

# **Final Draft consolidated budget 2011-12: Explanation of proposals**

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Copies of this report are available on request. However, for environmental reasons, we have decided not to distribute widely a bound version of the report.

If you have access to the Internet, we would recommend that you visit the Budget and Strategic Plan section at <http://www.london.gov.uk/who-runs-london/greater-london-authority> to obtain an electronic copy of the report. If you do wish to print it, please use recycled paper.

## **Mayor's foreword**

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Superseded by the Mayor's Background Statement

## Section 1 – Introduction and overview

### Consolidated Budget Requirement

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

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

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

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

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

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

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

### Amount to be raised from Council Taxpayers

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

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

- 1.12 Raising this income from Council Taxpayers does not require any increase in a band D Council Tax of **£309.82** for the London boroughs. It requires a band D Council Tax of **£81.87** in the area of the Common Council of the City of London.

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- 1.13 **Section 9** provides a more detailed analysis of the extent to which Government grants fund the budget requirements and the amount of Council Tax to be raised.

### **2012 Olympic and Paralympic Games**

- 1.14 The Band D amount for the financial contribution to support the cost of the 2012 Games remains at £20. Further information on the GLA Group contributions to the Games and creating long-lasting wider economic benefits across London and for its diverse communities is provided in **Appendix E**.

### **Further information**

- 1.15 The main section of this consultation paper concludes with a summary of the draft capital spending plan for each of the five organisations. **Appendices A to G** provide more explanatory information on the year-on-year budget changes and **Appendix H** lists the remaining key dates in the budget process. A new **Appendix I** sets out the material changes in text since the publication of the Consultation Document. Please note that figures in the Figures and Tables throughout the document may not sum exactly due to rounding.
- 1.16 There are also more detailed public documents relating to the budget proposals, including those that have been the subject of individual scrutiny and discussion by the functional bodies. These are available on the GLA's and functional bodies' websites. For further information on these documents, or generally, please contact:

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## Section 2 – Greater London Authority: Mayor of London

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- 2.1 The Greater London Authority (GLA) sets the strategic direction for London as a whole. The GLA's four functional bodies are its principal delivery arms – Transport for London (TfL), the London Development Agency (LDA), the Metropolitan Police Authority (MPA; overseeing the work of the Metropolitan Police Service - MPS) and the London Fire and Emergency Planning Authority (LFEPA).
- 2.2 The GLA also works with partner organisations – the London boroughs, Whitehall agencies and a range of other organisations from the private, public and voluntary sectors – to deliver the Mayor's vision to make London the best big city in the world.
- 2.3 The Government announced as part of the Final Local government Finance Settlement on 31 January 2011 that the GLA General Grant for 2011-12 had been provisionally set at £55.0m. Since the draft consolidated budget was issued the Department for Communities and Local Government (CLG) has confirmed that the GLA grant will be increased by a further £8.4m to £63.4m in order to finance the transfer of pan-London rough sleeping funds, services and commissioning responsibilities from that department to the GLA. The final GLA general grant represents a reduction of £1.7m or 3.4 per cent from that for 2010-11 on a like for like basis. The Settlement did not include any grant figures for future years beyond 2011-12. In addition the GLA has also been awarded an additional £11.0 m in specific grants compared to 2010-11 (excluding any revenues for which it is eligible from the council tax freeze specific grant) as set out in paragraph 2.13 since the draft consolidated budget was issued. The GLA budget for 2011-12 will be affected by the expected reduction in Government funding for the LDA. The proposals set out below seek to mitigate the anticipated impact of the LDA's Government settlement. More information on the LDA's budget proposals is set out in section 7 of this Document.
- 2.4 The GLA also works with partner organisations – the London boroughs, Whitehall agencies and a range of other organisations from the private, public and voluntary sectors – to deliver the Mayor's vision to make London the best big city in the world.

### Key deliverables

- 2.5 The key deliverables for the GLA in 2011-12 include:
- Delivering a programme of large-scale events to promote London as the world's leading capital of culture in the run up to and during the Olympic and Paralympic games;
  - Implementing projects ensuring a safe, successful, and engaging Olympic and Paralympic Games;
  - Securing a sustained increase in participation in sport and physical activity amongst Londoners, including by the end of 2012 making available / improving 50 sporting facilities, and enhancing the skills of approximately 3,000 people involved in sport and sport-related leisure;

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- Delivering a programme of activities and events to engage with London's diverse communities, including support for youth opportunities, community cohesion and civic engagement;
- Managing and enhancing London's transport, including progressing Crossrail, and encouraging more cycling;
- Improving air quality, working towards a 60 per cent fall in CO<sub>2</sub> emissions by 2025, and preparing London to mitigate against the impacts of climate change;
- Increasing reuse and recycling, and reducing waste, by changing people's attitudes and behaviours;
- Delivering the London Housing Strategy and the Mayor's target of 50,000 affordable homes by the end of 2012;
- Improving community safety in public areas;
- Tackling the root causes of teenage violence by improving opportunities for young people to succeed through the Time for Action on Youth Crime programme;
- Enhancing the quality and cleanliness of London's public realm, including planting 10,000 street trees and improving 11 rundown parks;
- Working with the Government and others to improve the governance and delivery of services to Londoners by implementing the Mayor's devolution proposals;
- Publishing the replacement London Plan and Planning Frameworks for Opportunity Areas and Areas of Intensification, to meet London Plan targets for jobs and homes;
- Preparing for and organising the 2012 GLA elections; and
- Providing transparent Government by making data accessible, widening digital engagement and building London's capability in using new digital media.

### Budget requirement

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

## Section 2 – Greater London Authority: Mayor of London

- 2.7 Excluding the contributions to the Olympic Funding Agreement, Elections, Crossrail capital financing costs, the Museum of London and other functional changes, the decrease in net revenue expenditure for 2011-12 relative to the equivalent figure for 2010-11 is 5.4 per cent.

### Explanation of budget changes

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

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

### Inflation

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

### Savings and efficiencies

- 2.10 Building on the £3.7m of savings achieved in the 2010-11 Budget, new additional savings of £5.9m are being proposed for 2011-12. Table 2 in Appendix A provides further details of these savings and efficiencies. The proposals have been compiled in such a way so as to ensure that they do not adversely impact on equalities considerations.

### New initiatives and service improvements

- 2.11 Tables 3 and 4 in Appendix A provide a detailed breakdown of the £46.2m for new initiatives and service improvement for 2011-12. In addition to increased expenditure on Elections in 2011-12, the main reason for this item is to reflect the Government's intention to fold the LDA's functions into the GLA and the impact of additional expenditure financed by new specific grants.

## Section 2 – Greater London Authority: Mayor of London

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### Government funding

- 2.12 There are several changes in Government funding for the GLA in 2011-12 which are shown in Table 5 in Appendix A. Firstly, the GLA is projected to receive a specific grant of £23.2m in each of the next four financial years as a reward for freezing the Council Tax precept although this may vary marginally each year depending on the movement in the London wide council taxbase. Secondly, the Government has opted to provide the London Waste and Recycling Board's grant of £9.5m via the GLA General Grant rather than directly to the London Waste and Recycling Board (LWARB). A further £8.45m has been provided via the GLA General Grant in order to finance the transfer of pan-London rough sleeping funds, services and commissioning responsibilities from CLG to the GLA from April 2011. No information is yet available on the level of resources provided for the rough sleeping element for 2012-13, but the Government has indicated that the level of funding provided through the GLA General Grant for LWARB will decline to £1.5m.
- 2.13 In addition the GLA has also been awarded an additional £11.0 m in specific grants compared to 2010-11 (excluding the £23.2m council tax freeze grant) since the publication of the draft budget. The Home Office has allocated a Community Safety Grant of £10.6m to the GLA in 2011-12 - which will reduce to £5.4m in 2012-13 when it will be paid to the new Mayor's Office for Policing and Crime. In 2010-11 the predecessor grant streams which make up this new grant had been paid to London boroughs. An additional £0.4m has also been provided as a specific grant in respect of the management and delivery of the Seaside and Country Homes Scheme ('the housingmoves service') which will transfer to GLA from April 2011 – this is transitional funding which will be provided for up to two years. The net effect of these five funding changes (three new specific grants and two uplifts to the GLA General Grant) – in isolation – is to increase the GLA's gross expenditure by £52m in 2011-12.

## Section 2 – Greater London Authority: Mayor of London

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

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

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

## Section 2 – Greater London Authority: Mayor of London

### GLA Contribution to the Funding of Crossrail

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

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

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

### Other major items of expenditure

- 2.20 The second most significant single area of expenditure by the GLA apart from Crossrail remains that for the financial agreement to support the 2012 Olympic and Paralympic Games (£60.3m in 2011-12) to be raised through a Council Tax precept of £20 a year for a Band D household. The amount collected via the £20 precept has increased by £0.7m compared to 2010-11 due to the buoyancy in the London Council Taxbase.

## Section 2 – Greater London Authority: Mayor of London

- 2.21 The budget estimates also include the contribution to the Museum of London (£7.7m in 2011-12): this reflects the Mayor's role of co-sponsor along with the Corporation of London. This excludes £1.6m of capital funding – financed by GLA borrowing – is provided to the Museum as set out in the capital spending plan in section 10. The Museum's total grant from the GLA for 2011-12 will therefore be £9.3m (revenue and capital combined).

### Reserves

- 2.22 The expected movements in reserves are:

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

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

## Section 3 – Greater London Authority: London Assembly

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

### Role of the Assembly

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

### Key deliverables

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

### Budget requirement

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



## Section 3 – Greater London Authority: London Assembly

### Explanation of budget changes

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

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

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

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

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

### Inflation

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

### Savings and efficiencies

3.8 The budget incorporates cashable efficiency savings of £0.6m in 2011-12. The proposals have been compiled in such a way so as to ensure that they do not adversely impact on equalities considerations.

## **Section 3 – Greater London Authority: London Assembly**

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

### **Reserves**

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

## **Section 4 – Metropolitan Police Authority**

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- 4.1 The primary role of the Metropolitan Police Service (MPS) is to cut crime and the fear of crime in London. Further, in its national and international duties, to keep the Queen's peace, it has to ensure that the service is 'Here for London'. The Commissioner of the MPS has outlined a vision of a Balanced Policing Model with four strategic outcomes: Public Safety; Confidence in Policing; Value for Money; and Delivering a Safe and Secure Olympics. Met Forward is the strategic document which sets out the priorities the Mayor expects to MPS to fulfil. The Metropolitan Police Authority (MPA) scrutinises and supports the work of the Metropolitan Police Service and is a functional body of the GLA.
- 4.2 To achieve these four strategic outcomes service delivery is being re-engineered to place Londoners at the heart of the MPS's operational processes. At the same time everything is being done to maintain its operational capacity, deliver efficient and effective services at lowest cost and make the most productive use of operational assets.

### **Outcome of Comprehensive Spending Review**

- 4.3 The Comprehensive Spending Review confirmed that the Government intended to implement a 20 per cent real terms reduction (or 12 per cent in cash terms) in the grant funding provided to police authorities in England and Wales by 2014-15 compared with the 2010-11 base position (after adjusting for the in year cuts to Home Office specific grants made in 2010-11 which included a £35.4m reduction for the MPA). Overall this would reduce police funding nationally from £9.7 billion to £8.5 billion including those elements funded by CLG (formula grant) and the Home Office (police and specific grants).
- 4.4 On 13 December the Government announced the provisional local government finance settlement and the Home Office police grant allocations for individual authorities. The final general grant allocations were announced on 31 January 2011 and are unchanged from the provisional figures. The Local Government Finance and Police Grant Reports for 2011-12 were approved by Parliament on 9 February. The MPA's final general grant allocation (police and formula grant) for 2011-12 is £2,025.5m representing a reduction compared to 2010-11 of £110m (5.1 per cent) on a like for like basis. In cash terms the general grant is £2m lower than in 2010-11 but this is before taking into account transfers of specific grant into formula grant. The Home Office Counter-Terrorism and Dedicated Security Post grant allocations have now been broadly confirmed by the Home Office and the final draft budget reflects the latest intelligence on these.

## Section 4 – Metropolitan Police Authority

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### Key Deliverables

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

#### Confidence and Satisfaction

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

#### Anti-Violence Strategy

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

#### Terrorism and Violent Extremism

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

## Section 4 – Metropolitan Police Authority

### Delivering a Safe and Secure London 2012 Games

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

More details of the MPA's spending on the 2012 Games are set out at Appendix E.

### Budget requirement

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

### Explanation of budget changes

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

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

## Section 4 – Metropolitan Police Authority

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

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

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

### Inflation

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

## Section 4 – Metropolitan Police Authority

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### **Net growth/savings in existing services and programmes**

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

### **New initiatives and service improvements**

- 4.11 The new initiatives and service improvements add £71.3m to expenditure in 2011-12.

### **Savings and efficiencies**

- 4.12 The budget includes cashable savings and efficiencies totalling £163.0m in 2011-12. These are set out at Table 2 in Appendix B.

### **Financing changes relating to specific grants**

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

### **Transfer from Reserves**

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

### **Savings to be identified**

- 4.15 Since the Consultation Budget was issued the MPA have been presented with modified budget proposals which reduces the savings to be identified to £11.9m, after allowing for the additional £30m contribution to the MPA financed from the precept which was set out in the Consultation Budget. The Mayor is proposing that this gap be eliminated by the application of the entire £8m of the projected net surplus in the collection funds of 32 London Boroughs and the City of London as at 31 March 2011 and an additional £4m representing part of the additional buoyancy in the London wide Council Taxbase data provided by these billing authorities compared to the assumptions made in the Consultation Budget. This means that the total additional resources allocated by the Mayor through the precept to the MPA will now increase by £41.9m compared to the equivalent figure in 2010-11. However, the £8m contribution for Collection Fund surplus is one-off in 2011-12 only.

## Section 4 – Metropolitan Police Authority

### Officer numbers

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

### Reserves

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

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

Notes:

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



## Section 5 – London Fire and Emergency Planning Authority

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

## Section 5 – London Fire and Emergency Planning Authority

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

### Key Deliverables

- 5.9 LFEPA's headline targets have two components. The first is the level of reduction that can reasonably be achieved by maintaining the current focus with the resources it has. The second is a 'stretch target'. The stretch targets are more challenging and are likely to require substantial changes to the way LFEPA delivers its services, but will further improve the safety of London and Londoners if they can be achieved. The headline targets LFEPA is proposing to set for the period 2011-12 to 2013-14 are as follows:
- reduce fires in the home by 2 per cent (without stretch) and by 6 per cent (with stretch);
  - reduce fires in non-domestic buildings by 10 per cent (without stretch) and by 19 per cent (with stretch);
  - deliver 230,000 home fire safety visits, targeting those most at risk (so that by 2012-13 LFEPA will have completed over 395,000 home fire safety visits in total);
  - reduce fires of rubbish (with deliberate or unknown motive) by 38 per cent (without stretch) and by 43 per cent (with stretch);
  - reduce false alarms from automatic fire alarm systems by 10 per cent (without stretch) and by 22 per cent (with stretch); and
  - reduce shut in lift incidents attended by 14 per cent (without stretch) and by 23 per cent (with stretch).

## Section 5 – London Fire and Emergency Planning Authority

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- 5.10 The fourth London Safety Plan is based on six strategic aims set out below.
- **Prevention** - engaging with London's communities to inform and educate people in how to reduce the risk of fires and other emergencies. The objectives are:
    - To reduce fires and the impact they have; and
    - To target people most at risk.
  - **Protection** - to influence and regulate the built environment to protect people, property and the environment from harm. The objectives are:
    - To regulate buildings and other places to protect people from fire; and
    - To influence planners, designers and decision makers to improve safety for Londoners.
  - **Response** - planning and preparing for emergencies that may happen and making high quality, effective and resilient responses to them. The objectives are:
    - To improve and deliver plans, developed with partners to address identified risks; and
    - To use resources in a flexible and efficient way arriving at incidents as quickly as possible.
  - **Resources** - managing risk by using resources flexibly and efficiently and continuously improving the way public money is used. The objectives are:
    - To minimise costs and provide value for money for Londoners, working with others; and
    - To manage performance and continuously improve service delivery.
  - **People** - working together to deliver high quality services and to create a safe and positive environment for everyone. The objectives are:
    - To develop a positive and healthy culture with strong and effective leadership;
    - To embed ownership, responsibility and accountability at all levels of the organisation; and
    - To make sure staff have the right knowledge and skills to do their jobs.
  - **Principles** - operating in accordance with values and ensuring that safety, sustainability, partnership and diversity run through all activities. The objectives are:
    - To work with others to keep people in London safe;
    - To increase the diversity of the workforce to ensure high quality services across London;
    - To continue to act in a more sustainable way; and
    - To continuously review working practices in order to keep the workforce safe.

## Section 5 – London Fire and Emergency Planning Authority

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

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

### Budget requirement

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

### Explanation of budget changes

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

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

## Section 5 – London Fire and Emergency Planning Authority

- 5.14 The table below compares income and expenditure by service area between 2010-11 and 2011-12.

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

### **Inflation**

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

### **Committed savings in existing services and programmes**

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

### **Increases in service levels and new initiatives**

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

### **Savings and efficiencies**

- 5.18 The budget includes savings and efficiencies of £10.9m in 2011-12, which represents 2 per cent of net revenue expenditure. These are set out in Table 3 in Appendix C in more detail and include significant back office savings and efficiencies that will help ensure that the front line service is maintained and improved to drive down further deaths and injuries from fire.

## Section 5 – London Fire and Emergency Planning Authority

### Operational officer numbers

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

### Reserves

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

- 5.22 The table below shows LFEPA's estimated balances.

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

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

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

### **Meeting the challenges of TfL's new funding settlement**

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

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

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

### Key deliverables

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

### London Underground (LU) and Tube Lines

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

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



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

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

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

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

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

### London Rail

#### London Overground

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

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

### **DLR**

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

### **Tramlink**

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

### **Crossrail**

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

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

### **Surface Transport**

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

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

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### Managing the road network

- **Asset management:**
  - On the TfL road network, the capital renewals programme will continue with the replacement of carriageway, footway and lighting units;
  - The traffic signals modernisation programme will carry on ensuring traffic signals are kept in a state of good repair;
  - The systems relocation programme will deliver full disaster recovery and resilience to TfL's frontline Urban Traffic Control and CCTV street management systems prior to the 2012 Games;
  - TfL is implementing a programme of safety improvements for its 13 road tunnels and is undertaking a major refurbishment of the Blackwall Tunnel (northbound), which is due to be completed in 2012; and
  - In developing the road network, TfL will complete safety and environmental improvements on the A406 at Bounds Green, scheduled for completion by May 2012. The Hanger Lane bridge replacement on the A406 is due for completion in summer 2011.
  
- **Traffic operations:** TfL is delivering the Mayor's smoothing traffic flow agenda to improve reliability through a range of traffic signal and network management initiatives on the TfL road network.
  
- **Roadworks management:** Working closely with the DfT, TfL will develop a proposal for lane rental by summer 2011. This would require utility companies to pay 'rent' for every day they are working on a street, rather than a one-off charge.

### The cycling revolution

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

### Making Walking Count

- **Walking trips:** Through 'Making Walking Count', TfL will make London an easier city to travel around by foot. It is working to increase the overall mode share through a variety of measures including physical improvements, enhanced information and smarter travel programmes.
  
- **Legible London:** is a map-based pedestrian information system that provides high quality and consistent information to help more people navigate the Capital on foot. It is now operational in central London and will be rolled out across the four host Olympic boroughs and a further five boroughs in 2012.

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### Improving safety and security

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

### Urban realm and accessibility

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

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

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

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

### London 2012 Olympic and Paralympic Games

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

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

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### **Ticketing and customer information:**

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

### **Working with London boroughs and other partners:**

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

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

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

## Section 6 – Transport for London

### Budget Requirement

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

### Explanation of budget changes

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

### Inflation

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

### Fees, charges and ticket/trading revenues

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

### 6.11 Increase in PPP/ PFI payments

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

### Net operational increases and decreases

- 6.12 Planned increases and decreases in operational expenditure are detailed at Table 2 in Appendix D.

### Savings and efficiencies

- 6.13 TfL's 2009 Business Plan has set a target to deliver more than £5bn in savings and efficiencies to 2017-18. Approximately £763m of these are projected to be realised in 2011-12.

## Section 6 – Transport for London

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- 6.14 TfL's comprehensive savings programme comprise hundreds of initiatives, ranging from small scale local savings projects to high value contract renegotiation and organisational change programmes, such as the Metronet integration. These include significant reductions in all back office costs including accommodation, information management and support functions such as Human Resources and Finance as well as in the number of temporary staff and consultants employed. TfL is also consolidating customer service activities and delivering commercial savings including from the re-tender of the Congestion Charging and Oyster ticketing arrangements.
- 6.15 Planned savings and efficiencies are set out in more detail in at table 3 in Appendix D. TfL's savings target will be updated in the revised Business Plan, to be published in Spring 2011.

### **Capital Projects**

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

### **Debt Servicing, Contingency and Other Items**

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

### **Funding and Working Capital**

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

## Section 6 – Transport for London

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

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

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

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



## Section 6 – Transport for London

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

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

### Grant funding

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

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

## Section 6 – Transport for London

### Reserves

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

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

## Section 7 – London Development Agency

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

## Section 7 – London Development Agency

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- To attract the investment in infrastructure and regeneration which London needs, to maximise the benefits from this investment and in particular from the opportunity created by the 2012 Olympic and Paralympic Games and their legacy (**Regeneration, Olympics and Sports**).
- 7.7 In the period covered by the budget there is a heavy emphasis on the successful delivery of the Olympic Games and in particular ensuring that the unprecedented physical and socio-economic opportunities for the Capital, in terms of regeneration, tourism, sport, employment and business are captured and maximised, to leave a lasting positive difference for London and Londoners. The LDA continues to work to ensure that London remains a leading global city for visitors, investors, businesses and students, particularly in the face of increasing global competition from established competitor cities.
- 7.8 The Mayor is committed to continuous strengthening of engagement and relationship with partners including the private sector, local authorities and sub-regional partnerships, other public sector, and third sector organisations, and the London Assembly. Given the common ambitions to tackle some of the capital's most deep-rooted challenges, to boost enterprise and deliver successful regeneration and a transition to the low carbon economy, it is crucial that these bodies continue to work together to minimise duplication and maximise the impact of interventions.
- 7.9 The proposed investment themes represent the result of an extensive amount of prioritisation and re-balancing to ensure that the LDA continue to deliver the best outcomes possible for London. In addition to the settlement to be received from Government, the Agency will aim to maximise leverage from European funds and other partners as well as land receipts.

### **Key deliverables and objectives**

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

#### **A. International Promotion**

The LDA will:

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

## Section 7 – London Development Agency

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- Maximise the opportunity created by London 2012, to sell London's proposition via the world's media, who will be present in London during the Games.

### **B. Business Support**

The LDA will:

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

### **C. Climate Change**

The LDA will:

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

### **D. Sustained Employment**

The LDA will continue to:

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

### **E. Regeneration**

The LDA will:

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

### **F. Olympics**

The LDA will:

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

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

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

## Section 7 – London Development Agency

7.11 A summary of expenditure by theme is as follows;

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

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

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

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

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

## Section 7 – London Development Agency

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

### Reserves

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

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



## **Section 8 – GLA Group: future years**

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

### **Legislation**

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

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

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

## Section 8 – GLA Group: future years

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

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

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

#### **Metropolitan Police Authority**

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

## Section 8 – GLA Group: future years

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

### **London Fire and Emergency Planning Authority**

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

## **Section 8 – GLA Group: future years**

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### **GLA General Grant and LDA Settlement**

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

### **Local government Resource Review**

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

### **Transport for London**

- 8.12 TfL is the only functional body which has been awarded a four year settlement through to 2014-15. The draft consolidated budget sets out, at a high level, the measures that TfL has adopted in response to the 20 October Spending Review. TfL has since been undertaking a detailed, bottom-up planning process, in order to finalise and embed the savings measures in budgets across the organisation. TfL intends to publish a revised Budget and Business Plan, covering the duration of its Spending Review settlement to 2014-15, once it has been approved by the TfL Board (which is expected to consider it on 30 March 2011). Irrespective of the outcome of the Local Government Resource Review, TfL is expected to continue to receive its grant funding directly from the Department for Transport as the business rates taxbase in London is insufficient to finance the GLA Transport Grant assuming these funds continue to be applied – as at present – to support London boroughs, the GLA, the MPA and LFEPA.

## **Section 8 – GLA Group: future years**

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### **Future years' budget plans**

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

## Section 9 – Consolidated budget requirement and funding

### Consolidated budget requirement

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

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

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

### General Government funding

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

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

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

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

## Section 9 – Consolidated budget requirement and funding

### Council Tax for police services

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

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

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

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

### Council Tax for other services

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

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

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

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

### Funding analysis by body

9.8 There are two sets of Council Tax calculations because the Metropolitan Police District does not include the City of London. Although the statutory arrangements only require a distinction to be made between police and other services, a summary of spending, funding and the resultant Council Tax attributable to each body is provided in **Appendix G**.

## Section 10 – Capital spending plan

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- 10.1 The Mayor is required, under section 122 of the GLA Act 1999, each financial year to prepare a capital spending plan for the GLA's four functional bodies: the Metropolitan Police Authority (MPA), the London Fire and Emergency Planning Authority (LFEPA), Transport for London (TfL) and the London Development Agency (LDA).
- 10.2 The statutory procedure 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. Before finally determining the plan, the Mayor considers any comments submitted and makes such revisions as he sees fit, having had regard to the responses made. The plan has to be sent to the Secretary of State (CLG) before 28 February and copies sent to the Assembly and the functional bodies.
- 10.3 The GLA's capital spending plan is not required to be included in the statutory calculation as set out in paragraph 10.5 below, but is included within this section for information. The format of the capital spending plan and its contents are specified by section 122 of the GLA Act. The plan is to be in four sections, which the Act describes in some detail. They 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 how the capital spending is funded i.e. how much the Mayor expects the body to meet out of capital grants, capital receipts, borrowing and revenue.
- 10.4 As part of the capital spending plan, the Mayor also sets out borrowing proposals under the Prudential Code, as required by the Local government Act 2003.



## Section 10 – Capital spending plan

10.5 The statutory draft capital spending plan is set out in the table below.

### Draft Statutory Capital Spending Plan 2011-12

Section		MPA £m	LFEPA £m	TfL £m	LDA £m
<b>A</b>	Total external capital grants	47.1	0.4	941.0	98.8
	Opening balance of capital receipts	7.3	0.0	0.0	68.0
	Total capital receipts during the year	40.0	3.1	141.0	144.0
	<b>Total external capital grants/receipts</b>	<b>94.4</b>	<b>3.5</b>	<b>1,082.0</b>	<b>310.8</b>
<b>B</b>	Minimum s.120(1) grant	0.0	0.0	0.0	0.0
	Total borrowings during the year	68.0	7.1	425.0	0.0
	Total borrowings in the form of credit arrangements entered into or varied	0.0	0.0	0.0	0.0
	<b>Total borrowings and credit arrangements</b>	<b>68.0</b>	<b>7.1</b>	<b>425.0</b>	<b>0.0</b>
<b>C</b>	Total capital expenditure anticipated during the year	177.2	12.7	2,822.0	317.3
	Total credit arrangements anticipated during the year	0.0	0.0	0.0	0.0
	<b>Total capital spending for the year</b>	<b>177.2</b>	<b>12.7</b>	<b>2,822.0</b>	<b>317.3</b>
<b>D</b>	Funding: capital grants	47.1	0.4	941.0	98.8
	Funding: capital receipts/reserves	43.1	3.1	141.0	212.0
	Funding: borrowings and credit arrangements	68.0	7.1	425.0	6.5
	Funding: revenue contributions (including Crossrail) and overprogramming	19.0	2.1	1,315.0	0.0
	<b>Total funding</b>	<b>177.2</b>	<b>12.7</b>	<b>2,822.0</b>	<b>317.3</b>

The GLA's strategy is to coordinate treasury management activities within the Group and in particular to identify opportunities for efficient or risk-reducing use of cash from the whole Group perspective. As such, the GLA may either make loans to, or broker loans between, other members of the GLA Group and/or facilitate on lending of external borrowing to fund capital activities. Where such transactions occur, the lending organisation will incur additional capital spend equal to the principal loaned and on repayment, additional capital receipts. Such loans would be structured in a manner to be neutral to the lenders' budget and are excluded from this presentation since they do not reflect genuine additional capital expenditure or receipts from a Group perspective.

## Section 10 – Capital spending plan

### Greater London Authority

- 10.6 Set out below is a summary of the GLA's draft capital plan 2011-14. Section 2 described the GLA's proposals for prudential borrowing and work on bond issuance which are reflected in this part of the plan.

GLA draft capital plan	2011-12 £m	2012-13 £m	2013-14 £m
<b>City Hall</b>			
City Hall – lease related	0.1	-	0.3
– non-lease related	0.1	0.1	0.3
<b>Total City Hall</b>	<b>0.2</b>	<b>0.1</b>	<b>0.6</b>
<b>ICT Infrastructure</b>			
PC Base Units	0.1	0.1	0.2
Monitors	0.1	-	-
Printers	0.1	0.1	0.1
Servers/File Storage/Uninterrupted Power Supply)	0.3	0.3	0.4
MS Software Licenses	-	0.4	-
Laptops	-	0.1	0.1
<b>Total ICT Infrastructure</b>	<b>0.5</b>	<b>0.9</b>	<b>0.7</b>
<b>ICT Development</b>			
Technology Group – Development Budget	0.1	0.1	0.2
Website Development	0.1	0.1	0.1
<b>Total ICT Development</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>
<b>Capital Grant to Museum of London</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>
<b>Priority Parks &amp; Street Trees Programme</b>	<b>1.8</b>	-	-
<b>Contributions to Crossrail (Borrowing and Direct Contribution)</b>	<b>868.0</b>	<b>819.0</b>	<b>875.0</b>
<b>A Sporting Future for London</b>	<b>3.0</b>	-	-
<b>Total Capital Expenditure</b>	<b>875.3</b>	<b>821.8</b>	<b>878.2</b>
<b>Funding:</b>			
Revenue – Core GLA	0.2	0.2	0.2
Prudential Borrowing (Crossrail)	700.0	700.0	800.0
Prudential Borrowing (Museum of London)	1.6	1.6	1.6
Business Rate Supplement (Revenue contribution)	168.0	119.0	75.0
Accommodation, Asset Replacement and Adaptation Reserve	0.7	1.0	1.3
Capital receipts	-	-	-
External funding	4.8	-	-
<b>Total funding</b>	<b>875.3</b>	<b>821.8</b>	<b>878.2</b>

## Section 10 – Capital spending plan

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

<b>Capital financing costs</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Minimum revenue provision and external interest	57.0	101.0	144.0
<b>Total financing costs</b>	<b>57.0</b>	<b>101.0</b>	<b>144.0</b>

### Metropolitan Police Authority

10.8 The MPA's capital spending plan 2011-12 – 2013-14 reflects the approved MPA Capital Strategy which focuses on the:

- Need to meet statutory requirements, or those resulting from a public enquiry;
- Compliance with health and safety enforcement notices;
- Essential replacement or upgrade of core infrastructure upon which other elements of the investment programme depend;
- Impact on delivery of strategic objectives;
- Continuation or completion of projects where significant investment is already committed or where there is already a contractual commitment;
- Delivery of significant capital or revenue savings; and
- Delivery of business benefits with particular emphasis on performance improvement.

10.9 The Strategy is supported by individual property, information technology and transport strategic plans, as well as developed asset management programmes.

10.10 For 2011-12 the draft capital spending plan totals £212.6m, with an over-programming limit of £35.4m – equivalent to 20 per cent of funding. For 2012-13 the proposed programme is £161.5m with an over-programming limit of £26.9m and for 2013-14 the proposed programme is £128.4m but with no over programming. The figures for both years will be subject to review by the MPA and therefore may change before the Mayor agrees the final capital spending plan at the end of February 2011.

## Section 10 – Capital spending plan

<b>MPA draft capital plan Provisioning Department</b>	<b>Proposed Budget 2011-12 £m</b>	<b>Proposed Budget 2012-13 £m</b>	<b>Proposed Budget 2013-14 £m</b>
Directorate of Information	94.1	42.5	58.5
Property Services	102.2	98.9	55.2
Transport Services	16.0	19.3	14.4
Miscellaneous Equipment from Ad Hoc Providers	0.3	0.8	0.3
<b>Grand Total</b>	<b>212.6</b>	<b>161.5</b>	<b>128.4</b>
Less 20% overprogramming	-35.4	-26.9	0.0
<b>Revised Total (inc. overprogramming)</b>	<b>177.2</b>	<b>134.6</b>	<b>128.4</b>
<b>Funding:</b>			
Capital receipts	40.0	40.0	40.0
Prudential Borrowing	68.0	58.0	58.0
Capital reserves	3.1	0.0	0.0
Capital grants & other contributions	47.1	35.2	30.4
Revenue contributions	19.0	1.4	0.0
<b>Total funding</b>	<b>177.2</b>	<b>134.6</b>	<b>128.4</b>

10.11 The financing costs in the Service Analysis table relate to notional payments on capital expenditure as shown in the table below.

<b>Capital financing costs</b>	<b>2011-12 £m</b>	<b>2012-13 £m</b>	<b>2013-14 £m</b>
Minimum revenue provision & external interest	38.7	48.7	55.9
<b>Total financing costs</b>	<b>38.7</b>	<b>48.7</b>	<b>55.9</b>

## Section 10 – Capital spending plan

### London Fire and Emergency Planning Authority

- 10.12 The Authority's capital programme has been developed to support achievement of its overall objective of making London a safer city. Overall, the proposed capital expenditure for the Authority in 2011-12 amounts to £12.7m.

<b>LFEPA draft capital plan</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
IT projects	0.4	-	-
Community fire safety	0.1	-	-
New Respiratory Protection Equipment	0.4	-	-
Resilience projects	0.7	-	-
Refurbishment of fire stations	2.8	1.5	2.6
Extensions of fire stations	0.9	0.1	1.1
New/Replacement fire stations	0.5	4.0	1.7
London Safety Plan	3.0	0.2	-
Other property projects	1.0	1.1	1.7
Sustainability projects	1.6	1.6	0.6
Minor improvements programme	1.0	1.0	1.0
Other	0.4	0.4	0.4
<b>Total projects</b>	<b>12.7</b>	<b>9.9</b>	<b>9.2</b>
<b>Funding:</b>			
Capital receipts	3.1	-	-
Borrowing	7.1	7.7	7.1
Capital grants	0.4	-	-
Other funding (to be confirmed)	2.2	2.2	2.1
<b>Total funding</b>	<b>12.7</b>	<b>9.9</b>	<b>9.2</b>

- 10.13 The financing costs in the Service Analysis table relate to minimum revenue provision and interest payments on capital expenditure as shown in the table below.

<b>Capital financing costs</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Minimum revenue provision & external interest	11.8	12.0	12.3
<b>Total financing costs</b>	<b>11.8</b>	<b>12.0</b>	<b>12.3</b>

Note: the updated capital financing figures above exclude those for the unitary payment on the AssetCo vehicle contract.

## Section 10 – Capital spending plan

### Transport for London

- 10.14 TfL expects to spend £2.8bn on capital projects in 2011-12 (including Crossrail). These will be funded from a variety of sources including Government grants, revenue contributions, borrowing, third party contributions and transfers from earmarked reserves. The planned borrowing is both affordable and sustainable. Overall levels of borrowing planned are well within the levels found in the rest of Europe, and debt service ratios would be within the average level for similar rated transport entities.
- 10.15 Transport for London is undertaking a comprehensive review of its business plan, with the objective of issuing a revised business plan in Spring 2011, which will take into account the impact of its funding settlement over the four years covered by the Spending Review. Accordingly, the years beyond 2011-12 are not being considered as part of this process. The borrowing limits and prudential indicators for TfL will be approved by the Mayor by the statutory deadline 31 March 2011 and will take into account the final capital spending plan agreed as part of the Business Plan process. The revised capital spending plan figures will be reported to the London Assembly as part of 2011-12 in year monitoring process.
- 10.16 The published TfL Business Plan includes Crossrail on the basis of the TfL cash commitment to funding the Crossrail project. The table below also includes the capital expenditure to be incurred in relation to Crossrail.

<b>TfL draft Capital Spending Plan</b>	<b>2011-12</b>
	<b>£m</b>
London Underground	1,176
Tube Lines	300
Surface Transport	221
London Rail	90
Corporate	49
<b>Gross capital expenditure</b>	<b>1,836</b>
Less over-programming	71
<b>Total capital expenditure in Business Plan</b>	<b>1,765</b>
Crossrail	1,057
<b>Total capital expenditure including Crossrail</b>	<b>2,822</b>
<b>Funding:</b>	
Capital receipts	141
Capital grant	941
Borrowing	425
Crossrail funding sources	1,057
Revenue contribution (including reserves)	258
<b>Total funding</b>	<b>2,822</b>

Note: The figures in this table may not reconcile to the details in the following tables due to overprogramming.

## Section 10 – Capital spending plan

10.17 TfL's external borrowing will rise to £5.3bn in 2011-12 from £4.1bn at the end of 2009-10. This contributes to debt servicing costs increasing from £292m in 2010 -11 to £314m by 2011-12.

<b>Capital financing</b>	<b>2011-12</b>
	<b>£m</b>
<b>Debt Servicing costs</b>	
Interest	314
<b>Total financing costs</b>	<b>314</b>

### London Underground

10.18 Capital projects directly managed by London Underground are shown in the table below:

<b>Draft Capital Spending Plan– London Underground</b>	<b>2011-12</b>
	<b>£m</b>
Stations	220
Track	121
Civils	27
Victoria line upgrade	87
Sub-surface railway upgrade <sup>1</sup>	496
Cooling and power programme	119
Crossrail	28
Information Management	4
Other (including over-programming)	7
<b>Total capital expenditure</b>	<b>1,110</b>

<sup>1</sup>These are the directly attributable costs which exclude power, enabling works and risk.

### Tube Lines

10.19 Tube Lines was acquired by TfL on 27 June 2010. Capital projects directly managed by Tube Lines from that date are shown in the table below:

<b>Draft Capital Spending Plan – Tube Lines</b>	<b>2011-12</b>
	<b>£m</b>
Stations	23
Power	4
Rolling stock	22
Track renewals	61
Signals	106
Other	84
<b>Total capital expenditure</b>	<b>300</b>

## Section 10 – Capital spending plan

### Surface Transport

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

<b>Draft Capital Spending Plan – Surface Transport</b>	<b>2011-12 £m</b>
Better Routes and Places	12
Countdown and iBus	14
Bus infrastructure	9
Cycle hire and superhighways	39
Road network performance	6
Traffic signals	26
Major route improvements	19
Major safety enhancements	18
Highways asset management	55
Other (including over-programming)	18
<b>Total capital expenditure</b>	<b>216</b>

### London Rail

10.21 Capital projects directly managed by London Rail are shown in the table below:

<b>Draft Capital Spending Plan – London Rail</b>	<b>2011-12 £m</b>
DLR safety/security	11
Infrastructure	11
3-car upgrade	2
Stratford International extension	5
DLR stations	5
East London line extension	44
NLR infrastructure projects	9
Other	2
<b>Total capital expenditure</b>	<b>90</b>

### Corporate

10.22 Capital projects directly managed Corporate Directorates are shown in the table below.

<b>Draft Capital Spending Plan - Corporate</b>	<b>2011-12 £m</b>
Group Customer Services	1
Integrated transport smartcard	10
Oyster	4
Group IM	8
Other	27
<b>Total capital expenditure</b>	<b>49</b>



## Section 10 – Capital spending plan

### TfL Borrowing

10.23 The above capital programmes would require new borrowing of £425m for 2011- 12.

<b>Borrowing</b>	<b>2011-12 £m</b>
TfL	425
<b>Total</b>	<b>425</b>

### London Development Agency

10.24 The LDA's capital expenditure programme continues to be dominated by the Olympic programme for the Olympic Park and Lower Lea Valley, which accounts for 92 per cent of the capital spending in 2011-12.

10.25 The table below details capital expenditure and the known capital funding plan for 2011-12, principally in relation to the Olympic land programme.

<b>LDA draft capital plan</b>	<b>2011-12 £m</b>
<b>Thematic Programme Expenditure</b>	
Regeneration	10.8
Climate Change	11.5
Sustained employment	-
Business Support	-
Olympics	3.0
<b>Total Thematic programme expenditure</b>	<b>25.3</b>
<b>Olympic Park Expenditure</b>	
Olympic Park	292.0
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>317.3</b>

Note: The financing of the LDA capital programme will be determined once its final settlement for 2011-12 is confirmed.

10.26 The financing costs in the Service Analysis table relate to minimum revenue provision and interest payments on capital expenditure as shown in the table below.

<b>LDA Capital financing costs</b>	<b>2010-11 £m</b>	<b>2011-12 £m</b>
Debt repayment	9.0	251.0
Capital financing and interest costs	18.0	18.0
<b>Total financing costs</b>	<b>27.0</b>	<b>269.0</b>

## Section 10 – Capital spending plan

### GLA Group Borrowing

- 10.27 The above capital programmes would require new borrowing of some £1,201.7m in 2011-12. Under the Local government Act 2003, it is the Mayor who determines borrowing limits for the GLA Group and these decisions will be taken later on in the budget process.

Borrowing	2011-12 £m	2012-13 £m	2013-14 £m
Metropolitan Police Authority	68.0	58.0	58.0
London Fire & Emergency Planning Authority	7.1	7.7	7.1
Greater London Authority	701.6	701.6	801.6
Transport for London	425.0	445.0	345.0
London Development Agency	0.0	0.0	0.0
<b>Total</b>	<b>1,201.7</b>	<b>1,212.3</b>	<b>1,211.7</b>

### Proposed Borrowing Limits for 2011-12 to 2013-14

#### Authorised Limits for 2011-12 to 2013-14

- 10.28 The Mayor will be requested to approve the following Authorised Limits for the total external debt, excluding investments, for the next three years. This is the expected maximum borrowing needed by each functional body with some headroom for unexpected developments such as unusual cash movements. These limits separately identify borrowing from other long-term liabilities such as finance leases. For TfL, the Mayor is required to approve prudential borrowing limits for the Corporation and not the Group.
- 10.29 The 2010-11 borrowing limits will be revised before the 31 March 2010 for MPA, TfL, and LFEPA to take into account the re-financing of Tube Lines debt, the impact of the plans by LFEPA to take on a lease for the regional fire control centre in Merton, the impact of LFEPA transferring New Dimension assets and the movement in long term liabilities arising from the requirement to bring PFI items on balance sheet from 2009-10. The GLA will consult formally with the Assembly Budget and Performance Committee on the proposed changes to the 2010-11 borrowing limits during March 2011 so that the Mayor can formally approve these changes by 31 March 2011.

#### Authorised limit for external debt – GLA (primarily Crossrail Borrowing financed by BRS)

	2010-11 Current Approval £m	2011-12 Approved £m	2011-12 Proposed £m	2012-13 Approved £m	2012-13 Proposed £m	2013-14 Proposed £m
Borrowing	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>3,500.0</b>	<b>3,500.0</b>	<b>3,500.0</b>	<b>3,500.0</b>	<b>3,500.0</b>	<b>3,500.0</b>

## Section 10 – Capital spending plan

### Authorised limit for external debt - MPA

	2010-11 Current Approval £m	2011-12 Approved £m	2011-12 Proposed £m	2012-13 Approved £m	2012-13 Proposed £m	2013-14 Proposed £m
Borrowing	318.1	370.6	367.6	412.6	404.0	437.8
Long term liabilities	112.3	109.1	109.1	105.7	105.7	102.0
<b>TOTAL</b>	<b>430.4</b>	<b>479.7</b>	<b>476.7</b>	<b>518.3</b>	<b>509.7</b>	<b>539.8</b>

Note: As MPA finalise the budget proposals going forward the MPA may change the mix of borrowing/ long term liabilities as necessary

### Authorised limit for external debt – LFEPA

	2010-11 Current Approval** £m	2011-12 Approved £m	2011-12 Proposed £m	2012-13 Approved £m	2012-13 Proposed £m	2013-14 Proposed £m
Borrowing	141.0	137.0	135.0	139.0	139.0	139.0
Long term liabilities	59.0	78.0	78.0	75.0	75.0	78.0
<b>TOTAL</b>	<b>200.0</b>	<b>215.0</b>	<b>213.0</b>	<b>214.0</b>	<b>214.0</b>	<b>217.0</b>

\*\* LFEPA has requested that their long term liabilities limits for 2010-11 be increased by £20m to £79m which would result in the total proposed authorised limits being £220m. This is due to plans to take on a lease for the regional control centre in Merton and the impact of transferring New Dimension assets. A separate consultation on these changes will take place with the Assembly during March 2011 before they are approved by the Mayor.

### Authorised limit for external debt – TfL\*\*\*

	2010-11 Current Approval £m	2011-12 Approved £m	2011-12 Proposed £m	2012-13 Approved £m	2012-13 Proposed £m	2013-14 Proposed £m
Borrowing	5,148.0	5,588.0	5,333.0	6,240.0	TBC	TBC
Long term liabilities	538.4	391.9	391.9	322.1	TBC	TBC
<b>TOTAL</b>	<b>5,686.4</b>	<b>5,979.9</b>	<b>5,724.9</b>	<b>6,562.1</b>	<b>TBC</b>	<b>TBC</b>

\*\*\*TfL subsidiary companies are not directly covered by the prudential borrowing regime. The 2012-13 and 2013-14 limits for TfL will be developed alongside their business plan due for approval in March 2011 in order that the Mayor can approve these by the statutory deadline of 31 March 2011.

## Section 10 – Capital spending plan

### Authorised limit for external debt – LDA†

	2010-11 Current Approval £m	2011-12 Approved £m	2011-12 Proposed £m	2012-13 Approved £m	2012-13 Proposed £m	2013-14 Proposed £m
Borrowing	650.0	703.7	355.0	795.9	N/A	N/A
Long term liabilities	0.0	0.0	0.0	0.0	N/A	N/A
<b>TOTAL</b>	<b>650.0</b>	<b>703.7</b>	<b>355.0</b>	<b>795.9</b>	<b>N/A</b>	<b>N/A</b>

†Note: From 2012-13 the LDA's borrowing commitments will pass to the GLA. The GLA's authorised limit as proposed for 2012-13 is sufficient to cover these commitments if the current profile of borrowing by the GLA to finance its £3.5 billion contribution to Crossrail approved by the Secretary of State remains unchanged. The LDA's authorised limit for 2011-12 may be revised before the Mayor approves the final limit by 31 March to reflect the impact of the expected timing of any debt repayment in that year by the LDA.

### Operational boundary for external debt for 2010-11 to 2012-13

10.30 The operational boundary for external debt is based on the same estimates as the authorised limit. However it reflects an estimate of the most likely, prudent but not worst case scenario. It equates to the maximum level of external debt projected by the draft capital spending plans and excludes the headroom included within the authorised limit.

### Operational Boundary – GLA (primarily Crossrail Borrowing financed by BRS)

	2010-11 Current Approval £m	2011-12 Approved £m	2011-12 Proposed £m	2012-13 Approved £m	2012-13 Proposed £m	2013-14 Proposed £m
Borrowing	800.0	1,500.0	1,500.0	2,200.0	2,200.0	3,000.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>800.0</b>	<b>1,500.0</b>	<b>1,500.0</b>	<b>2,200.0</b>	<b>2,200.0</b>	<b>3,000.0</b>

### Operational Boundary – MPA

	2010-11 Current Approval £m	2011-12 Approved £m	2011-12 Proposed £m	2012-13 Approved £m	2012-13 Proposed £m	2013-14 Proposed £m
Borrowing	245.5	353.0	319.7	393.0	351.3	380.7
Long term liabilities	112.3	109.1	109.1	105.7	105.7	102.0
<b>TOTAL</b>	<b>357.8</b>	<b>462.1</b>	<b>428.7</b>	<b>498.7</b>	<b>457.0</b>	<b>482.7</b>

## Section 10 – Capital spending plan

### Operational Boundary – LFEPA

	2010-11 Current Approval £m	2011-12 Approved £m	2011-12 Proposed £m	2012-13 Approved £m	2012-13 Proposed £m	2013-14 Proposed £m
Borrowing	141.0	137.0	135.0	139.0	139.0	139.0
Long term liabilities	59.0	78.0	78.0	75.0	75.0	78.0
<b>TOTAL</b>	<b>200.0</b>	<b>215.0</b>	<b>213.0</b>	<b>214.0</b>	<b>214.0</b>	<b>217.0</b>

Note: LFEPA has requested that their operational boundary for 2010-11 be increased by £20m due to plans to take on a lease for the regional control centre in Merton and the impact of transferring New Dimension assets.

### Operational Boundary – TfL\*

	2010-11 Current Approval £m	2011-12 Approved £m	2011-12 Proposed £m	2012-13 Approved £m	2012-13 Proposed £m	2013-14 Proposed £m
Borrowing	4,948.0	5,388.0	5,133.0	6,040.0	TBC	TBC
Long term liabilities	538.4	391.9	391.9	322.1	TBC	TBC
<b>TOTAL</b>	<b>5,486.4</b>	<b>5,779.9</b>	<b>5,524.9</b>	<b>6,362.1</b>	<b>TBC</b>	<b>TBC</b>

\*TfL subsidiary companies are not directly covered by the prudential borrowing regime. The 2012-13 and 2013-14 limits for TfL will be developed alongside their business plan due for approval in March 2011 in order that the Mayor can approve these by the statutory deadline of 31 March 2011.

### Operational Boundary – LDA†

	2010-11 Current Approval £m	2011-12 Approved £m	2011-12 Proposed £m	2012-13 Approved £m	2012-13 Proposed £m	2013-14 Proposed £m
Borrowing	603.9	698.7	350.0	790.9	N/A	N/A
Long term liabilities	0.0	0.0	0.0	0.0	N/A	N/A
<b>TOTAL</b>	<b>603.9</b>	<b>698.7</b>	<b>350.0</b>	<b>790.9</b>	<b>N/A</b>	<b>N/A</b>

†Note: From 2012-13 the LDA's borrowing commitments will pass to the GLA. The impact on the GLA's borrowing limits will be determined in due course having regard to its wider commitments in relation to Crossrail.

## Appendix A: Greater London Authority: Mayor of London

**Table 1: Subjective analysis**

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

Note: The forecast plan for 2012-13 represents the current estimated full year cost of functions covered by the 2011-12 budget proposals. It also reflects the Government's intention to reduce its grant for the London Waste and Recycling Board to £1.5m a year in 2012-13. The level of the General GLA Grant and its phasing over the period 2012-13 to 2014-15 is not yet known. If the provision for the GLA's existing functions were to reduce broadly in line with the CSR settlement for local government then it is forecast that the General GLA grant will reduce by around a further £10m-£10.5m by the end of the CSR period. As the funding allocations for the Community safety, rough sleepers initiatives and Housing movements service were not confirmed until 11 and 15 February it has not yet been possible to confirm how these projects will be apportioned on a subjective basis and the associated expenditure is therefore presented on an objective basis in the above table for 2011-12.

## Appendix A: Greater London Authority: Mayor of London

**Table 2: Savings & efficiencies (2011-12)**

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

**Table 3: New initiatives and service improvements (2011-12)**

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

**Table 4: GLA activities formerly funded by the LDA (2011-12)**

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

## Appendix A: Greater London Authority: Mayor of London

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**Table 5: Changes in Government funding (2011-12)**

<b>Changes in grant</b>	<b>£m</b>
London Waste and Recycling Board	9.5
Rough sleepers initiatives	8.4
Housing moves specific grant	-0.4
Community safety specific grant	-10.6
Specific grant for Council Tax freeze	-23.2
<b>Total</b>	<b>-16.3</b>

**Table 6: Changes in use of reserves (2011-12)**

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



## Appendix B: Metropolitan Police Authority

**Table 1: Subjective analysis**

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

## Appendix B: Metropolitan Police Authority

**Table 2: Savings and efficiencies**

This represents the savings and efficiencies already identified within the plans.

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

## Appendix B: Metropolitan Police Authority

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**Table 3: New initiatives**

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

## Appendix C: London Fire and Emergency Planning Authority

**Table 1: Subjective analysis**

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

**Table 2: New initiatives**

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

**Table 3: Savings and efficiencies**

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

## Appendix D: Transport for London

**Table 1: Subjective Analysis**

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

## Appendix D: Transport for London

**Table 2: Operational Expenditure - Increases and Decreases**

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

**Table 3: Savings and efficiencies**

Savings and efficiencies expected in 2011-12 are as follows. These are based on the 2009 Business Plan, and do not yet take account of savings measures introduced since publication:

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

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

- A reduction of around 1,000 back office and support roles at LU following the integration with the former Metronet operations, plus several hundred roles being reduced elsewhere across TfL;
- Management de-layering and the consolidation of activities;
- Significant reductions in all back-office costs including accommodation, Information Management and support functions such as HR and Finance;
- A reduction in the number of temporary workers and consultants;

## Appendix D: Transport for London

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- Commercial savings from all parts of the organisation including the re-tender of the Congestion Charging, Oyster ticketing and former Metronet sourcing arrangements;
- A restructure of TfL's Planning Group following the cancellation of work on unfunded projects and other long-term studies, plus an extensive review of activities to reduce costs and align the function more closely with Mayoral priorities. Significant savings in external spend have also been made;
- Reorganisation of the way TfL delivers cycling, walking, road safety, bus priority and freight, as well as red route network planning, the Better Routes and Places team and the borough funding programme. This is a significant change from the previous structure and resulted in significant savings;
- Consolidating customer service activities, reducing cost and improving service;
- A review of marketing and customer research activities to focus on core activities;
- Continuing to optimise bus network costs including competitive tendering; and
- Freezing the base pay of senior managers from 2009 and reducing the funds available for bonus payments.

The table below illustrates the proportion which these efficiency savings represent as a total of TfL's reducible costs.

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

A considerable proportion of TfL's expenditure is committed through PPP, PFI and long-term contracts. These items are excluded from reducible expenditure.

## Appendix D: Transport for London

**Table 4: Application of Net Congestion Charging Revenue**

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

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



## **Appendix E: Games and Legacy**

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The GLA has committed to raise up to £625m from London Council Taxpayers as a contribution to a public sector funding package for the 2012 Olympic Games and Paralympic Games. The GLA budget includes the estimated sum of £60.3m to be raised in 2011-12, increasing to £60.7m in 2012-13.

The present forecast, based on a continuing marginal increase in the Council Tax base is that £625m would be raised by a Band D amount of £20 for 10 years and approximately £9 in year 11 in 2016-17.

In addition the GLA plans to spend an estimated £1.9m a year for the London 2012 Olympics to ensure that, in preparing for the Games, the Mayor's strategies and priorities are delivered to create lasting benefits for communities and businesses both in east London and right across the capital. The in-house unit also assists the Mayor in meeting his obligations under the Host City contract, ensures that London will operate effectively at Games time and looks and feels like an Olympic city.

A further £9.1m is planned to be spent in 2011-12 towards the establishment and running of a non-accredited media centre; accessibility improvements to the South Bank; and for the London Ambassadors Programme to train 8,000 Londoners to assist across London during Games time. The GLA is in discussions with the Government about how these costs should be met from the Olympic public sector funding package.

It is estimated that the GLA will apply the Olympic precept as follows in 2011-12: £10.0m to fund a 'Look and Feel' programme outside of the venues to create the best possible Games experience for everyone including athletes, spectators, visitors and Londoners; £4.2m as grant funding for boroughs' additional expenditure related to the operational arrangements for staging the Games; and £46.1m as a contribution to the Olympic Delivery Authority's budget.

### **Metropolitan Police Authority**

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

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

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

- Through the Olympic Policing Co-ordination Team, ensure that milestones within service delivery projects commissioned by the Home Office Olympic Security Directorate are achieved in time and to a fully satisfactory standard;
- To lead the development of the National Olympics Co-ordination Centre; and the establishment of the Olympic Intelligence Centre and a response capacity to tackle serious and organised crime;

## Appendix E: Games and Legacy

- To engage, and progress security plans with, all Olympics partners, including the Olympics Security Directorate; the London Organising Committee for the Olympics Games and the Olympic Delivery Authority; and
- To continue effective operational planning for the policing of London Olympic venues in 2012, and ensure a full command structure and team has been identified.

Indicative expenditure (subject to change) is as follows:

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

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

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

### London Fire and Emergency Planning Authority

The London Fire Brigade has a vital role in ensuring delivery of a safe and secure Olympic and Paralympic Games in 2012. LFEPA's specific grant for the Olympics for 2011-12 and 2012-13 will be £3,6m. This is a reduction of £0.8m from the funding required in the business case submitted to CLG. LFEPA will tailor its plans to ensure it achieves Olympic objectives within this reduced funding envelope.

### Transport for London

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

The schemes are split into two parts:

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

## Appendix E: Games and Legacy

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

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

### London Development Agency

The LDA has acquired and remediated the land for the Olympic Park and provided £250m as part of the updated public sector funding package for the Games.

LDA Olympic Park and Related Expenditure	Prior years	2010-11	2011-12	2012-13	2013-14	Total
	£m	£m	£m	£m	£m	
Land assembly and remediation	1,037	34	41	34	4	1,150
Management, BID Support and Legacy Development	51	18	15	5	5	94
Public sector funding package contribution	100	150	-	-	-	250
Capital financing costs	37	17	18	16	12	100
Loan repayments	0	9	251	82	38	380
<b>Total</b>	<b>1,225</b>	<b>228</b>	<b>325</b>	<b>137</b>	<b>59</b>	<b>1,974</b>

## **Appendix E: Games and Legacy**

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Over the period to 2011-12, £865m of the cost of acquiring and remediating the land is funded by prudential borrowing and from asset disposals, including £138m from the Government as consideration for the transfer of this land to the Olympic Park Legacy Company. The transfer took place at the end of September 2010, however the consideration will be received in April 2011. The terms of this transfer also mean that no further contributions to the public sector funding package are required of the LDA after 2010-11.

From 2012-13 responsibility for the funding of these costs and debt repayment obligations will transfer to the GLA as successor body to the LDA.

The LDA is also playing an integral role in realising the economic benefits of the Games for London, with sustained employment programmes for Olympic skills and sport participation established, along with business support programmes covering Olympic business benefits and Olympics culture at a cost of £14m in 2011-12.

## Appendix F: Savings and efficiencies

### Savings and efficiencies

	2011-12 £m	2012-13 £m
Greater London Authority: Mayor of London	5.9	N/A
Greater London Authority: London Assembly	0.6	N/A
Metropolitan Police Authority*	163.0	260.4
London Fire and Emergency Planning Authority	10.9	11.1
Transport for London	763.0	N/A
London Development Agency	19.5	-
<b>Total</b>	<b>962.9</b>	

\* A further £92.9m of savings and efficiencies will need to be delivered to close the MPA's current funding gap in 2012-13. For LFEPA the corresponding gap is estimated to be £28m. It is not possible to identify the level of additional GLA and TfL savings that will be required for 2012-13 at this stage.

### Shared Services

Activities across the GLA group are currently under review in order to establish where further savings and efficiencies can be achieved. This review is wide-ranging and includes the following Shared Services workstreams:

Workstream	Status	Parties
1. Democratic Services	GLA provision to LFEPA from Jan 11	GLA/LFEPA
2. Audit	MPA proposal to GLA, from April 11	MPA/GLA/LFEPA/TfL
3. Payroll & HR Systems	Discussions ongoing	LFEPA/GLA
4. Shared GLA Network Infrastructure	Discussions ongoing	GLA group (incl. MPS)
5. Facilities Management	Lead Buyer review commenced	GLA group (incl. MPS), led by TfL
6. Equalities & Diversity	Review commenced	GLA group (incl. MPS)
7. Fleet Management	Review commenced	GLA group (incl. MPS)
8. Estates Management	Pan-GLA group set up	GLA group (incl. MPS)
9. Procurement	To be scoped: January - March 2011	
10. Planning & Performance Management	To be scoped: January - March 2011	
11. Customer Services	To be scoped: January - March 2011	
12. Communications & Marketing	To be scoped: January - March 2011	
13. Websites	To be scoped: January - March 2011	
14. Human Resources	To be scoped: January - March 2011	
15. ICT	To be scoped: January - March 2011	

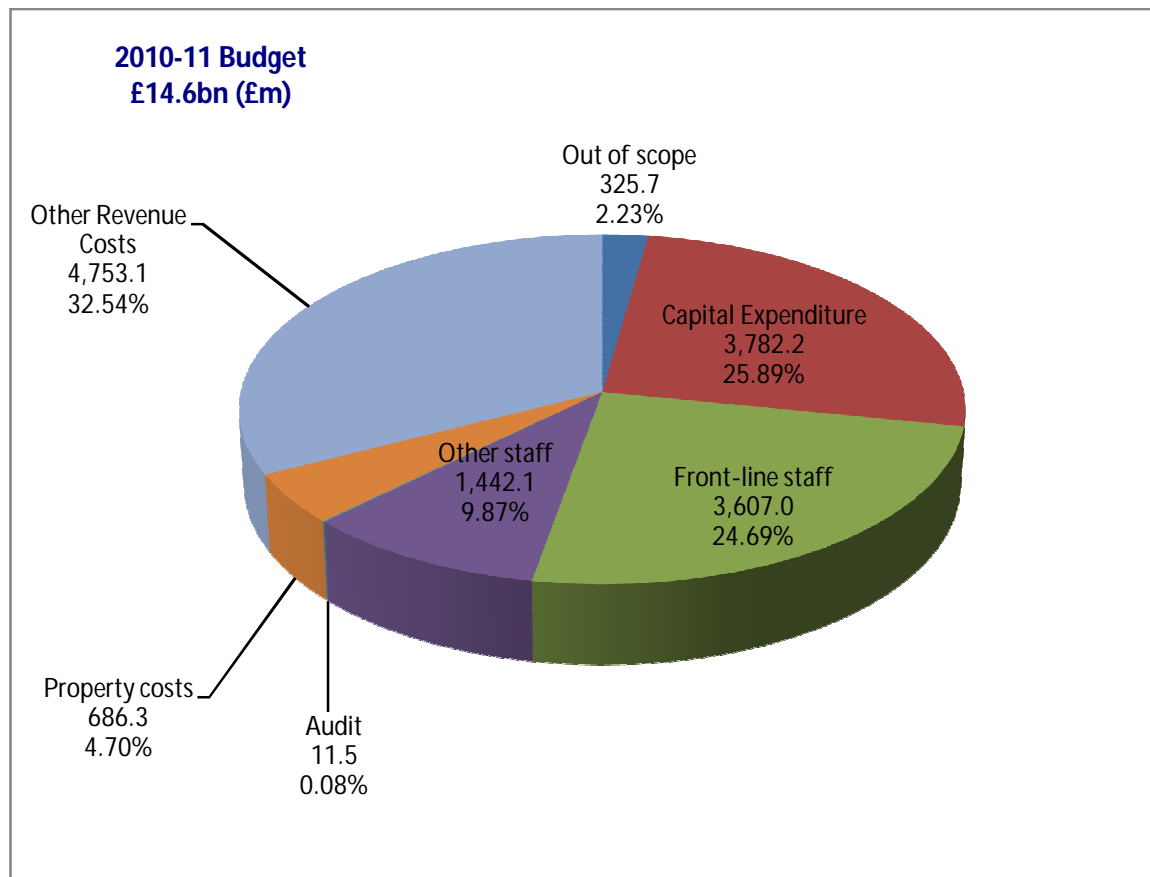
The target is to deliver cumulative savings of £450m over two years from the sharing of services and collaborative procurement, using the 2010-11 budget as a baseline. The scale of the programme and the early development stage of many of the workstreams mean that significant savings are unlikely to be achieved before 2012-13 and the only savings recognised in the 2011-12 budget relate to projects with fully developed business cases:

Finance & Procurement (TfL/GLA)	14 December 2009
Legal Services (TfL/GLA)	14 December 2009
Democratic Services (GLA/LFEPA)	1 January 2011
Internal Audit (MPA/GLA)	1 April 2011

## Appendix F: Savings and efficiencies

The budgeted savings from these projects in 2011-12 amount to £1m. Delivery of the cumulative savings target of £450m over two years will therefore require £150m in 2012-13 and a further £150m in 2013-14. However options are currently being considered that may enable further savings to be delivered in 2011-12 through the acceleration of this programme and every effort will be made to do this. With several workstreams still to be scoped, it would not be prudent to allocate savings targets to individual workstreams at this stage. However, analysis of expenditure in 2010-11 suggests that significant savings should be achievable through collaborative procurement while a workforce analysis has been used to identify areas to be scoped for potential sharing of services.

### Analysis of GLA Group Expenditure By Category 2010-11



Total expenditure of £14,607.8m represents GLA Group's gross expenditure of £13,968.9m plus capital expenditure funded from non-revenue sources of £840.9m and adjusted by £202m of Business Rate Supplement relating to Crossrail.

## Appendix F: Savings and efficiencies

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### Workforce Analysis 2010-11

<b>Workforce</b>	<b>FTEs</b>	<b>%</b>
Front-line Services	76,112	85.2%
Support Services	13,231	14.8%
<b>Workforce Total</b>	<b>89,343</b>	<b>100%</b>
<b>Analysis of Support Services</b>		
Finance & Resources	1,485	11.2%
ICT	1,388	10.5%
Human Resources	1,119	8.5%
Training	697	5.3%
Customer Services	631	4.8%
Planning & Performance Management	627	4.7%
Estates Management	537	4.1%
Procurement	529	4.0%
Communications & Marketing	417	3.2%
Legal	290	2.2%
Facilities Management	203	1.5%
Internal Audit	101	0.8%
Housing & Regeneration	73	0.6%
Environment & Climate Change	67	0.5%
London 2012	59	0.4%
Equalities & Diversity	47	0.4%
Other	4,962	37.5%
<b>Support Services</b>	<b>13,231</b>	<b>100%</b>

The Mayor's Advisor on Budgets and Performance has instigated a series of 6-monthly meetings (the first of which was held in October 2010) between the Mayor and the Chief Executives/ Commissioner's of the GLA and its functional bodies to monitor the programme's progress and an interim progress report will be delivered to this group in February 2011.

## Appendix G: Spending and financing summary

### Budget requirement

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

**Note:** The above table excludes LDA capital expenditure of £212m included within the budget proposals contained in section 7 and the capital spending plan in section 9 which is funded by borrowing and/or capital receipts.

### External financing

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

2009-10 band D amount: £309.82

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



## Appendix H: Key dates

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<b>23 February 2011</b>	Mayor to present his final draft consolidated budget to the London Assembly.
<b>28 February 2011</b>	Statutory deadline for the Mayor to approve the final Capital Spending Plan for 2011-12 and notify the Secretary of State for Communities and Local government.
<b>31 March 2011</b>	Statutory deadline for the Mayor to approve the Authorised Limit for external debt (borrowing) for the functional bodies and the GLA alongside the Prudential Indicators and Capital Financing Requirements required by statute.

## **Appendix I: Changes Compared to Draft Consolidated Budget**

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**Mayor's Foreword:** Deleted – superseded by Mayor's Background Statement.

### **Section 1**

**1.1:** Budget requirement figures for 2011-12 have been amended for the GLA (Mayor of London) and for the GLA Group in the table and text to reflect the impact of an additional £8.45m of expenditure now been provided through the GLA general grant for pan London rough sleeping projects. The responsibility for administering these projects will pass from the Department for Communities and Local Government on 1 April 2011.

**1.2:** Updated to reflect the fact that the final local government finance and police grant settlement was approved in Parliament on 9 February 2011.

**1.5:** Updated to reflect the fact that the provisional data on Council Tax Bases and net surpluses on collection funds has now been confirmed by the 32 London Boroughs and the Corporation of London. The final data is unchanged from that assumed in the draft budget and therefore the council tax requirement for 2011-12 remains unchanged.

**1.11:** The gross expenditure, specific grant and general government grant figures in the table have been amended to reflect the additional impact of £11m of specific grant funding (£10.6m for community safety and £0.4m for the 'housingmoves' service responsibility for which is transferring from London boroughs and the Department for Communities and Local Government from April 2011) and an uplift of £8.45m to the GLA general grant to reflect the transfer of responsibility for pan London rough sleeping projects from CLG. This paragraph has also been updated to reflect the fact that the provisional data on Council Tax Bases and net surpluses on collection funds has now been confirmed by the 32 London Boroughs and the Corporation of London – and is unchanged from the data used in the draft budget.

### **Section 2**

**2.3:** Paragraph amended to reflect the £8.45m uplift to the GLA general grant for pan London rough sleeping initiatives.

**2.5:** Reference to 'Year of Walking' in fifth bullet point removed.

**2.6:** Gross expenditure and budget requirement has been amended to reflect the additional £8.45m uplift to the GLA general grant (for pan London rough sleeping initiatives) and £11.0m of new specific grant funding for community safety, the housing moves service being transferred from boroughs and CLG respectively and the grossing up of the £1.1m in interest earnings.

**2.12:** GLA budget table has been updated for 2011-12 and 2012-13 budget to reflect the impact of pan London rough sleeping initiatives (£8.45m), community safety (£10.6m) and Housing Moves service (£0.4m) expenditure which is financed through additional GLA general grant and specific grants.

**2.8, 2.11, 2.12 and 2.13:** Updated to explain and reflect the financing impact of £8.45m movement in GLA general grant and £11.0m movement in specific grants payable to GLA in 2011-12.

**2.14:** Updated to include additional expenditure in the budget financed from additional external funding i.e. £8.45m for pan London rough sleeping initiatives, £0.4m for 'Housing Moves/ services and £10.6m for Community Safety projects.

## **Appendix I: Changes Compared to Draft Consolidated Budget**

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### **Sections 3-5**

No material changes except to correct for typos i.e. changes which do not affect the substance of the budget.

### **Sections 6**

**6.5 Third bullet point and 'Working with London boroughs and other partners' under section 6.6.** Text amended to reflect the Mayor's announcement on 10 February 2011 that Local implementation plan (LIP) funding from Transport for London to London boroughs will be maintained at the same level from 2011-12 to 2013-14 in cash terms (£147.8m) rather than being reduced year on year in line with the percentage reduction in the GLA General grant.

### **Section 7**

**7.20:** New sentences added after end of second sentence: 'The indicative funding surplus in 2011-12 totals £40m, however this is required to fund LDA transition costs over the Spending Review period and is based upon the assumption that the full transition grant will be received in 201-12 – which has not yet been agreed. The above plan is therefore subject to a number of key risks the most significant being the fact that a reduced settlement to that assumed above is received'.

### **Section 8:**

**8.4:** Updated to reflect the fact that the final local government finance and police grant settlement was approved in Parliament on 9 February 2011.

### **Section 9:**

Revised budget requirements information presented for the GLA and (as a consequence) for the GLA group for 2011-12 includes additional expenditure in the budget financed from additional external funding i.e. £8.45m for pan London rough sleeping initiatives, £0.4m for 'Housing Moves/ services and £10.6m for Community Safety projects.

**9.1:** GLA budget requirement and total budget requirement in table and text has been increased by £8.45m to reflect uplift in GLA general grant for pan London rough sleeping initiatives.

**9.2:** GLA general grant and total government grants for 2011-12 has been increased by £8.45m to reflect uplift in GLA general grant for pan London rough sleeping initiatives.

**9.6:** Total general government funding and amount for other services for 2011-12 has been increased by £8.45m to reflect the uplift in GLA general grant for pan London rough sleeping initiatives.

### **Section 10**

**10.5:** Section A and D of table amended for LDA in respect of capital grants and capital receipts.

**10.29 and 10.30:** Authorised limit and operational boundary for 2012-13 for MPA changed to correct to address rounding issue.

## **Appendix I: Changes Compared to Draft Consolidated Budget**

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### **Appendices**

**Appendix A, Table 1, 3 and 5:** Updated to explain and reflect financing impact of £8.45m movement in GLA general grant (for rough sleepers initiatives) and £11.0m movement in specific grants (£10.6m for community safety projects and £0.4m for the housing moves service) payable to GLA in 2011-12.

**Appendix B, Table 1** Movement in reserves figure for 2011-12 of £34.8m changed from a positive to a negative (as sign shown in draft budget was incorrect).

**Appendix G:** Figures for GLA, Total Other Services and Total GLA Group Gross expenditure, specific grant, net expenditure, budget requirements and GLA general grant have been amended to reflect the financing impact of a £8.45m increase in GLA general grant (for rough sleepers initiatives) and a £11.0m movement in specific grants (£10.6m for community safety projects and £0.4m for the housing moves service) payable to GLA in 2011-12.