CROSSRAIL BUSINESS RATES SUPPLEMENT Q&A

LIST OF QUESTIONS

Q14: How can you still want to introduce this additional charge for companies during the economic downturn? / Will you consider delaying its introduction because of the economic downturn?

Q15: Does the GLA have hold a ballot of business rate payers before introducing the BRS?

Q16: Will public sector organisations (e.g. schools) be liable for BRS

Q17: Can you change the 2p rate (the "BRS multiplier") being collected e.g. reduce it or even make higher?

Q18. How Will the BRS be collected?

Q19: Why can't London boroughs have their own BRS to finance local transport projects?

Q20: Isn't the BRS unfair on larger retailers as this sector has higher rateable values relative to turnover?

CROSSRAIL BENEFITS (Pages 17-20)

Q21: Why should businesses not along the route be required to contribute – we get all the pain but none of the gain

Q22. Who commissioned the Crossrail benefits study data?

Q23. Why did you see it necessary to produce these figures?

Q24. Surely some areas/businesses will benefit more than others as they are nearest the route?

Q25. Why are the benefits expected to be so big, especially given the current economic situation?

Q26. You are just helping businesses in the already wealthy areas like Westminster, Canary Wharf and the City and making ratepayers in other parts of London pay for a project which they won't benefit from?

Q27. Will the BRS continue after Crossrail is built?

Q28. I thought Crossrail would give a £36bn boost to GDP. Does your benefits study contradict this?

Q29. In terms of Crossrail's benefits, I note there is a difference between the TfL figure of 36bn and the DfT figure of 20bn. Why the difference?

Q30. Why do some boroughs not do as well as others?

CROSSRAIL PROJECT AND ITS COSTS (Pages 21-24)

Q31. What is Crossrail?

Q32. Why do we need Crossrail – isn't it a luxury we can't afford?

Q33: How confident are you about the costings for Crossrail and that it will come in on budget?

Q34: Why is GLA borrowing £3.5bn – why not more or less?

Q35: What happens if the current (or a future) government pulls the plug on Crossrail?

Q36. There are two numbers related to BRS being quoted as the GLA contribution to Crossrail - £4.1 and £3.5bn. What is the precise difference between the two?

Q37: What happens with any BRS generated during the construction phase over and above that required to fund the interest costs on the GLA's £3.5 billion of borrowing?

Q38: How have you changed your budget assumptions since the initial prospectus?

APPENDICES (Pages 25 to 29)

A
Illustrative Examples Of Potential Level of Crossrail BRS Payable By Different Categories Of Ratepayer in 2010-11 Under the GLA's Final Policies

B
Figure B1 Estimated No of Hereditaments Liable to the Crossrail BRS in 2010-11 and Proportion Liable by London Borough

Figure B2 Estimated Reduction in Number of Hereditaments Liable to the Crossrail BRS from Using £55,000 Rateable Value Threshold Rather Than £50,000

Figure B3 Estimated Crossrail BRS Income and Proportion of London Total For Each Borough in 2010-11

CROSSRAIL BUSINESS RATES SUPPLEMENT
QUESTION AND ANSWERS

KEY FACTS ABOUT THE BRS PROSPECTUS

Q1. What is the Crossrail Business Rates Supplement (the "Crossrail BRS")?
A. It is a supplement to business rates bills which will be used solely to finance £4.1 billion of the Greater London Authority's contribution towards the £15.9 billion Crossrail Project. It is a key element of the Crossrail funding package which was agreed with the Government in November 2007.

The GLA is intending that this will be levied at a rate of 2p (the BRS multiplier) on non-domestic properties in London with a rateable value of over £55,000 (i.e. £55,001 or more).

Less than one in five properties across London will be liable for the Crossrail BRS – falling to less than one in ten in several outer London boroughs.

The BRS is only one element of the Crossrail funding package. Overall TfL and the GLA will be contributing around £7.7 billion towards the project. In addition to the £4.1 billion financed by the BRS – £2.4 billion will be financed through borrowing being undertaken by TfL and around £300m will be collected from a levy on certain new office developments in central London. The balance will come from property sales and – subject to the Mayor agreeing this – a new Community Infrastructure levy. Details on the funding package are set out in section 5 of the final prospectus.

Q2. What is the Final Prospectus – and how does it differ from your initial proposals back in July?
A. Our final prospectus was published on Friday 29th January. It sets out our final policies for the Crossrail BRS.

A copy of the full prospectus can be accessed on the GLA website at: http://www.london.gov.uk/crossrail-brs/.

We published our initial prospectus proposals back in July 2009 – and invited responses on them from ratepayers, business representative bodies, London boroughs and other stakeholders.

We mailed out a summary of our proposals to over 40,000 ratepayers – those who we considered were likely to be liable to pay the BRS (or could be) either in 2010-11 or at some time in the future.

In preparing our final proposals we have had regard to these responses – as well as the impact of the 2010 rating revaluation. The majority of responses were from small and medium sized businesses expressing concerns about the potential impact of the BRS on them.

By raising the property valuation threshold at which the BRS applies to £55,000 (from the minimum possible level of £50,000) we have exempted an additional 4,000 or so properties from the BRS. The majority of the beneficiaries will be small and medium sized businesses across the capital.

Overall around 233,000 of the estimated 280,000 non domestic properties in London (i.e. more than 83%) will not be liable for any BRS next year because of the £55,000 rateable value threshold in place.

Q3. How can people contact the GLA if they have any questions about the BRS?

Further information on the Crossrail BRS can be obtained by contacting the following address

Greater London Authority
Finance Division (6th floor)
City Hall
The Queen's Walk
London SE1 2AA
Public Liaison Unit Tel: 020 7983 4100

Email: crossrail-brs@london.gov.uk

Or alternatively online at: www.london.gov.uk/crossrail-brs.

An electronic copy of the final prospectus can also be found at this link

Once bills are sent out by the end of March ratepayers should contact their local borough council in the first instance with any general billing inquiries. The 32 London boroughs and the Corporation of London are responsible for billing for and collecting the BRS on the GLA's behalf.

Further information on the Crossrail project itself can be found at: www.crossrail.co.uk.

HOW WILL THE BRS OPERATE AND WHAT MIGHT RATEPAYERS EXPECT TO PAY

Q4. What gives the Mayor the legal power to introduce the Crossrail BRS?

A. Powers were granted to the GLA to introduce the BRS under the Business Rate Supplements Act 2009 (the 'BRS Act') which received Royal Assent on 2 July 2009. The GLA will exercise these powers under the direction of the Mayor of London.

Q5. When Will the Crossrail BRS Start?

A. The GLA is intending to introduce the supplement from this April (2010).

Overall £4.1 billion of the Crossrail project cost will be financed using the BRS. This comprises two elements – £3.5 billion payable by the GLA financed by borrowing and a further £600m direct contribution (representing the amount by which the BRS collected in the first five years exceeds the interest and financing costs on the GLA's borrowing).

We need to introduce it this year because between April 2010 and March 2011 the GLA will be undertaking £800m of borrowing to fund the first tranche of its agreed contribution to Crossrail.

The GLA will incur interest costs on this borrowing in the first year which it will need to finance. It will also make an expected additional direct contribution towards the Crossrail construction costs of around £202m from the BRS income.

By 2014-15 the GLA expects to have borrowed the full £3.5 billion – and will use the BRS to fund the expected £210m annual interest costs it will incur on this loan. We expect to start repaying the loan after the end of the Crossrail construction works (expected to be 2019-20).

Q6. How Long Will the BRS Run for?

We estimate that the BRS is likely to run for a period of between 24-31 years with an expected end date of 2037-38. It will end once the debt the GLA will raise to finance its Crossrail contribution is paid off.

Q7. How Much Will a Ratepayer Pay through the BRS?

A. We have set the multiplier (or tax rate) for the BRS at 2p. This means that any property/hereditament with a rateable value above £55,000 will be liable for the BRS at a rate of 2p (or 2%) of its total rateable value.

For example a typical ratepayer occupying a property with a rateable value of £100,000 would pay a BRS contribution of £2,000 (i.e. its £100,000 rateable value x 2%) each year. We estimate that almost half of properties eligible to pay the supplement will be liable for a BRS of £2,500 or less each year (i.e. less than £50 per week).

Some classes of ratepayers could pay less than this or be exempt altogether where they qualify for reliefs under the NNDR system (national business rates).

For example eligible charities and amateur sports clubs will only be required to pay a maximum of 20 per cent of the charge (i.e. no more than 0.4p) and possibly less than that – because as is the case for NNDR they will receive at least 80% relief on their bills. Therefore a charity occupying a property with a rateable value of £100,000 would pay a maximum of £400 a year in BRS (or just under £8 per week). They could pay less if granted discretionary NNDR relief by their local borough council.

Ratepayers for certain types of empty properties (e.g. listed buildings or buildings empty for less than 3 months – or 6 months in the case of industrial properties) will also be exempt from the BRS as long as they retain these reliefs under National Non Domestic Rates. Empty properties owned by charities or amateur sports clubs would also be exempt from the BRS in line with the NNDR treatment.

Ratepayers rates bills for 2010-11 – which will be sent out by the 33 London billing authorities before the end of March 2010 – will make it clear what reliefs they are entitled to (in line with NNDR).

Further illustrative examples of the potential BRS bills payable by different types of ratepayers are set out at Appendix A.

Details on the new property valuations for each hereditament from April 2010 can be found at the following link – www.voa.gov.uk/2010. Ratepayers can also estimate their National Non Domestic rates liability (payable to central government via their local councIl) in 2010-11 at www.businesslink.gov.uk/estimatemyrates.

Q8. How Much Income Will the BRS Generate each year?

A. We estimate that around £219 million will be generated from applying a 2p rate on existing properties with a rateable value of over £55,000 based on the new 2010 rating list. This is after allowing for all automatic reliefs (e.g. at least 80% for charities), collection costs and an assumed loss of 5% due to non payment of bills and refunds where ratepayers successfully appeal against their new 2010 property valuations.

Ratepayers in the City of Westminster (£67m p.a.) are projected to contribute a higher contribution via the Crossrail BRS than those all 20 outer London boroughs combined (£60m p.a.) between 2010-11 and 2014-15. Westminster businesses are likely to be amongst the biggest beneficiaries from Crossrail given the location of three key stations in the borough (Bond Street, Paddington and Tottenham Court Road) – and the improved connections offered to the rest of London.

Around 70 per cent of the Crossrail BRS income in 2010-11 is expected to be contributed by ratepayers in boroughs with a station on the Crossrail route.

Of the projected Crossrail BRS income total for outer London almost 40 per cent is estimated to be contributed by ratepayers in Bexley, Ealing, Hillingdon, Newham and Redbridge – the five outer London boroughs whose residents are estimated to derive the greatest monetary benefits from the Crossrail project according to a study published for Crossrail Ltd in February 2009.

The expected total BRS contributions by ratepayers broken down by borough are set out Figure B3 in Appendix B. These figures are estimates – the final amounts payable by boroughs will be based on updated 2010 list data which will be used for billing. Rates bills for 2010-11 should be received before the end of March 2010.

Q9. How many businesses will be affected?

A: Just under 17 per cent of non domestic hereditaments across London (around 46,500) are estimated to be liable to pay the Crossrail BRS (before reliefs) in 2010-11. This ranges from 35 per cent in Westminster, 30 per cent in Kensington & Chelsea and 28 per cent in the City of London to less than 10 per cent in nine boroughs (Barnet, Bexley, Hackney, Haringey, Harrow, Lewisham, Redbridge, Sutton and Waltham Forest)

The number of hereditaments estimated to be liable to pay the Crossrail BRS (before reliefs) ranges from over 11,700 in Westminster to less than 450 in Harrow, Lewisham, Sutton and Waltham Forest

Detailed projections by borough (based on the current ratings list) showing the number of properties we expect will be liable for the BRS by borough are set out in Figure B1 in Appendix B. These figures are estimates – the final numbers liable will be based on updated 2010 list data which will be used for billing by the end of March 2010.

Q10. Who will be paying the BRS and how does this relate to the location of the Crossrail route?

A. Small businesses in outer London will not have to pay the BRS due to the £55,000 property valuation threshold. The Government's main threshold for determining what is a small business in London for business rates purposes is that the company operates from a single property with a rateable value of less than £25,500.

We recognise, however, that some small businesses in central London could be liable to pay the BRS and we have been sensitive to the impact of this. That is why we have raised the rateable value threshold to £55,000 to target relief at small and medium sized businesses in particular.

The change will also benefit schools and other not for profit organsiations. In Barking and Dagenham, for example, almost one quarter of the properties benefiting from the higher threshold (i.e. being made exempt from the BRS) are primary schools, nurseries and children's centres.

Large businesses occupying properties with rateable values of £1m or more - which account for less than 2 per cent of London's property base – are likely to contribute almost 40 per cent of total BRS taxtake each year.

Ratepayers in the City of London, Tower Hamlets (Canary Wharf) and Westminster – where the majority of the jobs created by Crossrail will be located following the opening of the link - will contribute around half the total BRS income in London annually. Ratepayers in three out of four London boroughs will contribute less than £5m in total based on the provisional 2010 ratings list.

Seventy per cent of the BRS contributions will be paid by ratepayers in boroughs which have a station on the Crossrail route – despite the fact that the same boroughs contain less than one third of London's population.

Q11. How have you addressed the impact of the rises in rateable values in London following the 2010 rating revaluation?

A. We have considered the impact of the increases in rateable values which will occur from April 2010 (based on revised rental values as at 1 April 2008) due to the implementation of the five yearly business rates revaluation. Following an analysis of the automatic NNDR reliefs data provided by boroughs (e.g. for charities and certain empty properties eligible for relief on the BRS) we estimate that the tax take from the BRS from applying a 2p rate and the statutory minimum £50,000 rateable value threshold would have been around £10m higher than our assumptions in the initial prospectus. Around half of that is being use to finance the cost of raising the property valuation threshold to £55,000 – the remainder being used as a potential hedge against higher interest costs being incurred over the next few years and other contingencies.

Detailed projections by borough (based on the current ratings list) showing the number of properties we estimate will be made exempt from the BRS as a result of raising the threshold to £55,000 are set out in Figure B2 in Appendix B. These figures are estimates – the final numbers will be based on updated 2010 list data which will be used for billing (by the end of March 2010).

The new valuations are expected to lead to London's business ratepayers paying over £1 billion a year to central government to subsidise local services in the rest of England by 2015 - £560m more than the current annual subsidy. By contrast all of the income from the Crossrail BRS will be invested in the delivery of a project in London which will benefit London's businesses directly.

The Mayor has called on the government to look at the impact of the revaluation on business rates bills and reconsider their planned transitional scheme which will phase in the impact. He believes the Government should review the operation of the whole business rates system, to assess how it could be more responsive to the sort of extreme market conditions that have been experienced in commercial property over the last 21 months since the April 2008 date for the new valuation.

In particular he has asked the government to increase the thresholds for small business rate relief by a higher percentage in London than elsewhere to reflect the proportionately greater rises being faced by ratepayers in parts of London (particularly in Westminster, Camden and Kensington & Chelsea where the rateable values of some properties have risen by 100% and more). This change would benefit small businesses across London who have been hardest hit by the revaluation and will therefore face steep rises in their national rates bills over the next 3-4 years. Small businesses outside central London will generally be exempt from the BRS due to the £55,000 threshold.

OTHER QUESTIONS ON HOW THE BRS WILL WORK AND AFFECT RATEPAYERS

Q12. Will Ratepayers Have to Pay BRS on Empty Properties?

A. Yes – but those empty properties eligible for empty property relief under NNDR will be exempt (e.g. empty properties owned by charities as well as certain listed buildings).

The GLA has decided not to exempt empty properties as a class from the Crossrail BRS for the following reasons:

- Unlike NNDR income, the Crossrail BRS is financing a long term infrastructure project which is not due for completion until 2017-18 rather than the day to day running of local authority services (which companies consume daily as a fact of being in business). As the benefits are derived in the long term there is a much stronger argument for not exempting empty properties from the Crossrail BRS
- Crossrail is more likely to benefit landlords (in terms of higher rental values and occupancy rates) than tenants – and it is landlords who are liable for the most part to pay empty property rates
- Newly empty properties will receive an automatic exemption for the first 3 or (for industrial properties) 6 months as will listed buildings and those owned by charities and amateur sports club. So a significant proportion of empty properties – in many cases those owned by the not for profit sector - will not be liable for the Crossrail BRS.
- There is a strong case – on the grounds of administrative efficiency, understandability and consistency – for applying the same policies to the Crossrail BRS as exist under NNDR for empty properties given that both charges will be raised and collected in parallel.

Empty properties not eligible for empty property relief will therefore be liable for the full 2p BRS multiplier in 2010-11 and beyond where these have a rateable value exceeding the £55,000 threshold. The BRS multiplier applying to empty properties (if applicable) will be designated by the GLA as the ‘empty property BRS multiplier’. Therefore the empty property BRS multiplier for 2010-11 and - subject to relevant NNDR legislation not changing and any variations made under section 10 of this prospectus – for 2011-12 to 2014-15 will be 2p.

The Mayor will continue to push the government to restore the 50% relief which all empty properties received on their rates bills prior to April 2008. This would allow the Mayor to apply a lower rate to empty properties (e.g. 1p) if they were included in the BRS.

In any case - as applies under National Business Rates (NNDR) – no property which has been empty for less than three months (or six months in the case of industrial properties) will be liable to the BRS. Eligible charities, amateur sports clubs and companies in administration will not be liable to pay BRS for any empty properties they own or have rights to occupy. Listed buildings which are empty will also generally be exempt.

Q13: Will businesses in Business Improvement Districts (BIDs) pay a lower rate than 2p or have their BID levy offset against their BRS liability?

A: No – in the interests of consistency and fairness to all ratepayers in London – we do not intend to levy a lower rate for ratepayers contributing to a BID or apply an offset for all or part of their BID levies against the BRS.

A BID is an area where the majority of business ratepayers have voted to pay for additional services through their rates. The additional levy is usually 1 – 2p in the £ of rateable value for up to five years with most BIDS applying some form of threshold to exempt small businesses from the levy. London has over 20 BIDs in operation or development ranging from large bids in revenue raising terms operating in Oxford Street & Regent Street (the New West End Company) and the West End (Heart of London) to smaller ones operating in outer London industrial estates. Several London BIDs have a Crossrail station located within their boundaries or very close by (e.g. the Ilford, Ealing, New West End Company, Heart of London and Paddington BIDS).

The GLA does not intend to exercise its powers under section 16 of the BRS Act to offset levies paid by ratepayers to BIDs (either via BID or BRS-BID levies on landlords) against their Crossrail BRS liability. The key reasons for this as follows:

- BIDs contribute towards local projects, such as street cleaning, security, and public realm improvements. These are items of expenditure unrelated to Crossrail and it would be mistaken to offset contributions for one against the other;

- This would create a strong incentive to establish BIDs for the purpose of reducing liability to the Crossrail BRS because any offset could not be restricted to existing BIDS in place at 1 April 2010;

- There are many voluntary business associations, not formally set up as BIDs, that would not be permitted under legislation to receive relief against their Crossrail BRS liability if a section 16 offset were applied;

- the majority of those BID areas where ratepayers are expected to make the largest Crossrail BRS contributions are located in central London or in outer London town centres. Several contain proposed Crossrail stations within their boundaries. These areas are also most likely to be located close to the tube, DLR, tramlink national rail and the overground network and therefore benefit disproportionately from any investment in the wider public transport infrastructure network in the capital:

- finally there is the wider argument on the grounds of fairness and consistency. In the GLA's view all ratepayers liable to the Crossrail BRS should be treated consistently and uniformly across London in relation to the operation of the Crossrail BRS subject to any relief treatments granted under national rates legislation. It would be difficult for the GLA to justify to a ratepayer in London some distance from the Crossrail route why a BID levypayer located in the immediate locality of a Crossrail station should pay a lower rate effectively for the Crossrail BRS.

The Mayor welcomes Schedule II to the BRS Act which allows property owners in BID areas to contribute formally to Business Improvement Districts from April 2010. If utilised this could allow BID levies to be reduced for local business tenants who are subject to a Crossrail BRS levy. The GLA will work with boroughs and the business community to ensure that wider business rates burdens do not impact on the viability of existing and future BIDs in the capital.

The Mayor is committed to supporting London's BIDs and will announce measures during 2010 to provide more co-ordinated support to them.

Q14: How can you still want to introduce this additional charge for companies during the economic downturn? Will you consider delaying its introduction because of the economic downturn?

A: it is important to remember the BRS will only affect ratepayers occupying properties or rating assessments with a rateable value over £55,000. More than 80% of properties will not be liable for the BRS at all in 2010-11.

The Mayor has published his economic recovery plan setting out the actions that the GLA Group is taking to assist London's business and Londoners through the downturn and to prepare for the upturn, of which Crossrail is a crucial element. The Mayor considers that Crossrail's strategic importance overrides any objections that he may have to placing additional burdens on business and that the BRS should apply from April 2010.

Q15: Does the GLA have hold a ballot of business rate payers before introducing the BRS?

A: No. Having regard to his powers under section 27 of the BRS the Mayor is not required to hold a ballot provided the Crossrail BRS commences before 1 April 2011. In order to provide certainty for the project and avoid delays to the construction works the Mayor does not intend to hold a ballot.

However, even had the ballot exemption not applied to the Crossrail BRS no ballot would have been required because we estimate the BRS will fund only 21 per cent of the project costs (applying the methodology set out in the Treasury's guidance on calculating these numbers). In the rest of England ballots are not mandatory where a BRS will fund less than one third of the costs under the BRS Act.

The key reasons why the Mayor considered that there should not be a ballot are:

- Crossrail was first envisaged almost forty years ago and has been subject to extensive debate and discussion since the project was resurrected in its current form. The funding package agreed in November 2007 was endorsed at the time by the majority of the major business representative bodies in the capital;
- The Crossrail project has already commenced and works are already advanced at both the proposed Canary Wharf and Tottenham Court Road Crossrail stations;
- The Crossrail project is jointly sponsored by the DfT and TfL acting on the direction of the Mayor. It is therefore a major infrastructure project of significance to both the national and the London economy;
- The Crossrail project enjoys widespread support from the main political parties, London boroughs and the major business representative bodies in the capital. Without the income from the Crossrail BRS – which will finance over 20 per cent of the total costs – the project would be unable to proceed as agreed;
- The provisions of section 27 of the BRS Act relating to the ballot exemption for the GLA received cross party support in both the Commons and the House of Lords;
- Based on the ballot test set out in section 7 of the BRS Act and having regard to the associated government guidance and regulations the supplement will finance less than one third of the costs of the Crossrail project. So even if there were no exemption provisions in section 27 the Mayor would not have been required to hold a ballot before introducing the Crossrail BRS;
- Any ballot could have created delays and uncertainty in relation to the financing and delivery of the project. This could have placed the delivery of the entire project at risk within the agreed funding package and timetables.

Q16: Will public sector organisations and schools be liable for the BRS?

A: Central government, London boroughs, the GLA group (including Transport for London), the NHS, the Metropolitan Police and the London Fire Brigade, and state schools will be liable for BRS at the full 2p rate for all properties they occupy over the £55,000 threshold on the local rating lists of the 33 boroughs. These organisations also pay national business rates – so this is not unusual.

The GLA, for example, will contribute almost £100,000 through the BRS each year to Southwark Council for City Hall.

Independent schools which are registered charities are likely to receive at least 80% relief on their BRS contributions.

Q17: Can you change the rate collected e.g. reduce it or even make higher?

A: The BRS Act makes no provision for the Mayor to increase the amount he can charge above the 2p limit, but he could reduce it, say to 1p, in any year if he considered there was flexibility to do so having regard to the impact on the Crossrail funding package.

Alternatively he could opt to raise the £55,000 threshold at any time or apply a taper system where different ratings bands above the threshold could pay different rates up to 2p.

However, based on current estimates levying a rate below 2p or raising the threshold above £55,000 could mean there would be a gap in the Crossrail finances during the construction phase and lengthen the period over which the BRS would be required. Any variations each year will be notified through the annual billing process where these are consistent with the contents of the final prospectus. Certain other variations may require the Mayor to issue a revised prospectus if that are in contravention of the proposals in the final prospectus.

Q18. How Will the BRS be collected?
A. Business rates (National Non Domestic Rates or NNDR) are collected and enforced by the 32 London Boroughs and the City of London Corporation on behalf of central government. As the NNDR 'billing authorities' in London they will also be responsible for collecting the Crossrail Business Rate Supplement on behalf of the Greater London Authority.

The Crossrail Business Rate Supplement (BRS) will be included on the same bill as normal national business rates and will be subject to the same payment dates and enforcement arrangements (as apply locally in each billing authority).

Q19: Why can't London boroughs have their own BRS to finance local transport projects?

A: The government decided that because of the nature of the projects BRS is intending to finance and because the business taxbase varies widely between boroughs that the levying power should rest with the GLA only in London:

- Granting the boroughs the power to impose a BRS on top of that of the GLA's would either risk allowing the burden on businesses to become excessive (two rates could add up to 4p in the £) or it would jeopardise Crossrail's funding (if the limit were retained at 2p in the pound, the implication would be that boroughs could divert funds from Crossrail).
- Westminster City Council and the City of London Corporation who would generate most income from any BRS levied by boroughs – will benefit substantially from Crossrail. Both councils are strong supporters of the project
- Crossrail is an economic development project that will benefit the whole capital; it uniquely justifies the BRS-raising power across London. In contrast to a most likely borough schemes, there is a reasonable fit between the distribution of business premises over £50,000 rateable value in London and Crossrail's route.
- The Mayor believes that there are other mechanisms, such as Business Improvement Districts and the current Local Authority Business Growth Incentive Scheme (through which boroughs have collectively secured over £100m in the last three years), to support more local economic development initiatives.

Q20. Isn't the BRS unfair on larger retailers as this sector has higher rateable values relative to turnover?

A: Only larger business properties in London would be liable for the BRS i.e. those with rateable values over £55,000. These are mainly, though not exclusively, in the key business districts of the capital including the West End, City, Docklands and Heathrow, areas (as well as major retail centres on the route such as Ealing Broadway, Ilford, Stratford and Romford) which will benefit heavily from Crossrail. Furthermore, retailers will not be required to pay the proposed Section 106 levy in central London and Canary Wharf. The benefits of Crossrail will also flow to all of London through the jobs and investment created as well as enabling the Capital to remain a leading world city and financial centre. The retail and supermarket sector will benefit from the increased purchasing power this will bring to Londoners.

OTHER QUESTIONS

CROSSRAIL BENEFITS

Q21: Why should businesses not along the route be required to contribute – we get all the pain but none of the gain
A: Every London borough is projected to benefit by at least £14m per annum by 2026 (at 2008 prices) in terms of jobs created and improved transport times for their residents. This finding comes from the Crossrail benefits paper issued by CRL in February 2009. Indeed one quarter of boroughs will benefit by over £50m per annum. Even boroughs located furthest geographically from the route such as Barnet (£31m) and Bromley (£29m) are projected to benefit significantly.

Overall the wider economic benefits (i.e. job creation) by 2026 are expected to be around at least three times higher annually than the BRS contribution, and the total benefits (new jobs and transport benefits) around six times higher (at 2008 prices). The expected benefits by borough are set out below:

Estimated Annual Economic and Transport Benefits from Crossrail for Londoners by Borough of Residency (Year 2026 at 2008 prices)

Borough rank	Borough	Total Annual Transport & Earnings (£ million)
1	Newham	99.8
2	Greenwich	84.5
3	Camden	64.0
4	Lambeth	61.0
5	Hillingdon	58.5
6	Southwark	58.4
7	Bexley	58.3
8	Ealing	56.9
9	Tower Hamlets	51.8
10	Redbridge	48.9
11	Westminster	47.6
12	Havering	43.3
13	Islington	40.9
14	Kensington & Chelsea	35.2
15	Lewisham	34.7
16	Haringey	32.6
17	Brent	31.5
18	Barnet	30.5
19	Croydon	29.5
20	Bromley	28.6
21	Enfield	27.5
22	Hounslow	26.6
23	Hackney	26.1
24	Wandsworth	25.8
25	Hammersmith & Fulham	23.3
26	Richmond upon Thames	21.0
27	Kingston upon Thames	18.3
28	Barking and Dagenham	16.7
29	Harrow	16.2
30	Waltham Forest	15.4
31	Merton	14.3
32	Sutton	13.6
33	City of London	4.7
	Total	1,245.8

NB Benefits and earnings are distributed according to where beneficiaries live, which is why the City of London receives a low value, due to its small resident population. In practice a significant number of the new jobs created will be within the City's boundaries.
Source Crossrail Distribution of Benefits Paper, CRL February 2009

All boroughs will therefore see benefits, through job creation, greater distribution of wealth and the easing of congestion on the existing Tube and rail network.

Q22. Who commissioned the Crossrail benefits study data?
A. The Mayor on behalf of Crossrail.

Q23. Why did you see it necessary to produce these figures?
A. Crossrail is a project for the whole of London and we wanted to demonstrate how these benefits would be translated across the capital. The study demonstrates that all boroughs will benefit from Crossrail's construction not just those on the line of route. Many of those boroughs furthest from the route such as Barnet, Croydon and Bromley are expected to see benefits to residents worth around £30m a year (by 2026).

Q24. Surely some areas/businesses will benefit more than others from Crossrail as they are nearest the route?
A. Crossrail is not just about direct transport benefits. Boroughs across the capital will benefit indirectly through the jobs created in London's business centres which will lead to a distribution of wealth to their within their own area. These additional jobs in the major employment centres can only be supported because of this major transport infrastructure.

It is therefore right that ratepayers across London contribute towards the cost of the route. Around 70% of the BRS will, however, be generated from ratepayers in boroughs with a station on the route – so those immediately closest to a Crossrail station will, on average, be paying the most BRS contributions. Around half the BRS will be generated from Westminster, the City of London and Tower Hamlets (Canary Wharf) – those areas which are likely to see the most immediate benefits from a business perspective from the rail link.

Q25. Why are the benefits expected to be so big, especially given the current economic situation?

A. Crossrail will take many years to construct with the first services operating in 2017. The Buchanan study looked at the economic benefits of Crossrail in 2026 – nearly ten years after Crossrail will open.

In the current economic climate a project the size of Crossrail with such massive potential for regeneration is crucial to the future prosperity of the capital. It has the potential to act as a catalyst for regeneration across the whole of the city. By delivering a major improvement in the quality of London's transport network it will:

- Bring three key components of Central London together by providing new links between the Isle of Dogs, City and West End.
- Provide new links to Heathrow and the Thames Gateway that will promote regeneration and benefit businesses in the capital.

These improvements will have huge consequences for levels of employment, GDP and household earnings across the whole of London. There is expected to be a major increase in well paid jobs in the centre of the city and these earnings will be spent all over the capital. Although many boroughs will not be directly served by Crossrail the scale of the scheme means benefits such as reduced congestion on highways and public transport, as well as spending from productivity gains, will be felt in every borough.

Q26. You are just helping businesses in the already wealthy areas like Westminster, Canary Wharf and the City and making ratepayers in other parts of London pay for a project which they won't benefit from?
A. Crossrail goes through some of the most deprived areas in the country including Newham, Greenwich, Ealing, south Ilford and Tower Hamlets. The project will act as a catalyst for regeneration and will create many thousands of jobs - many of which will go to local people.

Q27. Will the BRS continue after Crossrail is built?
A. It is envisaged that the BRS will be levied for around 24-31 years – with an expected end date of 2037-38. It will therefore continue for an estimated 20 years after the line is expected to open.

Q28. I thought Crossrail would give a £36bn boost to GDP. Does this study contradict this?

A. No. The Buchanan study published in February 2009 (see www.crossrail.co.uk) focuses on the Transport and Wider Economic Benefits for a single year – 2026 – whereas the Crossrail Business Case assesses the project over a 60 year time period.

Q29. In terms of Crossrail's benefits, I note there is a difference between the TfL figure of 36bn and the Dept for Transport (DfT) figure of 20bn. Why the difference?

A. Crossrail is a project of national significance designed to enable economic growth through better access to employment.

The DfT's assessment in 2005 was that Crossrail would generate a total increase in GDP of at least £20bn (2002 prices). This was a valuation arrived at using traditional transport economic benefits and reflected Government guidance at the time.

In 2007, Crossrail, GLA and TfL further developed the methodology used in 2005 and looked at the benefits of Crossrail from a wider perspective and noted that Crossrail would create economic benefit of £36bn.

What is common to these assessments is that Crossrail is a major creator of economic wealth for London and the UK.

Q30. Why do some boroughs not do as well as others?

A. All boroughs will see benefits, through job creation, greater distribution of wealth and the easing of congestion on the existing Tube and rail network.

Many of those boroughs furthest from the route such as Barnet, Croydon and Bromley are expected to see benefits to residents worth around £30m a year (by 2026).

CROSSRAIL PROJECT AND ITS COSTS

Q31. What is Crossrail?

A. Crossrail is a new railway that will run from Maidenhead and Heathrow in the west to Shenfield and Abbey Wood in the east. It will provide a new, modern railway across London connecting the outer suburbs to the City, Canary Wharf and the West End as well as linking the capital's major financial, business, shopping and entertainment districts directly with Heathrow Airport.

In summary Crossrail will:

- increase rail capacity in London by ten per cent and alleviate pressure on rail, tube, Docklands Light Railway (DLR) and London Overground services;
- bring new journey opportunities and connections with multiple interchanges with key tube, DLR, London Overground and national rail routes at Liverpool Street, Paddington, Stratford, Woolwich, Tottenham Court Road, Bond Street, Whitechapel, Farringdon, Custom House, Ealing Broadway, and Canary Wharf;
- connect Heathrow, the West End, the City and Canary Wharf on a single transport link;
- cut journey times and help reduce road congestion; and
- deliver up to 14,000 jobs at the height of the construction phase from 2013 to 2015.

Q32. Why do we need Crossrail – isn't it a luxury we can't afford?

London's population is projected to grow by over one million over the next two decades. Thirty-one per cent of London's workforce is currently concentrated in just two per cent of its geographical area, i.e. the central activities zone covering the City, Canary Wharf and the West End, which are home to high value jobs in financial and business services.

Demand for public transport into and within central London is nearing capacity, with increasing overcrowding on Network Rail services and on London Underground and DLR routes towards central London (i.e. the West End and the City) and Canary Wharf. Employment growth envisaged in the London Plan will further increase demand, with employment in the West End, the City and Canary Wharf alone projected to grow by about 415,000 by 2026.

The result is likely to be a 40 per cent increase in demand for peak hour public transport by 2025, particularly on radial routes into central London.

Crossrail is essential to maintaining London's place as a major world city in which to conduct business.

Q33: How confident are you about the costings for Crossrail and that it will come in on budget?

A: Both TfL and DfT have designed the project and the funding package to mitigate against cost overruns and ensure that appropriate decisions are made early to ensure that the project stays within budget. The project costs and risks have also been reviewed independently, providing a strong confidence level that the project will keep within budget. However, should there be a cost overrun, the agreements between DfT and TfL outline a number of remedies to ensure that the project remains on track and within budget. This is good governance and sensible project management.

While no-one can predict every single situation, event or possibility and then detail what would be the most appropriate action at that time, what the agreements and package do provide is strong and robust oversight and delivery mechanisms that will bring us a vital new railway. This should provide comfort and confidence to the London taxpayers, passengers and businesses and the country at large.

The estimated construction costs of Crossrail are £15.9 billion. This is what is known as a P95 estimate which means that there is 95 per cent certainty that the costs of the project will be £15.9 billion or less. So they is only a very small 5 per cent chance the costs would be higher.

Q34: Why is GLA borrowing £3.5bn – why not more or less?
This figure represents the Mayor's agreed contribution to the Crossrail project and is the sum deemed necessary allowing for risks and contingencies to finance the expected £15.9bn costs.

Q35: What happens if the government pulls the plug on Crossrail due to the state of the public finances?

All three main political parties (as well as the Green party members of the London Assembly) are publicly committed to Crossrail as they recognise that the long term benefits to the UK economy from Crossrail (estimated at between £20bn - £36 bn in GDP at current prices) more than offset the short term costs.

Clearly, whatever the outcome of the 2010 general election, the incoming government will want to ensure that the project delivers value for money and is built within budget. The GLA and Transport for London will work closely with the Department for Transport and Crossrail Limited to ensure we achieve maximum value for money and keep costs to a minimum.

Crossrail was abandoned in 1994 during the last recession due in part to the state of the public finances – that is widely recognised now to have been a mistake given the growth in passenger numbers in London in the last 15 years.

By May 2010 over £1 billion will have been spent on the Crossrail construction works – and related preparatory activities. Indeed work has already begun on building the new Crossrail stations at Canary Wharf and Tottenham Court Road. So there would be a sunk cost from calling off the project now.

In the unlikely event that the Crossrail project was abandoned by the government the Mayor and Transport for London would be released from providing further funding. Both sides would co-operate to implement an orderly cessation of the Crossrail project. This would include, if appropriate, reimbursement to ratepayers of any residual unapplied BRS income which will not be required for use on the project.

Q36. There are two numbers related to BRS being quoted as the GLA contribution to Crossrail - £4.1 and £3.5bn. What is the precise difference between the two?

The £3.5 billion figure is the amount the GLA finance by its own borrowing. The Crossrail BRS will finance the interest payments on this and (we anticipate) from 2019-20 be used to repay this loan. The loan will be taken out over 5 years – starting with £800m in 2010-11 - the full profile agreed with Government is set out in the prospectus. We estimate - at present - that the loan will be repaid (and the Crossrail BRS end) in 2037-38.

In addition £600m of the BRS income in the first 5-6 years will be paid directly to TfL to finance the construction costs. This equates to the expected amount by which the BRS income in the first few years exceeds the interest costs on the GLA's £3.5 billion of borrowing.

The two elements combined together make the total BRS financed contribution of £4.1 billion.

Q37: What happens with any BRS generated during the construction phase over and above that required to fund the interest costs on the GLA's £3.5 billion of borrowing?

A: This income will be directly applied to fund the Crossrail construction costs. The current estimate is that there may be an additional amount of approximately £600 million during construction which will be paid to TfL to fund the construction costs i.e. this £600m added to the £3.5 billion of GLA borrowing represents the £4.1 billion GLA contribution quoted in the final prospectus. Any additional sum generated (if secured) over and above the £600m could potentially be used to replay the GLA's debt earlier and therefore shorten the lifetime of the BRS levy or be used to reduce the BRS multiplier (or apply other variations to the BRS). It would be for the Mayor to take a view on this after the project is completed in 2018.

Q38: How have you changed your budget assumptions since the initial prospectus?

The GLA has revised downwards its expected financing costs on the £800m of borrowing it will undertake in 2010-11 from £24m to £12m in light of changed interest rate expectations and the timing of its drawdown. This means that the Crossrail BRS will need to generate at least £214m in 2010-11 to meet the revised contribution profile (including the £202m direct contribution estimated by TfL in its Business Plan). This will increase to £224m in 2011-12 (with the estimated financing costs on the GLA borrowing rising to £57m and the direct contribution declining to £168m), fall slightly to £220m in 2012-13 and then remain broadly constant in 2013-14 and 2014-15 (see Appendix A of the final prospectus).

The revised direct contribution profile will allow a greater proportion of the Crossrail BRS income collected after 2015-16 to be directed towards the financing of the £3.5 billion of borrowing – and after 2019-20 - the repayment of the principal on this loan.

Appendix A

Illustrative Examples Of Potential Level of Crossrail BRS Payable By Different Categories Of Ratepayer in 2010-11 Under the GLA's Final Policies

A company occupies premises with a rateable value of £50,000

- No Crossrail BRS would be payable for this property because its rateable value is below the £55,000 threshold.

A company which is not entitled to any reliefs under NNDR occupies premises with a rateable value of £150,000.

- The company would be liable to pay Crossrail BRS annually of £3,000 (£150,000 RV x 2% i.e. applying the 2p multiplier).

A registered charity (or community amateur sports club) occupies all of a property with a rateable value of £150,000 and receives 90% relief on its NNDR bill (80 % mandatory relief and a further 10% discretionary relief awarded by its local borough council).

- The charity would pay Crossrail BRS annually of £300 (£150,000 RV x 2% i.e. the BRS 2p multiplier x 10% i.e. due to it being granted 90 % relief under NNDR).

A non profit making body - which is not eligible for automatic relief as a charity or sports club but is granted discretionary relief of 50 % of its NNDR bill by its local borough council - occupies premises with a rateable value of £150,000.

- The non profit making body would be required to pay Crossrail BRS annually of £1,500 allowing for the 50 % relief on their bill to which they are entitled under NNDR (£150,000 RV x 2% i.e. the 2p BRS multiplier x 50% i.e. due to it being granted 50 % relief under NNDR).

A registered charity or community amateur sports club owns a property (or has rights to occupy a property) which is empty.

- No Crossrail BRS would be payable because charities and community amateur sports clubs will not be liable to the Crossrail BRS on empty properties they own or have rights to occupy, in line with the system for NNDR.

A company which is in administration owns a property (or has rights to occupy a property) which is empty and this position is expected to remain so.

- No Crossrail BRS would be payable because companies in administration will not be liable for the supplement on properties which they own or have rights to occupy which are empty under current NNDR regulations.

A company owns an industrial property with a rateable value of £100,000 and a non industrial property with a rateable value of £200,000. Both these properties will become empty on 1 April 2010 and are likely to remain empty until at least 31 March 2011.

Because empty properties will not be exempt from the Crossrail BRS as a class:

- No Crossrail BRS would be payable on the industrial property until 1 October 2010 as it would be automatically entitled to empty property relief under NNDR for the first six months. Thereafter the company would be liable to an annual Crossrail BRS bill for this property of £2,000 (£100,000 RV x 2% i.e. 2p) but would only be liable for £1,000 in 2010-11 (pro rata for the period 1 October 2010 to 31 March 2011).
- No Crossrail BRS would be payable on the non industrial property until 1 July 2010 as it is automatically entitled to full relief under NNDR for the first three months it is empty. Thereafter the company would be liable to an annual Crossrail BRS bill of £4,000 (£200,000 RV x 2% i.e. 2p) but would only be liable for £3,000 in 2010-11 (pro rata for the period 1 July 2010 to 31 March 2011).

A ratepayer occupies 50% of the area of non industrial property with a total rateable value of £100,000 and owns or is entitled to occupy the other 50% (i.e. the currently empty part) and has made a successful application for section 44a relief. The rateable value of the empty part is therefore £50,000 and the occupied part also £50,000. The empty part became empty on 1 April 2010 and is expected to remain so until at least 31 March 2011. The ratepayer is not a charity or amateur sports club and the hereditament is not a listed building (i.e. the ratepayer is not eligible for empty property relief).

Because empty properties will not be exempt from the Crossrail BRS as a class:

- The total Crossrail BRS liability on this property will be £1,500 in 2010-11. For the first three months (April to June 2010) when the empty part is eligible for empty property relief in line with the NNDR system no Crossrail BRS would be payable on the property as the occupied part has a rateable value below £55,000. For the remaining nine months (July 2010 to March 2011) the ratepayer is liable for Crossrail BRS on a pro rata basis of £1,500 (i.e. 2p x £100,000 x 9/12) because rate relief on the empty part has ceased.

Appendix B

Figure B1 Estimated No of Hereditaments Liable to the Crossrail BRS and Proportion Liable by London Borough – Final Prospectus Proposals (Properties With Rateable Value Over £55,000 - Draft 2010 rating list)

Borough	Estimated No of Hereditaments With Rateable Values Above £55k	Estimated No hereditaments liable to BRS as percentage of London Total	Estimated Proportion of Hereditaments in Borough Projected Liable to BRS
INNER LONDON			
City of London	4,329	9.3%	28.2%
Camden	3,639	7.8%	23.0%
Greenwich	539	1.2%	10.7%
Hackney	744	1.6%	7.9%
Hammersmith and Fulham	1,465	3.2%	18.0%
Islington	1,690	3.6%	15.8%
Kensington and Chelsea	2,350	5.1%	29.5%
Lambeth	850	1.8%	10.3%
Lewisham	338	0.7%	5.6%
Southwark	1,453	3.1%	14.0%
Tower Hamlets	1,542	3.3%	11.2%
Wandsworth	938	2.0%	10.1%
Westminster	11,729	25.2%	35.4%
OUTER LONDON			
Barking and Dagenham	466	1.0%	11.3%
Barnet	782	1.7%	9.9%
Bexley	512	1.1%	9.9%
Brent	828	1.8%	10.6%
Bromley	780	1.7%	11.0%
Croydon	991	2.1%	11.7%
Ealing	1,303	2.8%	14.3%
Enfield	792	1.7%	11.6%
Haringey	545	1.2%	7.8%
Harrow	441	0.9%	8.8%
Havering	620	1.3%	11.2%
Hillingdon	1,335	2.9%	17.8%
Hounslow	1,231	2.6%	19.1%
Kingston upon Thames	719	1.5%	15.7%
Merton	811	1.7%	15.1%
Newham	722	1.6%	10.5%
Redbridge	466	1.0%	7.7%
Richmond upon Thames	683	1.5%	12.1%
Sutton	404	0.9%	9.8%
Waltham Forest	431	0.9%	6.5%
LONDON TOTAL	46,468	100.0%	16.6%
INNER LONDON TOTAL	31,606	68.0%	20.6%
OUTER LONDON TOTAL	14,862	32.0%	11.7%

Figure B2 Estimated Reduction in Number of Hereditaments Liable to the Crossrail BRS from Using £55,000 Rateable Value Threshold Rather Than £50,000
(Draft 2010 rating list for both thresholds)

Borough	Estimated No of Hereditaments With Rateable Values Above £50k (statutory minimum)	Estimated No of Hereditaments Liable to BRS Above £55k (Final policy)	Reduction in No of Hereditaments Liable to BRS	% Change in No of Hereditaments Liable to BRS
INNER LONDON				
City of London	4,545	4,329	-216	-4.8%
Camden	3,938	3,639	-299	-7.6%
Greenwich	592	539	-53	-9.0%
Hackney	831	744	-87	-10.5%
Hammersmith and Fulham	1,580	1,465	-115	-7.3%
Islington	1,871	1,690	-181	-9.7%
Kensington and Chelsea	2,560	2,350	-210	-8.2%
Lambeth	927	850	-77	-8.3%
Lewisham	393	338	-55	-14.0%
Southwark	1,604	1,453	-151	-9.4%
Tower Hamlets	1,677	1,542	-135	-8.1%
Wandsworth	1,063	938	-125	-11.8%
Westminster	12,490	11,729	-761	-6.1%
OUTER LONDON				
Barking and Dagenham	513	466	-47	-9.2%
Barnet	884	782	-102	-11.5%
Bexley	556	512	-44	-7.9%
Brent	913	828	-85	-9.3%
Bromley	847	780	-67	-7.9%
Croydon	1,070	991	-79	-7.4%
Ealing	1,422	1,303	-119	-8.4%
Enfield	875	792	-83	-9.5%
Haringey	648	545	-103	-15.9%
Harrow	486	441	-45	-9.3%
Havering	677	620	-57	-8.4%
Hillingdon	1,425	1,335	-90	-6.3%
Hounslow	1,360	1,231	-129	-9.5%
Kingston upon Thames	784	719	-65	-8.3%
Merton	880	811	-69	-7.8%
Newham	782	722	-60	-7.7%
Redbridge	519	466	-53	-10.2%
Richmond upon Thames	757	683	-74	-9.8%
Sutton	454	404	-50	-11.0%
Waltham Forest	483	431	-52	-10.8%
LONDON TOTAL	50,406	46,468	-3,938	-7.8%
INNER LONDON TOTAL	34,071	31,606	-2,465	-7.2%
OUTER LONDON TOTAL	16,335	14,862	-1,473	-9.0%

Figure B3 Estimated Crossrail BRS Income and Proportion of London Total For Each Borough in 2010-11 (Excluding Billing Authority Collection Costs)

Borough	Estimated Net BRS tax take in 2010-11 £m	Income as % of London total
INNER LONDON		
City of London	26.5	12.0%
Camden	16.5	7.5%
Greenwich	1.8	0.8%
Hackney	2.1	1.0%
Hammersmith and Fulham	6.2	2.8%
Islington	5.7	2.6%
Kensington and Chelsea	9.8	4.4%
Lambeth	3.6	1.6%
Lewisham	1.2	0.5%
Southwark	6.5	3.0%
Tower Hamlets	11.6	5.2%
Wandsworth	2.8	1.3%
Westminster	66.6	30.1%
OUTER LONDON		
Barking and Dagenham	1.9	0.8%
Barnet	3.1	1.4%
Bexley	2.0	0.9%
Brent	3.0	1.3%
Bromley	2.4	1.1%
Croydon	3.6	1.6%
Ealing	4.2	1.9%
Enfield	3.1	1.4%
Haringey	1.5	0.7%
Harrow	1.3	0.6%
Havering	2.3	1.1%
Hillingdon	12.4	5.6%
Hounslow	5.1	2.3%
Kingston upon Thames	2.6	1.2%
Merton	2.4	1.1%
Newham	2.9	1.3%
Redbridge	1.3	0.6%
Richmond upon Thames	2.4	1.1%
Sutton	1.5	0.7%
Waltham Forest	1.3	0.6%
LONDON TOTAL	221.0	100.0%
INNER LONDON TOTAL	160.8	72.8%
OUTER LONDON TOTAL	60.1	27.2%
INCOME FROM BOROUGHS WITH CROSSRAIL STATION	153.5	69.5%

Note: This data does not adjust for billing authority collection and set up costs which are estimated to be around £2.5m in 2010-11. The net London-wide amount payable to the GLA is estimated to be £219m (£218.5m rounded upwards) after adjusting for these costs.