

MAYOR OF LONDON

The Mayor of London's Capital Spending Plan for 2015-16

February 2015

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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 2015-16 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). 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 8 of the Mayor's consultation document on his draft consolidated budget which was issued on 19 December 2014 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 23 February. The final draft consolidated budget was approved unamended by the Assembly.
- 1.4 This final capital spending plan is consistent with the figures set out in the final draft consolidated budget documentation with the exception of revisions to the Greater London Authority plan. These revisions cover adjustments to planned expenditure on London and Partners; changes to the profile of payments to TfL to cover the cost of expenditure on the Northern Line Extension reflecting updated forecasts provided by TfL - the changes include consequential adjustments to the funding and borrowing forecasts; adjustment to the 2014-15 split of funding for the costs of Crossrail between prudential borrowing and the direct contributions from the Crossrail Business Rates Supplement; and the amount of capital grant receipts forecast in year has also been updated.
- 1.5 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.

Section 1: Statutory capital spending plan

Capital spending plan

- 1.6 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 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.

- 1.7 Set out below is a summary of the key deliverables in the Mayor's CSP:
- increase the supply of affordable homes, delivering 100,000 over the two Mayoral terms and identify new and better approaches to increasing housing supply;
 - deliver the transformation of policing's IT infrastructure and estate;
 - update and replace LFEPA's vehicle fleet, operational equipment and property portfolio to support and enable a modern fire service for London;
 - reduce Tube delays by 30 per cent by 2015 compared to 2011;
 - continue to deliver Crossrail which will transform rail capacity and journey times and deliver the Northern Line Extension to Nine Elms and Battersea ;
 - promote and deliver the regeneration of Queen Elizabeth Olympic Park and surrounding area, including starting the delivery of the Olympicopolis.

Section 1: Statutory capital spending plan

- 1.8 The table below sets out the Mayor's statutory capital spending plan for 2015-16 which totals £5.26 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 2015-16

| Section | | GLA £m | MOPAC £m | LFEPA £m | TfL £m | LLDC £m |
|---------|---|----------------|--------------|-------------|----------------|--------------|
| A | Total external capital grants | 822.4 | 38.9 | 0.0 | 2,981.3 | 22.7 |
| | Opening balance of capital receipts | 0 | 2.9 | 0.0 | 0.0 | 0.0 |
| | Total capital receipts during the year | 55.9 | 341.0 | 0.0 | 22.7 | 1.3 |
| | Total capital grants/ receipts | 878.2 | 382.8 | 0.0 | 3,004.0 | 24.0 |
| B | Minimum s.120(1) grant | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Total borrowings | 68.1 | 0.0 | 56.7 | 600.8 | 96.9 |
| | Total borrowings and credit arrangements | 68.1 | 0.0 | 56.7 | 600.8 | 96.9 |
| C | Total capital expenditure anticipated during the year | 1,014.7 | 264.5 | 56.7 | 3,784.4 | 136.1 |
| | Total credit arrangements | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Total capital spending for the year | 1,014.7 | 264.5 | 56.7 | 3,784.4 | 136.1 |
| D | Funding: capital grants | 766.9 | 38.9 | 0.0 | 3,168.1 | 37.9 |
| | Funding: capital receipts/reserves | 86.1 | 224.6 | 0.0 | 15.5 | 1.3 |
| | Funding: borrowings and credit arrangements | 68.1 | 0.0 | 56.7 | 600.8 | 96.9 |
| | Funding: revenue contributions | 93.6 | 1.0 | 0.0 | 0.0 | 0.0 |
| | Total funding | 1,014.7 | 264.5 | 56.7 | 3,784.4 | 136.1 |

- 1.9 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.
- 1.10 Set out below is a summary of the Mayor's proposed Capital Plan for 2015-16 and 2016-17 compared to the forecast 2014-15 outturn. This illustrates that overall the GLA Group capital expenditure will be £328.2 million less in 2015-16 compared to 2014-15. This is largely because as planned, the scheduled payments to TfL from the GLA to fund the costs of Crossrail are coming to an end.
- 1.11 The programme for 2016-17 is provisionally £4,697.4 million which is £559 million lower than the 2015-16 plan. This primarily reflects the tailing off of the cost of Crossrail as the project moves towards completion. There is also a planned reduction in expenditure by MOPAC, primarily reflecting reduced expenditure on estate transformation, and LLDC, reflecting reduced expenditure on the Olympic Park operations and venues as projects move towards completion.

Section 1: Statutory capital spending plan

Table 2 – Summary of Capital Spending Plans from 2014-15 to 2016-17

| Summary of the Capital Plan 2014-15 to 2016-17 | 2014-15 Forecast £m | 2015-16 Plan £m | 2016-17 Plan £m | 3 year Total £m |
|---|---------------------------|-----------------------|-----------------------|-----------------------|
| GLA | 1,389.3 | 1,014.7 | 1,008.3 | 3,412.3 |
| MOPAC | 227.0 | 264.5 | 197.2 | 688.7 |
| LFEPa | 57.9 | 56.7 | 17.2 | 131.8 |
| TfL | 3,674.5 | 3,784.4 | 3,389.1 | 10,848.0 |
| LLDC | 235.9 | 136.1 | 85.6 | 457.6 |
| Total | 5,584.6 | 5,256.4 | 4,697.4 | 15,538.4 |

- 1.12 The Mayor will also approve the borrowing limits and prudential indicators for 2015-16 for each functional body as part of a separate Mayoral Decision in March 2015. The limits and indicators agreed will have regard to the capital spending plans set out in this document.
- 1.13 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

Mayor's Office for Policing and Crime

- 2.1 The Mayor's Office for Policing and Crime (MOPAC) works on behalf of Londoners to hold the Metropolitan Police Service (MPS) to account and improve the provision of criminal justice services across the capital.
- 2.2 MOPAC's Capital Programme of £461.7 million over the period 2015-16 to 2016-17 is critical to the transformation of policing's IT infrastructure and estate, both of which are vital to delivering the revenue savings programme. The Capital Programme includes funding for the maintenance and refurbishment of key buildings including the development of Hendon, delivery of the custody centre programme, technology projects in support of frontline policing and infrastructure modernisation and the vehicle replacement programme.
- 2.3 Following submission of the MOPAC capital programme for 2015-16 and 2016-17 the sale of New Scotland Yard was approved in December 2014 for £370 million, with the receipt expected in late 2016, a year later than previously anticipated. To ensure there is a considered approach to what represents significant investment MOPAC intend to reassess the capital programme included in this final draft budget before the 31 March 2015 to ensure that there is a capital programme which meets MOPAC's objectives to make appropriate investments in IT and premises and provide for an efficient and effective police force.
- 2.4 Table 3 overleaf summarises the proposed capital programme and how it will be financed.

Section 2: Mayor's Office for Policing and Crime

Table 3 – MOPAC Capital expenditure plan

| MOPAC's final capital plan | Forecast Outturn 2014-15 £m | Proposed Programme 2015-16 £m | Proposed Plan 2016-17 £m |
|---|--|--|---|
| Operational Theme | | | |
| Property Services / Fleet | | | |
| Communications | 0.0 | 0.0 | 0.0 |
| Control Infrastructure | 1.0 | 0.0 | 0.0 |
| Criminal Justice | 2.9 | 0.0 | 17.0 |
| Enabling IT Infrastructure | 0.0 | 0.0 | 0.0 |
| Estate Transformation | 81.4 | 163.0 | 41.4 |
| Mobility | 0.5 | 1.0 | 0.7 |
| Public Access & 24/7 Policing | 18.4 | 34.7 | 24.5 |
| Specialist Policing | 4.8 | 4.3 | 31.7 |
| Support Services Transformation | 8.0 | 9.6 | 7.7 |
| Digital Policing | | | |
| Total Technology Programme/ Corporate Portfolio | 69.1 | 94.6 | 37.4 |
| Infrastructure | 32.8 | 79.0 | 37.1 |
| Business Engagement Project Portfolio | 10.9 | 22.0 | 7.7 |
| Chief Technology Office | 2.9 | 4.1 | 2.3 |
| ACPO TAM | 5.3 | 7.7 | 7.0 |
| Other Business Demand | 0.4 | 3.5 | 3.4 |
| Subtotal | 238.4 | 423.5 | 217.9 |
| Over-programming/headroom | -11.4 | -159.0 | -20.7 |
| Total Programme Cost | 227.0 | 264.5 | 197.2 |
| Funding: | | | |
| Capital receipts | 164.4 | 224.6 | 161.1 |
| Prudential Borrowing | 18.6 | 0.0 | 0.0 |
| Capital grants & other contributions | 43.5 | 38.9 | 35.4 |
| Revenue contributions | 0.5 | 1.0 | 0.7 |
| Total funding | 227.0 | 264.5 | 197.2 |

- 2.5 The impact of the changes to the 2015-16 plan compared to last year's capital spending plan are summarised below:

Table 4 – Changes to MOPAC Spending Plans Previously Agreed by Mayor in the 2014-15 Capital Spending Plan

| Changes in Capital Spending Plan | 2015-16 £m |
|---|-----------------------|
| Net changes to capital spending plan | 40.4 |
| Total | 40.4 |

Section 2: Mayor's Office for Policing and Crime

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

Table 5 – MOPAC Capital financing costs

| Capital financing costs | 2015-16 | 2016-17 |
|--|----------------|----------------|
| | £m | £m |
| Minimum revenue provision for debt repayment | 28.5 | 27.6 |
| External interest | 22.0 | 22.4 |
| Total financing costs | 50.5 | 50.0 |

Section 3: London Fire and Emergency Planning Authority

London Fire and Emergency Planning Authority

- 3.1 The London Fire and Emergency Planning Authority (LFEPA) is responsible for fire and rescue services in London and it supports the 32 London boroughs and the Corporation of London in their emergency planning roles. Its 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 2015-16 amounts to £56.7 million.
- 8.1 The Mayor proposes that LFEPA's Capital Plan will reduce marginally by £1.2 million from £57.9 million in 2014-15 to £56.7 million in 2015-16. The Capital Plan for 2016-17 is £17.2 million. Accordingly, LFEPA's Capital Plan for the next two years of £73.9 million includes the following investment:
- service concessions of £28.2 million relating to PFI stations and finance leases;
 - investment in replacing and refurbishing fire stations of £6.3 million;
 - IT projects of £9.4 million; and
 - £18.6 million for fleet replacement and equipment.
- 3.2 Table 6 below summarises the current proposed capital programme and spending plans against likely funding sources including affordable borrowing levels.

Table 6 - LFEPA Final Capital Plan

| LFEPA's final draft capital plan | Forecast | Plan | |
|---|-------------|-------------|-------------|
| | Outturn | | |
| | 2014-15 | 2015-16 | 2016-17 |
| | £m | £m | £m |
| IT projects | 6.4 | 8.7 | 0.7 |
| Resilience projects | 0.0 | 0.0 | 0.0 |
| Refurbishment of fire stations | 3.6 | 5.3 | 1.0 |
| New/Replacement fire stations | 2.3 | 0.1 | 0.0 |
| Other property projects | 0.0 | 1.5 | 1.5 |
| Sustainability projects | 1.7 | 2.3 | 2.0 |
| Minor improvements programme | 0.8 | 0.8 | 0.5 |
| Contingency programme | 0.0 | 1.0 | 1.0 |
| Service concessions (PFI stations and Finance leases) | 24.5 | 28.2 | 0.0 |
| Fire Brigade fleet re-procurement | 17.7 | 8.1 | 10.5 |
| Other projects | 0.9 | 0.7 | 0.0 |
| Total capital expenditure | 57.9 | 56.7 | 17.2 |
| Funding: | | | |
| Capital receipts | 0.0 | 0.0 | 0.0 |
| Borrowing and PFI Leases | 38.3 | 56.7 | 17.2 |
| Capital grants | 19.6 | 0.0 | 0.0 |
| Total funding | 57.9 | 56.7 | 17.2 |

Section 3: London Fire and Emergency Planning Authority

- 3.3 The impact of the changes to the 2015-16 plans compared to last year's capital spending plan are summarised below:

Table 7 – Year on Year Changes to LFEPA Spending Plans Previously Agreed by Mayor in the 2014-15 Capital Spending Plan

| Changes in Capital Spending Plan | 2015-16 £m |
|---|-----------------------|
| Net changes to capital spending plan | 11.7 |
| Total | 11.7 |

- 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 2015-16 including PFI Leases is £56.7 million. Pending confirmation of future capital funding for 2015-16 onwards it is assumed at this stage that the programme in that year 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 8 – Capital financing costs

| LFEPA Capital financing costs | 2015-16 £m | 2016-17 £m |
|--------------------------------------|-----------------------|-----------------------|
| External interest and MRP | 12.1 | 15.7 |
| Total financing costs | 12.1 | 15.7 |

Section 4: Transport for London

Transport for London

- 4.1 Transport for London (TfL) is responsible for the planning, delivery and day-to-day operation of the Capital's public transport system, including London's buses, Underground and Overground, the Docklands Light Railway (DLR), Tramlink and London River Services. It is also responsible for managing the Congestion Charge, maintaining London's main roads and traffic lights, regulating taxis, making London's transport more accessible and promoting walking and cycling initiatives.
- 4.2 The main elements of TfL's Capital Plan of £7,174 million for 2015-16 and 2016-17 are as follows:
- investment in Rail and Underground of £3,119 million;
 - investment in Surface Transport of £934 million; and
 - expenditure on Crossrail of £2,823 million.
- 4.3 The Mayor's investment allows 500 extra buses to be planned over the course of the business plan, which will create additional capacity for an extra 2.9 million customer journeys each week. As part of the Mayor's Cycling Vision, £913 million is being invested, to support the rapidly growing number of cyclists, through creating safer junctions across London, major segregated cycle routes and a network of Quietways on less busy streets. The Mayor plans to increase capacity on the Wimbledon to Croydon line by 50 per cent by adding four new trams, with the first arriving in 2015.
- 4.4 As part of the Tube upgrade there will be a 20 per cent increase in the capacity of the Northern Line at peak times. A new automatic signalling system on the sub-surface lines plus new more spacious trains will increase capacity on the Circle and Hammersmith & City lines by 65 per cent, the District line by 24 per cent and the Metropolitan line by 27 per cent.
- 4.5 Crossrail is now more than 50 per cent complete, on schedule and within budget. It will add 10 per cent to London's rail capacity. The first Crossrail services, which will be operated by TfL Rail, will start running between Liverpool Street and Shenfield from May 2015.
- 4.6 TfL will apply £1,066 million of government grant to support its capital programme (excluding Crossrail) which is reflected in its capital spending plan. In addition to other capital funding paid for specific purposes TfL is forecast to receive £925 million through the general investment grant element of the GLA Transport Grant in 2015-16 rising to £941 million in 2016-17 under the agreement made with the Government in the 2013 Spending Review. From 2015-16 this grant may only be applied for capital purposes.
- 4.7 TfL's planned capital expenditure in 2015-16 is £110 million greater than its forecast expenditure in 2014-15.

Section 4: Transport for London

4.8 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; and
- Prudential borrowing and related financing (including bond issuances).

4.9 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 and the Northern Line Extension.

4.10 The TfL capital spending plan is summarised in the table below by mode.

Table 9 - TfL Final Capital Spending Plan

| Capital spending plan | Forecast Outturn 2014-15 £m | Plan 2015-16 £m | Plan 2016-17 £m |
|--|--|--------------------------------|--------------------------------|
| Rail and Underground | 1,497.5 | 1,558.3 | 1,560.8 |
| Surface Transport | 395.6 | 516.1 | 417.9 |
| Corporate | 164.5 | 94.7 | 202.4 |
| Crossrail | 1,617.0 | 1,615.2 | 1,207.9 |
| Total capital expenditure | 3,674.5 | 3,784.4 | 3,389.1 |
| Funding: | | | |
| Capital receipts/property sales | 43.3 | 15.5 | 115.0 |
| Grants to support capital expenditure | 1,028.4 | 1,066.3 | 1,230.9 |
| Borrowing | 646.4 | 600.8 | 700.9 |
| Crossrail funding sources | 1,696.4 | 893.0 | 104.0 |
| Revenue contributions | 106.6 | -154.0 | 49.9 |
| Working capital and reserves movements | 153.5 | 1,362.8 | 1,188.4 |
| Total funding | 3,674.5 | 3,784.4 | 3,389.1 |

Section 4: Transport for London

Rail and Underground and Tube Lines

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

Table 10 - Rail and Underground and Tube Lines Capital Plan

| LUL/Tube Lines Capital Spending Plan | Forecast Outturn 2014-15 £m | Plan 2015-16 £m | Plan 2016-17 £m |
|---|--|--------------------------------|--------------------------------|
| Stations Upgrade | 348.4 | 328.0 | 359.5 |
| Legacy Train Systems | 11.8 | 29.4 | 48.2 |
| Sub Surface Rail Upgrade | 465.3 | 341.4 | 348.8 |
| Infrastructure Renewals | 228.4 | 284.2 | 242.2 |
| New Tube For London | 14.3 | 21.0 | 68.0 |
| World Class Capacity | 101.2 | 104.6 | 113.7 |
| Northern Line Extension | 93.5 | 156.3 | 282.4 |
| Central Re-phasing provision | (80.7) | (122.7) | (146.3) |
| Reliability & Customer Facing Programmes | 55.5 | 98.9 | 34.2 |
| Other | 31.3 | 29.2 | 11.4 |
| Docklands Light Railway | 31.6 | 35.1 | 35.6 |
| London Overground | 74.3 | 72.3 | 62.7 |
| Crossrail | 98.6 | 154.1 | 87.6 |
| Trams | 23.1 | 26.6 | 12.6 |
| Emirates Air Line | 0.9 | (0.1) | 0.2 |
| Total capital expenditure | 1,497.5 | 1,558.3 | 1,560.8 |

Surface Transport

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

Table 11 - Surface Transport Capital Plan

| Surface Transport Capital Spending Plan | Forecast Outturn 2014-15 £m | Plan 2015-16 £m | Plan 2016-17 £m |
|--|--|--------------------------------|--------------------------------|
| Buses | 110.1 | 141.0 | 38.8 |
| Roads, Cycling and other | 285.5 | 375.2 | 379.1 |
| Total capital expenditure | 395.6 | 516.1 | 417.9 |

Section 4: Transport for London

Corporate Directorates

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

Table 12 - TfL Corporate Directorates

| Final Draft TfL Corporate Capital Spending Plan | Forecast Outturn 2014-15 | Plan 2015-16 | Plan 2016-17 |
|--|-------------------------------------|-------------------------|-------------------------|
| | £m | £m | £m |
| Commercial Development | 113.0 | 25.0 | 109.1 |
| Future ticketing project | 36.1 | 43.0 | 21.1 |
| Other Corp capex incl. IM | 15.4 | 26.8 | 72.2 |
| Corporate expenditure excluding Crossrail | 164.5 | 94.7 | 202.4 |
| Crossrail contributions | 1,617.0 | 1,615.2 | 1,207.9 |
| Corporate expenditure including Crossrail | 1,781.4 | 1,709.9 | 1,410.3 |

TfL Borrowing and Capital Financing

- 4.14 TfL's capital programme will require borrowing of some £600.8 million for 2015-16 and £700.9 million in 2016-17. The financing costs in the revenue budget relate to interest payments in respect of capital expenditure as shown in the table below.

Table 13 - Capital financing costs of TfL's Capital Plan

| TfL Capital financing | Plan 2015-16 | Plan 2016-17 |
|------------------------------|-------------------------|-------------------------|
| | £m | £m |
| MRP and external interest | 415.0 | 464.0 |
| Total financing costs | 415.0 | 464.0 |

Section 5: London Legacy Development Corporation

London Legacy Development Corporation

- 5.1 The London Legacy Development Corporation (“the Legacy Corporation”) is responsible for promoting and delivering the physical, social, economic and environmental regeneration of Queen Elizabeth Olympic Park and the surrounding area. In particular, the Legacy Corporation aims to maximise the legacy of the Olympic and Paralympic Games, by securing high-quality sustainable development and investment, ensuring the long-term success of the facilities and assets within its direct control and supporting and promoting the aim of convergence.
- 5.2 Since the London 2012 Olympic and Paralympic Games, the Legacy Corporation has been working to clear the Games-time overlay, to connect the Park to surrounding neighbourhoods, and to complete the conversion of Park and venues to their legacy configuration. The Copper Box Arena, Timber Lodge and North Park re-opened in July 2013 and the Aquatics Centre re-opened in March 2014. The ArcelorMittal Orbit and re-modelled South Park opened in April 2014 and the Stadium will re-open permanently in summer 2016 (with a temporary re-opening for major events such as the Rugby World Cup matches in 2015).
- 5.3 Alongside its operational mobilisation, the Legacy Corporation’s wider role in creating a great place and creating opportunities for local people will assume ever greater importance. The Corporation will work in partnership to bring forward regeneration schemes and housing to further the transformation of east London enabled by the London 2012 Games. This includes delivering the Mayor’s Olympicopolis vision, new social and transport infrastructure, and working with the host boroughs and other partners to create economic opportunity and support local people and businesses, as they seek to access it.
- 5.4 The main elements of the proposed LLDC Capital Plan are as follows:
- Stadium to be completed for the 2015 Rugby World Cup with full opening in summer 2016;
 - Chobham Manor first blocks to be completed and occupied and construction of phase 2 to be commenced;
 - East Wick and Sweetwater planning and design to be commenced;
 - East Wick School and All Through School construction to be commenced;
 - Masterplanning, design and procurement to support the Olympicopolis educational and cultural vision for the waterfront and south park to begin; and
 - Press and Broadcast Centre (Here East) to be ready for phased occupation.

Section 5: London Legacy Development Corporation

- 5.5 The Mayor proposes that capital support to LLDC for the Olympicopolis should be provided as loan funding. The planned capital financing costs along with the Authorised Limit and Operational Boundary for external debt for the LLDC arising from its plans are included in tables 14 and 15 below. These reflect the level of post-Olympic transformation spending required in Queen Elizabeth Olympic Park, on its venues, but before capital receipts are received from the development of the Park. They also reflect the delivery of the first phase of Olympicopolis and the GLA's support for the project.
- 5.6 The table below details capital expenditure and the known capital funding plan for 2015-16 to 2016-17 compared to the 2014-15 forecast outturn.

Table 14 – LLDC Capital plan

| LLDC's final draft capital plan | Forecast Outturn 2014-15 | Budget 2015-16 | Plan 2016-17 |
|----------------------------------|-----------------------------|-------------------|-----------------|
| | £m | £m | £m |
| Expenditure | | | |
| Park Operations and Venues | 200.6 | 77.6 | 12.0 |
| Real estate and regeneration | 29.4 | 52.8 | 71.9 |
| Corporate activities | 1.3 | 0.7 | 0.5 |
| Irrecoverable VAT & contingency | 7.6 | 5.6 | 1.5 |
| Over-programming | -3.0 | -0.6 | -0.3 |
| Total expenditure | 235.9 | 136.1 | 85.6 |
| Funding | | | |
| Borrowing | 135.2 | 96.9 | 0.0 |
| Capital receipts | 2.0 | 1.3 | 39.9 |
| Other grants and funding | 19.7 | 37.9 | 45.7 |
| Revenue contributions (reserves) | 79.0 | 0.0 | 0.0 |
| Total funding | 235.9 | 136.1 | 85.6 |

- 5.7 LLDC's current capital plan will require borrow of £135.2 million in 2014-15 and £96.9 million in 2015-16; its planned capital financing costs are set out below.

Table 15 – LLDC capital financing

| LLDC Capital financing costs | 2014-15 | 2015-16 | 2016-17 |
|------------------------------|------------|------------|------------|
| | £m | £m | £m |
| Capital financing and MRP | 0.0 | 6.3 | 6.9 |
| Total financing costs | 0.0 | 6.3 | 6.9 |

Section 6: Greater London Authority

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); the London Fire and Emergency Planning Authority (LFEPA); Transport for London (TfL); and the London Legacy Development Company (LLDC).
- 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 The three key elements to the GLA's Capital Plan of £1,014.7 million in 2015-16 and £1,008.3 million in 2016-17, are as follows:
- Housing programmes of £1,251.5 million in 2015-17 with the priority being to deliver affordable housing for Londoners in line with the Mayor's commitment of 100,000 new affordable homes over his two Mayoral terms;
 - Northern Line extension to Battersea – funding of £152.7 million in 2015-16 and £200.6 million in 2016-17 is forecast to be paid to TfL to fund this project. The total estimated cost of the project is £960.4 million;
 - Regeneration programmes totalling £149.2 million in 2015-16 such as that run by the London Enterprise Panel (LEP) and the Mayor's Regeneration Fund.
- 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.

Section 6: Greater London Authority

GLA Contribution to the Funding of Crossrail

- 6.6 The funding arrangements for Crossrail provide for the Mayor to borrow up to £3.5 billion to finance the project's construction costs by 31 March 2015. This is independent of any Crossrail related borrowing by TfL expected to be financed by future fare revenues. It is now forecast that only £3.3 billion of borrowing will be required by the GLA with the other £0.2 million being funded via an additional direct contribution from the Business Rate Supplement income as explained below. This borrowing is expected to have been drawn down in full by 31 March 2015 and the 2014-15 amount of borrowing used to fund the GLA's contribution to Crossrail is now forecast to be £309 million. The expected final borrowing profile for the GLA's Crossrail contribution based on these revised forecasts is set out below.

Table 16 – Updated Profile of GLA Crossrail Borrowing (financed by BRS)

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | Total |
|-------------------------|---------|---------|---------|---------|---------|-------|
| | £m | £m | £m | £m | £m | £m |
| GLA Crossrail borrowing | 800 | 600 | 800 | 799 | 309 | 3,308 |

- 6.7 The financing and repayment of this 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 2015-16.
- 6.8 As well as the funding provided through borrowing, Crossrail's construction costs are met through direct financing from Crossrail BRS income. Approximately £9 million is scheduled to be paid to TfL through the direct BRS contribution in 2015-16 - this is forecast to be the final payment to TfL for Crossrail and is the only amount forecast to be paid to TfL in 2015-16 in respect of Crossrail. This is in addition to the £0.8 billion direct contribution expected to have been paid to TfL by 31 March 2015 which is £0.2 billion higher than previously forecast offset by lower borrowing as set out above. Over the lifetime of the BRS this change will result in a saving to ratepayers as the amount of borrowing needed to be financed and repaid will be lower.
- 6.9 The option of a bond issuance to raise part of the sums required to support the GLA's Crossrail contributions 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.

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Housing and Regeneration

- 6.10 As a result of the new devolution settlement, from April 2012 the GLA 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.
- 6.11 Over the next two years, the Mayor is planning to invest around £1.3 billion to deliver affordable housing for Londoners in line with his commitment of 100,000 new affordable homes over his two Mayoral terms.

Regeneration and economic growth

- 6.12 The 2015-16 budget includes Regeneration capital programmes totalling £169.7 million such as those run by the business-led London Enterprise Panel (LEP) and the Mayor's Regeneration Fund (MRF). These investments will strengthen local economies, creating and safeguarding jobs, transforming public realm and making local infrastructure, including further education, fit for the future.
- 6.13 Following the success of the Outer London Fund which delivered improvements to town centres right across London from Bromley to Harrow town centre and Streatham High Street, the budget provides for a new £9 million High Street Fund which will start delivery in April 2015 helping create better high streets, public spaces, supporting local shops, jobs and growth.
- 6.14 In 2015-16, £70 million of pooled funding from the New Homes Bonus revenues is to be allocated to London boroughs and invested in accordance with the LEP priorities. The diverse projects which make up the programme are forecast to help 6,620 people into employment, 875 jobs created, 2,100 apprenticeship starts, 123,200 sq. m new or improved public realm, 178,230 sq. m new or improved commercial space and 6,300 businesses supported right across the capital.
- 6.15 The High Speed 2 (HS2) and Crossrail station at Old Oak Common provides a once-in-a-lifetime regeneration opportunity to deliver in that part of West London 24,000 homes, 55,000 jobs and a potential £15 billion contribution to the economy. In order to realise the full development potential in a robust, timely manner the Mayor decided to establish a Mayoral Development Corporation (MDC) and he undertook a statutory consultation during 2015 on the MDC's powers and boundary. Following consideration of consultation responses, and the Assembly's views, he subsequently decided to designate the area as a mayoral development area and to establish the Old Oak and Park Royal Development Corporation (OPDC). The Mayor formally notified the Secretary of State and in accordance with the legislation the Secretary of State has laid a statutory instrument before Parliament which will create the OPDC on 1 April 2015. The GLA's 2015-16 revenue budget includes seed-funding for this new functional body. Assuming the MDC is established in 2015-16, future years' budgets will treat the OPDC as a full functional body of the GLA.

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6.16 The table below summarises the GLA's capital spending plan to 2016-17.

Table 17 – GLA Capital Spending Plan

| GLA final draft capital plan | Forecast Outturn 2014-15 £m | Plan 2015-16 £m | Plan 2016-17 £m |
|---|--|--------------------------------|--------------------------------|
| City Hall | 0.3 | 0.2 | 0.2 |
| Northern Line Extension | 50.4 | 152.7 | 200.6 |
| Resources | 0.4 | 0.4 | 0.4 |
| London and Partners | 0.2 | 0.2 | 0.0 |
| Museum of London | 0.7 | 0.0 | 0.0 |
| Crossrail Contribution | 530.0 | 9.0 | 0.0 |
| Local Enterprise Partnership | 13.6 | 47.0 | 19.4 |
| Mayors Housing Covenant | 494.7 | 240.1 | 391.0 |
| Decent Homes Programme | 298.7 | 145.0 | 0.0 |
| Custom Build | 0.8 | 4.2 | 0.0 |
| Care and support programme | 13.3 | 10.5 | 10.2 |
| London Housing Bank | 0.0 | 100.0 | 100.0 |
| Housing Zones (MHC) | 0.0 | 20.0 | 90.0 |
| Housing Zones (CLG) | 0.0 | 20.0 | 90.0 |
| Homelessness change and platform for Life | 0.0 | 15.5 | 15.0 |
| Further Education Capital | 0.0 | 30.0 | 55.0 |
| Regeneration | 24.3 | 48.5 | 2.1 |
| New Homes Bonus Funded Schemes (Capital projects) | 0.0 | 32.2 | 0.0 |
| Land & Property | 22.1 | 30.8 | 0.4 |
| Communities and Intelligence | 4.8 | 3.3 | 2.2 |
| Other projects | 0.2 | 0.0 | 0.0 |
| Super Connected Cities Project | 12.0 | 12.0 | 0.0 |
| Compulsory Purchase Orders | 12.7 | 30.2 | 13.9 |
| (Under)/Over programming | -89.9 | 62.9 | 18.0 |
| Total capital expenditure | 1,389.3 | 1,014.7 | 1,008.3 |
| Funding: | | | |
| Crossrail Business Rate Supplement (Revenue contribution) | 221.0 | 9.0 | 0.0 |
| Crossrail Prudential borrowing | 309.0 | 0.0 | 0.0 |
| LDA CPO provision | 12.7 | 30.2 | 13.9 |
| Northern Line Extension – Borrowing and Developer Contributions | 50.4 | 152.7 | 200.6 |
| Capital receipts and other Sales Income | 14.6 | 55.9 | 16.5 |
| Other Grants & Contributions | 51.5 | 58.2 | 45.6 |
| DCLG Capital Grant (Growing places fund) | 13.5 | 47.0 | 19.4 |
| DCLG Capital grant (Other) | 716.6 | 661.7 | 712.3 |
| Total capital funding | 1,389.3 | 1,014.7 | 1,008.3 |

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

Table 18 – GLA Capital financing costs

| Capital financing costs | 2015-16 | 2016-17 |
|--|----------------|----------------|
| | £m | £m |
| Minimum revenue provision (MRP) for debt repayment | 10.2 | 10.5 |
| External interest (Non Crossrail) | 7.0 | 7.0 |
| External interest (Crossrail – financed by BRS) | 118.1 | 115.3 |
| Total financing costs | 135.3 | 132.8 |