions	0.0	-10.6	0.0	0.0
Total funding	-12.2	-24.4	-16.2	-11.8

Section 3: London Fire and Emergency Planning Authority

- 3.3 LFEPA's overall Capital Plan of £52.4 million from 2013-14 to 2015-16 includes the following investment:
- An assumed Energy Efficiency Programme of £6.1 million;
 - Two new training facilities, provided by a finance lease of £10.6 million; and
 - The purchase of the Control and Mobilising System of £7.7 million.
- 3.4 The current planned programme is dependent upon the available funding which in turn will depend to a large extent upon the value and timing of capital receipts and the availability of revenue and external grant funding. Prudential borrowing for 2013-14 is £6.2 million. Pending confirmation of future capital funding for 2014-15 onwards it is assumed at this stage that the programme in 2014-15 will be primarily financed from borrowing.
- 3.5 The financing costs in the revenue budget relate to Minimum Revenue Provision and payments on capital expenditure as shown in the table below.

Table 9 – Capital financing costs

LFEPA Capital financing costs	2013-14	2014-15	2015-16
	£m	£m	£m
External interest and MRP	10.9	11.2	11.5
Total financing costs	10.9	11.2	11.5

- 3.6 The estimated incremental impact of capital investment decisions on the council tax is set out below:

Table 10 – Incremental impact on council tax of capital investment decisions (£ per band D property)

LFEPA Council tax impact	Proposed 2012-13	Proposed 2013-14	Proposed 2014-15
Incremental impact on council tax	0.00	0.00	0.00

Section 4: Transport for London

- 4.1 The main elements of TfL's Capital Plan of £3,560 million in 2013-14, are:
- Investment in Rail, Underground and Tube Lines of £1,534 million ; and
 - Expenditure on Crossrail of £1,562 million.
- 4.2 The increase in TfL's capital investment in 2013-14 of £519 million is principally as a result of additional capital expenditure on streets of £164 million, Crossrail of £115 million and on London Overground of £108 million. The key deliverables in TfL's Capital Plan are:
- upgrading the Northern and sub-surface tube lines;
 - adding an additional carriage to all London overground trains and increasing service frequencies;
 - upgrading the stations at Tottenham Court Road, Bank, Victoria, Paddington and Bond Street;
 - continuing to deliver Crossrail, which will transform rail capacity and journey times;
 - delivering up to 600 New Bus for London vehicles as part of a larger programme to roll out 1,600 hybrid buses by 2016; and
 - £300 million for new transport projects that will unlock jobs and growth in key areas such as the Elephant and Castle and Tottenham.
- 4.3 Crossrail is delivered in partnership with the DfT, and full funding details are provided in TfL's Business Plan.
- 4.4 TfL's capital spending is financed from six main sources:
- Fares and ticket income;
 - Charges under the Congestion Charging Scheme;
 - Secondary revenue (such as advertising and property rentals);
 - Third party funding for specific projects, such as the GLA's contributions (financed by a business rate supplement) for Crossrail;
 - Department for Transport grant, with which Transport for London (TfL) has a settlement for the period to 2014-15 which includes support for Crossrail; and
 - Prudential borrowing and related financing (including bond issuances).
- 4.5 The Plan is balanced as income from fares and charges, together with government grant, secondary income, available reserves and borrowing fully meet the costs of operations and the Investment Programme including funding for Crossrail.

Section 4: Transport for London

- 4.6 TfL expects to spend £3.56 billion on capital projects in 2013-14 (including Crossrail). These will be funded from a variety of sources including Government grants, revenue contributions, borrowing, third party contributions (including £875 million from the GLA financed through the Crossrail business rate supplement and borrowing) and transfers from earmarked reserves. The planned borrowing is both affordable and sustainable. Overall levels of borrowing planned are well within the levels found in the rest of Europe, and debt service ratios would be within the average level for similar rated transport entities.
- 4.7 The published TfL Business Plan includes Crossrail on the basis of the TfL cash commitment to funding the Crossrail project. The table below includes the capital expenditure to be incurred in relation to Crossrail.

Table 11 - TfL Final Capital Spending Plan

TfL	Forecast	Plan	Plan
Final capital spending plan	Outturn	2013-14	2014-15
	2012-13	2013-14	2014-15
	£m	£m	£m
Rail and Underground and Tube Lines	1,317.7	1,533.8	1,591.2
Surface Transport	138.9	335.2	566.3
Corporate	137.4	129.0	78.1
Crossrail	1,447.0	1,562.0	1,633.0
Total capital expenditure	3,041.0	3,560.0	3,868.6
Funding:			
Capital receipts/property sales	-57.3	-176.9	-81.2
Grants to support capital expenditure	-1,287.0	-1,088.0	-928.0
Borrowing	-417.0	-304.0	-375.0
Crossrail funding sources (incl GLA contributions)	-2,033.0	-2,009.0	-1,600.0
Revenue contributions (including use of reserves and third party contributions)	-478.0	-348.0	-176.0
Working capital and reserves movements	1,231.3	365.9	-708.4
Total funding	-3,041.0	-3,560.0	-3,868.6

Note: The figures in this table may not reconcile exactly to the details in the subsequent tables at TfL subsidiary level due to overprogramming.

- 4.8 TfL's capital programme will require new borrowing of some £304.0 million for 2013-14 and £375.0 million in 2014-15. The debt servicing costs are set out below.

Section 4: Transport for London

Table 12 Capital Financing Costs

	Revised budget 2012-13 £m	Forecast Outturn 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
TfL Capital financing				
Minimum revenue provision and external interest	326.0	293.0	344.3	382.0
Total financing costs	326.0	293.0	344.3	382.0

Rail and Underground and Tube Lines

4.9 Capital projects directly managed by Rail, London Underground and Tube Lines are shown in the table below:

Table 13 - LUL and Tube Lines

LUL/Tube Lines Capital Spending Plan	Forecast Outturn 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Line Upgrades	544.1	605.3	600.3
Stations Upgrades	272.0	280.3	334.2
Power, Cooling & Communications	98.7	90.1	84.3
Infrastructure	108.5	175.4	182.8
Reliability & Customer Facing Programmes	32.9	105.3	164.5
Central Re-phasing	-51.9	-187.8	-175.9
DLR	30.8	22.0	19.9
London Overground	24.4	131.9	74.1
Trams	11.5	21.8	15.4
Emirates Air Line	15.5	0.0	0.0
Tube lines	231.2	289.5	291.6
Total capital expenditure	1,317.7	1,533.8	1,591.2

Section 4: Transport for London

Surface Transport

4.10 Capital projects directly managed by Surface Transport are shown in the table below:

Table 14 - Surface Transport

Surface Transport Capital Spending Plan	Forecast Outturn 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Buses	23.1	63.4	111.6
Streets	105.4	269.3	352.7
Cycle Hire	17.1	15.9	5.0
Other	-6.7	-13.4	97.0
Total capital expenditure	138.9	335.2	566.3

Corporate Directorates

4.11 Capital projects directly managed by Corporate Directorates within TfL are shown in the table below.

Table 15 Corporate Directorates

TfL Corporate Capital Spending Plan	Forecast Outturn 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Customer Experience, Marketing & Communications	10.8	18.9	4.9
Commercial Development	76.7	46.5	7.1
Integrated transport smartcard	6.8	6.3	2.6
Future ticketing project	25.2	25.2	21.8
TfL Information Management	17.9	28.5	29.1
Other	0.0	3.6	12.6
Total capital expenditure	137.4	129.0	78.1

Section 4: Transport for London

TfL Borrowing

- 4.12 The above capital programmes would require new borrowing of £304 million for 2013- 14. The profiled borrowing to support the proposed programme to 2014-15 is summarised below.

Table 16 - Borrowing

Borrowing	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
TfL	417	304	375
Total	417	304	375

Capital Financing

- 4.13 The financing costs in the revenue budget relate to interest payments in respect of capital expenditure as shown in the table below.

Table 17 – Capital financing costs

TfL Capital financing costs	2012-13 £m	2013-14 £m	2014-15 £m
External interest	293.0	344.3	382.0
Total financing costs	293.0	344.3	382.0

- 4.14 The estimated incremental impact of capital investment decisions on the council tax is zero in each year as TfL's financing costs are not met from its council tax precept income:

Section 5: London Legacy Development Corporation

London Legacy Development Corporation

- 5.1 The London Legacy Development Corporation (LLDC) has been established in the joint ownership of the Mayor and Government as the manager and custodian of the Queen Elizabeth Olympic Park (QEOP) after the 2012 Games. It is responsible for the legacy development and management of the park and venues in line with the London Plan's legacy objective and will be London's single most important regeneration project for the next 25 years.
- 5.2 The LLDC aims to deliver a great legacy for the Olympic Park and venues, to create a dynamic new urban district and to effect transformational change in support of convergence for local people. The LLDC aims for financial stability and viability in its revenue budgets and for the return of capital receipts to the GLA over the long term. The main elements of LLDC's Capital Plan of £266.6 million in 2013-14, and over the medium term are as follows:
- The completion of the transformation of the Queen Elizabeth Olympic Park and venues, including works to ensure the long-term financial viability of venues (e.g. Stadium) and to maximise use of the Park (e.g. South Park Plaza and hub);
 - Investment in infrastructure and other planning commitments to support the cost-effective delivery of future phases of housing and receipts to the GLA; and
 - Additional regeneration projects in the surrounding area to complement and connect with the revitalised Park.
- 5.3 The LLDC's capital spending plans are intended to meet these objectives. A significant proportion of capital expenditure is now committed through transformation contracts, with the fit-out and conversion of the press and broadcast centre and the stadium as significant outstanding items.
- 5.4 There are several conditions which would have to be met before any agreement with the preferred bidder for the Stadium could be concluded including resolution of the final funding package. This will therefore be part of the ongoing commercial negotiations with it and wider stakeholders.
- 5.5 The LLDC's capital expenditure programme totals some £266.6 million in 2013-14. The table below details capital expenditure and the known capital funding plan for 2013-14 to 2015-16.

Section 5: London Legacy Development Corporation

Table 18 – LLDC Capital plan

LLDC's final capital plan	Forecast Outturn 2012-13	Budget 2013-14	Plan 2014-15	Plan 2015-16
	£m	£m	£m	£m
Expenditure				
Park Opening and Operations	107.4	189.4	97.9	65.7
Real Estate, Regeneration, and Design	22.4	27.2	15.6	15.1
Corporate and Finance	1.7	0.4	0.3	0.3
Irrecoverable VAT and contingency	22.6	49.6	3.1	2.2
Total expenditure	154.1	266.6	117.0	83.4
Funding				
Capital Grant (GLA)	-152.1	-265.6	-62.0	0.0
Other grants and funding	0.0	0.0	-43.7	-57.0
Capital Receipts	-2.0	-1.0	-11.3	-26.4
Total funding	-154.1	-266.6	-117.0	-83.4

- 5.6 The LLDC's current capital plan does not include any requirement to borrow over the period 2013-14 to 2015-16 and therefore its planned debt repayment and financing costs are zero. Should there be a requirement to borrow in 2014-15 and 2015-16 this will result in financing costs being incurred in both years.

Table 19 – LLDC capital financing

LLDC Capital financing costs	2013-14	2014-15	2015-16
	£m	£m	£m
Debt repayment	0.0	0.0	0.0
Capital financing and interest costs	0.0	0.0	0.0
Total financing costs	0.0	0.0	0.0

- 5.7 LLDC does not precept and is not currently scheduled to borrow over the three year planning precept. Therefore there is no incremental impact on council tax from its capital financing decisions.

Section 6: Greater London Authority

- 6.1 The Greater London Authority (GLA) is the strategic authority for London and supports the Mayor and Assembly in delivering their respective responsibilities and functions. The GLA's functional bodies whose capital spending plans are set out in the previous sections are its principal delivery arms: the Mayor's Office for Policing and Crime (MOPAC; overseeing the work of the Metropolitan Police Service - MPS) which took over the responsibilities of the former Metropolitan Police Authority on 16 January 2012; the London Fire and Emergency Planning Authority (LFEPA); Transport for London (TfL); and the London Legacy Development Company (LLDC) which became a Mayoral Development Corporation in 2012.
- 6.2 The GLA also works with partner organisations – the 32 London boroughs and the Common Council of the City of London, London Councils, 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.
- 6.3 There are three main elements to the GLA's Capital Plan of £2.939 billion in 2013-14 and 2014-15, as follows:
- Crossrail – To borrow a further £1.3 billion towards the GLA's contribution to the costs of Crossrail of £4.1 billion. This will be financed by the Crossrail business rate supplement;
 - Housing programmes, such as Affordable Homes - £588 million and Decent Homes - £540 million. This expenditure will help deliver the Mayor's commitment to deliver 55,000 affordable homes; and
 - Regeneration programmes of some £263 million, which includes investment in London's local places and infrastructure via the Growing Places Fund, the Mayor's Regeneration Fund and the Outer London Fund, together with settling Compulsory Purchase Orders arising from the Olympic site.
- 6.4 In financing the Capital Programme over the medium term the GLA will seek to optimise decisions on future borrowing to minimise costs, having made prudent estimates of the profile of the capital receipts that are planned to be realised. These will be addressed in the GLA's treasury management strategy.
- 6.5 Details on the main elements of the GLA capital spending plan are set out on the following pages.

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GLA Contribution to the Funding of Crossrail

- 6.6 The funding arrangements for Crossrail provide for the Mayor to borrow £3.5 billion towards its costs by 31 March 2015 of which £800 million was borrowed early in 2010-11 with £700 million borrowed in both 2011-12 and 2012-13. The debt is due to be taken out by the Mayor according to the following profile which was reapproved as part of TfL's settlement from the Secretary of State for Transport the Comprehensive Spending Review.

Table 20 – Profile of GLA Crossrail Borrowing (financed by BRS)

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

- 6.7 The financing and repayment of this £3.5 billion of borrowing is being funded through a 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 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. This policy will be maintained in 2013-14.
- 6.8 A further £600 million – representing the amount estimated to be 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. Approximately £75 million is scheduled to be paid to TfL through the direct BRS contribution in 2013-14. As a result the total GLA contribution for 2013-14 is budgeted to be £875 million (£800 million financed by borrowing in addition to the £75 million direct contribution).
- 6.9 The option of a bond issuance to raise the additional sums required to support Crossrail was utilised in July 2011, rather than through borrowing from the traditional Public Works Loan Board route. It is estimated that the lower financing costs compared to PWLB rates at that date will save the business rate payer around £65 million over the life time of the BRS.

Housing and Regeneration

- 6.10 As a result of the new devolution settlement, from April 2012 the GLA has assumed considerable new responsibilities for the delivery of publicly funded housing programmes in London in addition to its existing strategic responsibilities. It has received all the HCA's land and property assets in London, which together with the LDA's portfolio of regeneration assets already under the Mayor's control, and with those of the London Thames Gateway Development Corporation (LTGDC), provides an important platform for accelerating home building and regeneration.

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6.11 Over the next three years, the Mayor is planning to invest £1.9bn to support the delivery of 55,000 new affordable homes (in addition to the 55,000 delivered over the past three years) and to tackle wider housing shortages. These programmes will help create 100,000 construction jobs. The Mayor will take forward the accelerated development of housing provision on the Greenwich Peninsula, and, through the MDC, the planning and procurement of housing on the Olympic Park. The Mayor will also support boroughs to improve a further 45,000 local authority homes to the Decent Homes standard.

Regeneration and economic growth

6.12 The Mayor is committing substantial resources over the next three years to help areas and people affected by the riots and also those outer London centres and high streets suffering hardest from the economic downturn.

6.13 By working closely with the 32 London boroughs and other external organisations, the Mayor has used his Regeneration and Outer London funds to leverage funding in of £231 million to invest in London's local places including delivering new infrastructure, jobs and opportunities across the capital, supporting growth and revitalising the capital's economy.

6.14 The London Enterprise Panel (LEP) has been set up to promote growth and drive job creation across London. The LEP has over £100 million of revenues available for this purpose from the Growing Places Fund. It will also advise on the use of the business rate uplift from the new Royal Docks Enterprise Zone.

6.15 The table overleaf summarises the GLA's capital spending plan to 2015-16.

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Table 21 – GLA Capital Spending Plan

GLA final capital plan	2012-13 Forecast £m	2013-14 Budget £m	2014-15 Plan £m	2015-16* Plan £m
City Hall	1.0	0.7	0.6	0.6
London Waste and Recycling Board	2.0	0.0	0.0	0.0
Museum of London	1.3	1.0	0.7	0.0
Crossrail	819.0	875.0	530.0	9.0
Local Enterprise Partnership	0.0	100.2	1.1	0.0
National Affordable Housing Programme	326.6	167.4	51.2	0.0
Affordable Homes	182.5	81.8	287.6	0.0
First Buy	18.2	0.0	0.0	0.0
Mortgage rescue	17.2	0.0	0.0	0.0
Decent Homes Backlog	154.5	194.5	345.5	0.0
Traveller Pitch	0.9	0.0	0.7	0.0
Homelessness Change	3.9	1.2	7.7	0.0
Custom Build	1.7	1.7	1.7	0.0
Empty Homes - main programme	3.6	5.1	6.6	0.0
Property & Regeneration	35.0	8.1	12.2	0.0
Other projects	25.2	48.1	18.3	14.0
Super Connected Cities Project	0.0	0.0	25.0	0.0
Old Street Roundabout Project	0.0	10.0	40.0	0.0
Compulsory Purchase Orders	41.7	30.5	11.8	0.0
Repayment of borrowing	0.0	0.0	0.0	10.5
Estimated slippage	-81.5	57.1	16.3	8.2
Total capital expenditure	1,552.8	1,582.4	1,357.0	42.3
Funding:				
Crossrail Business Rate Supplement (Revenue contribution)	-119.0	-75.0	-30.0	-9.0
Prudential borrowing (Crossrail)	-700.0	-800.0	-500.0	0.0
LDA CPO provision at 31 March 2012	-41.6	-30.5	-7.2	0.0
Capital Receipts	-0.6	-6.9	-70.9	-33.3
CLG Capital Grant (Growing places fund)	-0.0	-100.2	-1.1	0.0
CLG Capital grant (Other)	-691.6	-569.8	-747.8	0.0
Total capital funding	- 1,552.8	-1,582.4	-1,357.0	-42.3

* Until such time as funding for the next Comprehensive Spending Review is announced, it is not possible to estimate how much funding will be available for housing capital beyond 2014-15.

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6.16 The GLA's financing costs are set out below.

Table 22 – GLA Capital financing costs

Capital financing costs	2013-14	2014-15	2015-16
	£m	£m	£m
Minimum revenue provision for debt repayment	12.3	12.4	12.4
External interest (Non Crossrail)	7.9	7.9	7.9
External interest (Crossrail - financed by BRS)	144.0	190.0	190.0
Total financing costs	164.2	210.3	210.3

6.17 The estimated incremental impact of capital investment decisions on the council tax is zero in each year as GLA's financing costs are financed by government grant and Crossrail BRS income.