

Draft Consolidated Budget 2015-16

Explanation of Proposals

**Greater London Authority
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Mayor's foreword

Superseded by the Mayor's Background Statement.

Section 1 - Introduction and Overview

Introduction

- 1.1 The Greater London Authority (GLA) is the strategic authority for London and supports the Mayor and the London Assembly in delivering their respective responsibilities and functions. The GLA's four functional bodies are its principal delivery arms: the Mayor's Office for Policing and Crime (MOPAC; overseeing the work of the Metropolitan Police Service - MPS); the London Fire and Emergency Planning Authority (LFEPA); Transport for London (TfL); and the London Legacy Development Corporation (LLDC).
- 1.2 This section sets out a summary of the key deliverables in the Budget, a summary of the overall proposals and the structure of the rest of the Document.

Key deliverables

- 1.3 The Mayor's key objective in this Budget is to maximise value for the taxpayer through the rigorous pursuit of savings and efficiencies while protecting frontline services and directing capital investment to key priorities. The key deliverables in this Budget are, as follows, to:
- increase the supply of affordable homes, delivering 100,000 over two Mayoral terms, and identify new and better approaches to increasing housing supply;
 - give talented young Londoners the opportunity to contribute to London's success and build the foundation of a successful career by creating 250,000 apprenticeships by 2016;
 - use the GLA's planning powers and significant land holdings to stimulate regeneration and create jobs, including unlocking the potential of the Old Oak and Park Royal Opportunity Area by creating a Mayoral Development Corporation;
 - maintain a police officer establishment at around 32,000;
 - maintain the existing targets for how quickly fire engines attend incidents;
 - reduce the number of people killed or seriously injured on London's roads by 40 per cent by 2020;
 - reduce Tube delays by 30 per cent by 2015 compared to 2011;
 - introduce a new 24-hour Tube service at weekends from 2015;
 - continue to deliver Crossrail, which will transform rail capacity and journey times and deliver the Northern Line extension to Nine Elms and Battersea;
 - invest £200 million in bus priority schemes, £913 million in cycling and £4 billion in London's roads; and

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- promote and deliver the regeneration of Queen Elizabeth Olympic Park and surrounding area, including starting the delivery of the Olympicopolis.

Overall Gross Revenue and Capital Expenditure of the GLA Group

- 1.4 Set out below is a summary of the planned total revenue and capital expenditure of the GLA Group in 2015-16 compared to 2014-15

Total Gross Revenue and Capital Expenditure	2014-15 ³ £m	2015-16 £m	Change £m	Change %
Revenue:				
GLA Mayor ¹	434.9	353.8	-81.1	-19%
GLA Assembly	7.6	7.6	0.0	0%
Mayor's Office for Policing and Crime (MOPAC)	3,251.4	3,159.8	-91.6	-3%
London Fire and Emergency Planning Authority (LFEPA)	428.2	423.7	-4.5	-1%
Transport for London (TfL)	6,752.3	7,066.1	313.8	5%
London Legacy Development Corporation (LLDC)	44.4	37.3	-7.1	-16%
Total Revenue (GLA Group Services)	10,918.8	11,048.3	129.5	1%
Add business rates retention tariff payment to DCLG to support local government services outside London	349.0	355.7	6.7	2%
Total Revenue (including tariff payment)	11,267.8	11,404.0	136.2	1%
Capital:				
GLA (Mayor and London Assembly) ²	1,388.4	1,089.8	-298.6	-22%
Mayor's Office for Policing and Crime (MOPAC)	227.0	264.5	37.5	17%
London Fire and Emergency Planning Authority (LFEPA)	57.9	56.7	-1.2	-2%
Transport for London (TfL)	3,674.6	3,784.3	109.7	3%
London Legacy Development Corporation (LLDC)	235.9	136.1	-99.8	-42%
Total Capital	5,583.8	5,331.4	-252.4	-5%
TOTAL CAPITAL AND REVENUE	16,851.6	16,735.4	-116.2	-1%

Notes

1. GLA revenue expenditure for 2015-16 includes funding applied to support LLDC of £23.3m, £40.3m in respect of business rates deficits recoverable by London billing authorities in respect of 2013-14 and £8.4 million in forecast levy payments to CLG under rates retention.
2. GLA capital expenditure includes contributions to TfL for Crossrail and the Northern Line extension.
3. Revenue figures for 2014-15 are the revised budgets and the capital figures are the forecast outturn.
4. Figures are the gross expenditure for statutory purposes and do not adjust for intra group transfers.

- 1.5 The overall increase in revenue expenditure is, after allowing for savings and efficiencies, made in response to changes in Government funding across the group offset by additional expenditure on the operation of the transport network by TfL.
- 1.6 The net decrease in the Group's capital expenditure reflects the tailing off of the GLA's contribution to the Crossrail project and the phasing of the development of Queen Elizabeth Olympic Park offset by additional investment in transport infrastructure by TfL.

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- 1.7 After allowing for fares, charges, other income and use of reserves, **gross revenue expenditure of £11,404.0 million for 2015-16** (including rates retention tariff payments of £355.7m) translates into **net expenditure to be financed from government grants, retained business rates and the council tax precept of £4,996.3 million.**

Council Tax Precept

- 1.8 The GLA's precept is the amount of council tax the Mayor has to raise from London's 33 billing authorities (the 32 London boroughs and the Common Council of the City of London) to balance the GLA Group's revenue expenditure, after allowing for revenue grants from the Government and retained business rates.
- 1.9 **The Mayor proposes a reduction in the Band D precept** paid by residents of the 32 London Boroughs from £299.00 to **£295.00 – a decrease of £4.00 or 1.3 per cent.** The 2016-17 indicative budget assumes a further £19 reduction to £276, which would be a 10 per cent reduction in the precept over the Mayor's second term. This forecast 2016-17 precept includes an element of £12 arising from the GLA's contribution to the cost of the Olympics of £625 million now being secure. The proposed 2015-16 precept for the Common Council of the City of London which is outside the Metropolitan Police district is £80.48 – a decrease also of £4.00. More detailed information about the precept and its calculation are included in Appendix G.
- 1.10 The consolidated council tax requirement (i.e. total forecast council tax precept income) for 2015-16 is **£776.3 million.** Details of the component council tax requirements for each member of the GLA Group for 2015-16, and planned figures for 2016-17, are set out below. The principal reason for the planned decrease in the Mayor's requirement in 2016-17 arises from the planned £19 reduction in the precept in that year.

Component council tax requirements	Approved 2014-15 £m	Proposed 2015-16 £m	Plan 2016-17 £m
GLA (Mayor)	73.8	70.9	20.8
GLA (Assembly)	2.5	2.6	2.6
MOPAC	564.2	564.2	564.2
LFEPAC	138.2	138.2	138.2
TfL	6.0	6.0	6.0
LLDC	0.0	0.0	0.0
Net Billing authority Collection fund surpluses	2.2	-5.6	-5.6
Consolidated council tax requirement	786.9	776.3	726.2

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- 1.11 The council tax requirements for 2015-16 and 2016-17 and the Band D precept for the City of London area are subject to change before the Mayor's final budget is confirmed. There is potential for there to be a significantly greater degree of variation between the forecasts set out above and those presented in the final draft budget depending on the confirmation of the final taxbases for business rates retention and council tax and reported surpluses or deficits on billing authority collection funds.
- 1.12 At this stage no increase in the council tax base is assumed in the budget figures for 2015-16 although there is an assumed collection fund surplus in respect of council tax of at least £5.6 million. An indicative collection fund deficit of £40.2 million is included within the GLA's budget in section 2 in respect of retained business rates – reflecting at this stage solely the residual element of the 2013-14 deficit still to be recovered by billing authorities. Final information from billing authorities on their forecast business rates and council taxbases for 2015-16 along with their updated estimates on the outturn for 2014-15 will not be available until after 31 January. The impact of these will be reflected in the Mayor's final draft budget to be issued in February.
- 1.13 Forecast Council Tax precept income (the 'consolidated council tax requirement') and the other sources of finance for 2015-16 including government grants and fare revenues are summarised below:

	£m	Per cent
Spending plans	11,404.0	100%
<i>Less:</i>		
Fares and traffic income	4,667.1	41%
Home Office Police General and Formula Grant	1,794.2	16%
Other general income	1,286.5	11%
Retained Business Rates	1,040.9	9%
GLA Transport Grant (general element)	675.0	6%
Home Office Specific Grants	483.4	4%
Business rates income used to fund tariff payment to DCLG	355.7	3%
Revenue support grant	173.7	2%
Use of Reserves	133.1	1%
Other Specific Government Grants	52.8	0%
Net Billing authority Collection fund surplus for council tax	5.6	0%
Net Billing authority Collection fund deficit for retained rates	-40.3	0%
Consolidated Council tax requirement for GLA Group	776.3	7%

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Rates Retention and Revenue Support Grant

- 1.14 Appendix G sets out a summary and detailed breakdown of the revenue expenditure, Government grants and retained rates allocations made by the Mayor. Appendix H sets out the technical assumptions underpinning the planned funding allocations.

Equalities

- 1.15 All six component bodies (the Mayor and Assembly and the four functional bodies) must comply with section 149 of the Equality Act 2010. Compliance with the duty is iterative and on-going. It includes carrying out a process to identify and actively consider potential detrimental impacts (if any) that may arise for individual protected groups and what mitigations (if any) could be implemented to address them at a level proportionate to the decision being taken. The component bodies will undertake this at a budget level and in the implementation of their individual policies, programmes and projects. An interim assessment of the equality implications of each component body's Budget at this stage of the process are set out in their section of this Document. Part 3 of the draft budget documentation includes an Equalities Statement.

Structure of Consultation Document

- 1.16 Revenue budget proposals and funding for each constituent body within the GLA Group is presented in organisational terms in **Sections 2 to 7** of this document. The GLA's proposals are shown first and the remainder are presented in order of magnitude of their council tax requirements. **Section 8** sets out the draft Capital Spending Plans and Borrowing Limits for the GLA Group.
- 1.17 **Appendices A to I** provide more explanatory information on the budget proposals, including Appendices G and H which address the medium financial outlook for the GLA Group and funding assumptions underpinning the budget proposals. All figures are presented to the nearest £0.1m except for TfL where some figures are reported to the nearest million. Please note that figures in the Tables throughout the document may not sum exactly due to this rounding effect.
- 1.18 There are also more detailed public documents relating to the draft budget, 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 in respect of the budget proposals, please contact:

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Section 2 – Greater London Authority Mayor of London

Introduction

- 2.1 The GLA is a strategic authority with a London-wide role to design a better future for the capital. The Mayor of London sets a citywide vision of improvement, develops strategies and policies to realise the vision and provides funding and encouragement to help make it a reality. The London Assembly holds the Mayor to account by examining his decisions and actions to ensure he delivers on his promises to Londoners.
- 2.2 For the purpose of budget setting the Mayor of London and London Assembly must be treated as separate constituent bodies. The component budget for the Assembly comprises estimates for direct expenditure and income, and appropriate contingencies and financial reserves for Assembly functions and is set out at **Section 3**. The budget for the Mayor is set out below and 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.

Key deliverables

- 2.3 The major GLA programmes supporting the Mayor's ambitions are, as follows:
- through the Mayor's Regeneration Fund and a focus on London's high streets, local economies will be strengthened;
 - increase the supply of affordable homes, delivering 100,000 over two Mayoral terms, and identify new and better approaches to increasing housing supply;
 - give talented young Londoners the opportunity to contribute to London's success by creating 250,000 apprenticeships by 2016;
 - drive up standards in London's schools, boosting attainment and giving every child the platform they need to succeed;
 - retrofit more of London's homes and public workplaces, saving carbon and cutting bills;
 - make London greener and cleaner by supporting the planting and management of the capital's trees and the improvement of green spaces identified in the All London Green Grid – the capital's green infrastructure;
 - launching Licence Life – the granting of a junior electricity supply licence by OFGEM to enable the GLA to become an operational licenced energy supplier;
 - work to continue to improve London's air quality through developing plans for the Ultra Low Emission Zone and through the Mayor's Air Quality Fund;
 - work with stakeholders to deliver more local energy generation projects for a lower cost, more secure and lower carbon energy supply for London;

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- build on the London 2012 sporting legacy by further boosting sport at the grassroots;
- through Team London, help and encourage Londoners to volunteer and do something great for their city;
- enhance London's cultural capital and deliver a diverse programme of events to create economic value, excite and put London in the world's spotlight;
- present London's case to Government and internationally as the world's destination for investment, tourism and talent;
- use the GLA's planning powers and significant land holdings to stimulate regeneration and create jobs, including unlocking the potential of the Old Oak and Park Royal Opportunity Area by creating a Mayoral Development Corporation; and
- plan for London's future, putting in place policies and strategies to seize the opportunities and address the challenges, including securing tomorrow's infrastructure.

Gross revenue and capital expenditure

- 2.4 The GLA's combined capital and revenue budget for services in 2015-16 is projected under the Mayor's proposals to be reduced by £379.7 million. The Mayor's gross revenue expenditure for the GLA in 2015-16 is proposed to be £709.5 million. After netting off the forecast £355.7 million tariff payment payable to DCLG in respect of business rates retention the **gross revenue expenditure on GLA services is proposed by the Mayor to be £353.8 million in 2015-16** – £81.1 million or 19 per cent lower than 2014-15.
- 2.5 **The Mayor's proposed Capital Plan for the GLA in 2015-16 is £1,089.8 million** – a reduction of £298.6 million compared to the revised plan for 2014-15. This arises primarily because of variations in the Mayor's housing capital programme and the tailing off of the GLA's contribution towards the Crossrail project. The plan also includes future planned borrowing in respect of the GLA's contribution towards the estimated £960 million cost of the Northern Line extension (NLE) to Battersea. The NLE is to be financed through the uplift in business rates revenues in a new enterprise zone along with developer contributions and community infrastructure levy receipts. The contribution of £960 million is expected to be phased over a period of six years with an estimated £200 million payable in 2015-16. The GLA's draft Capital Plan is set out in Section 8 and the GLA's proposed revenue budget is summarised below.

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Net revenue expenditure and council tax requirement

- 2.6 After deducting fees, charges, investment income, business rate supplement revenues for Crossrail, and use of election and general reserves, **net expenditure for 2015-16 for the Mayor is proposed to be £163.5 million.** After deducting income from government grants, retained business rates, and the collection fund surplus forecast for council tax offset by the retained business rates forecast deficit **the council tax requirement for the Mayor is proposed as £65.3 million.**

Summary of GLA budget

- 2.7 The table overleaf summarises the GLA Budget at an objective (i.e. directorate) level. Appendix A summarises the budget at a subjective level.

Explanation of budget changes

- 2.8 An analysis of the year on year movements in the council tax requirement is set out in the table below. The table compares the revised budget for 2014-15 with the proposed 2015-16 budget:

Changes in the proposed council tax requirement for the GLA (Mayor) component budget	£m
2014-15 council tax requirement	76.0
<i>Changes due to:</i>	
Inflation	0.0
Savings	-6.5
Efficiencies	-1.7
New initiatives and service improvements	3.5
Change in use of reserves	21.4
Change in government grants	23.5
Change in retained business rates	-19.6
Other changes	-31.3
2015-16 council tax requirement	65.3

Inflation

- 2.9 No explicit provision has been made for inflation but the contingency provision allows for some other inflationary pressures.

Savings and efficiencies

- 2.10 The Budget includes savings and efficiencies of £8.2 million comprising savings of £6.5 million and efficiencies of £1.7 million. These include an increase in interest receivable, reductions in the central programme budget and efficiency savings across Directorates.

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Mayor - Objective analysis

GLA Service/directorate analysis	Revised budget 2014-15 £m	Forecast Outturn 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Directorate Expenditure				
Development, Enterprise & Environment	31.6	20.3	14.1	10.4
External Affairs	6.4	6.6	6.4	6.1
Communities & Intelligence	38.2	34.9	22.0	26.3
Housing & Land	25.9	23.0	21.3	21.0
Resources	35.4	33.3	24.9	24.6
Corporate Management Team	1.1	1.1	0.9	0.9
Mayor's Office	4.2	4.2	4.1	4.1
Elections	0.8	0.6	6.5	10.5
Sub-total Directorate expenditure	143.6	124.0	100.2	103.9
Olympic Funding Agreement	61.0	61.0	61.0	27.4
London Waste & Recycling Board	1.5	1.5	0.0	0.0
Museum of London	7.6	7.6	7.6	7.6
London and Partners	11.7	11.7	11.4	10.4
LLDC	46.6	46.6	23.3	20.7
Contingency	4.5	4.5	4.9	4.8
Net service expenditure	276.5	256.9	208.4	174.8
Financing costs – Crossrail	121.0	121.0	118.1	115.3
Financing costs and MRP – non Crossrail	19.4	17.5	17.2	17.5
Business rates retention tariff payment	349.0	349.0	355.7	364.0
Business rates retention levy payment	4.5	4.5	8.4	12.2
Total net expenditure	770.4	748.9	707.8	683.8
Income				
Crossrail Business Rate Supplement	121.0	121.0	118.1	115.3
Business rates income to fund tariff to CLG	349.0	349.0	355.7	364.0
Interest receipts	2.2	5.2	4.1	5.1
Net revenue expenditure	298.2	273.7	229.9	199.4
Transfer to/(from) reserves	-87.8	-63.2	-66.4	-71.3
Mayor's Financing requirement	210.5	210.5	163.5	128.1
Council tax freeze specific grants	9.4	9.4	9.4	0.0
Other specific grants	18.0	18.0	5.1	4.6
Retained business rates	57.0	57.0	76.6	96.4
Revenue support grant	52.3	52.3	41.7	6.3
Basic Council tax requirement	73.8	73.8	30.6	20.8
Collection fund surplus council tax	-15.1	-15.1	-5.6	-5.6
Collection fund deficit retained rates	17.3	17.3	40.2	0.0
Statutory Council tax requirement	76.0	76.0	65.3	15.2

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New initiatives and service improvements

- 2.11 The Budget proposes £3.5 million of increases arising from new initiatives in the GLA.

Change in use of reserves

- 2.12 The Budget proposes a net change in use of reserves of £21.4 million arising primarily from the phased application of sums received in the multi-year London Settlement and planned movements in the Mayor's Resilience Reserve which supports group wide budget pressures and manages risks in relation to council tax and retained rates income.

Change in Government Grants (Revenue Support and Specific Grants)

- 2.13 The GLA will be allocated approximately £56.2 million in government grants in 2015-16 by the Mayor – a reduction of £23.5 million compared to 2014-15.
- 2.14 The largest element of the GLA's government funding is general revenue support grant of £41.7 million which is around £10.6 million lower in cash terms than the Mayor's revised budget allocation of £52.3 million for 2014-15. However, on a like for like basis the effective reduction is actually £21.0 million once the impact of the baselining of the 2014-15 council tax freeze grant into revenue support grant is taken into account. This reduction reflects the impact of the protection being provided to LFEPA which is primarily delivered in 2015-16 through a reallocation of revenue support grant from the GLA.
- 2.15 The GLA is also due to receive £9.4 million in 2015-16 from the council tax freeze grant. The receipt of this grant is conditional on the Mayor's precept for the 32 London boroughs being the same as or lower than the corresponding Band D figure for 2014-15. In addition, the GLA is due to receive £5.1 million in ring fenced specific grants – a reduction of £12.9 million compared to 2014-15. This reduction primarily reflects the phasing of Department for Education funding to support school improvement.

Change in Rates Retention Funding

- 2.16 The Mayor is proposing that the GLA will receive £76.6 million in funding via rates retention – and the Assembly £2.0 million. However, of the GLA allocation £40.2 million will be used to finance the residual balance of the £81 million retained business rates deficit for 2013-14 – in line with the sum we anticipate the 33 London billing authorities will seek to recover through the sums payable to the GLA in 2015-16. This is treated as the provisional collection fund deficit for retained rates within the budget tables. This adjustment reflects the Mayor's decision to manage upsides and downsides in rates retention income centrally in order to maintain certainty in funding for functional bodies.
- 2.17 The effective sum allocated to the GLA for its core services through rates retention is therefore £34.4 million. The rates retention funding assumptions and how the volatility in business rates income is managed is set out in more detail in Appendix H.

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Other adjustments

- 2.18 The Mayor is proposing other adjustments of £31.4 million which reflect revised capital financing costs, interest receipts, collection fund adjustments and other minor changes.

Crossrail Business Rate Supplement and Contribution to Construction Costs

- 2.19 The GLA's revenue budget for 2015-16 includes £118.1 million of capital financing costs associated with the borrowing which has been undertaken to finance the GLA's £4.1 billion contribution to Crossrail. This is financed by a 2p business rates supplement (BRS) on non domestic properties with a rateable value above £55,000.
- 2.20 Due to the successful borrowing strategy adopted, the GLA has needed to borrow some £150 million less for Crossrail than previously planned. In addition, the average interest rate paid for the borrowing is some 2.4 per cent lower than anticipated, leading to a saving to business ratepayers of just less than £2 billion over the life of the BRS. Subject to the profile of future BRS receipts this saving should allow the GLA's debt to be repaid earlier than previously envisaged.
- 2.21 The final policies for the Crossrail Business Rate Supplement for 2015-16 will be confirmed before the end of January 2015 but are expected to be unchanged from those applying in 2014-15.
- 2.22 The total contribution by the GLA towards the cost of Crossrail in 2015-16 is forecast to be £9 million – as reflected in its capital spending plan and in line with the proposed phasing set out in the Crossrail BRS prospectus. This is financed entirely via BRS revenues being used as a direct revenue contribution towards the Crossrail construction costs. All BRS revenues not used to fund the direct contribution will be applied for debt financing costs and repayment of the GLA's borrowing. Appendix G contains a memorandum illustrating how the forecast income from the BRS of £224 million each year is expected to be applied in 2015-16 and 2016-17 through the ring fenced BRS account.

Contribution to Crossrail from Mayor's Community Infrastructure Levy

- 2.23 Sums will also be raised via the Mayor's Community Infrastructure Levy as a direct contribution towards the Crossrail construction costs. The Crossrail funding package assumes that £300 million will be provided towards the cost of the project from this source although it will take a number of years for this sum to be collected. No assumptions are included on projected CIL revenues within the GLA budget as in practice the sums are paid by collecting authorities (the 32 boroughs and the Corporation of London) direct to TfL. The total Mayoral CIL has generated revenues of £86 million in its first two and a half years and is forecast to deliver its target contribution for Crossrail by March 2019.

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Contributions to Northern Line Extension

- 2.24 The Mayor estimates that £50 million will be contributed to finance the cost of the Northern Line Extension to Battersea by the GLA in 2014-15, followed by a further £228 million in 2015-16 and £216 million in 2016-17. The balance of costs is planned to be incurred in later years. Subject to certain conditions being finalised, including the secondary legislation to establish an Enterprise Zone, the GLA intends to finance the bulk of the NLE by borrowing from the European Investment Bank and issuing an index-linked bond.

Contributions to London Legacy Development Corporation

- 2.25 The Mayor is proposing to contribute £23.3 million from GLA resources to the LLDC to fund its activities in 2015-16.

Olympic precept

- 2.26 The Mayor has committed to raise up to £625 million from London Council Taxpayers as a contribution to the public sector funding package for the 2012 Olympic Games and Paralympic Games over the period 2006-07 to 2016-17. The present forecast is that £625 million will be raised by a Band D amount of £20 for 10 years and approximately £8 in year 11 in 2016-17. It is assumed that this element of the precept will cease in 2017-18 as the £625 million contribution will have been secured.
- 2.27 The Mayor's component budget includes the estimated sum of £61 million paid to the Department for Culture, Media and Sport in respect of Olympic precept liabilities.

Business Rates Retention Tariff and Levy Payments

- 2.28 Under the business rates retention system the GLA is required to make a fixed tariff payment to the Department for Communities and Local Government which is updated annually. This budget assumes that the tariff payment will increase by 2 per cent or £7 million from £349 million in 2014-15 to £355.7 million in 2015-16 in line with the NNDR multiplier cap announced in the 2014 Autumn Statement. The assumed increase for 2016-17 is 2.3 per cent with the forecast tariff for that year being £364.0 million – although that will be subject to confirmation depending on the September 2015 RPI and any multiplier caps applied by the Government.
- 2.29 Under the business rates retention system the GLA is required to pay 27 per cent of any real terms growth secured as a levy payment to the Secretary of State. Based on the forecasts assumed in this Consultation Budget it is estimated that the levy payment for 2015-16 will be approximately £8.4 million with a further £12.2 million forecast to be payable in 2016-17. This assumes that the business rates base in London will grow by 1 per cent in real terms year on year. These are indicative estimates and the 2015-16 figures will be revised before the final draft budget to reflect the forecasts supplied by the 33 billing authorities by the end of January.

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London Enterprise Panel (LEP)

- 2.30 The LEP is the body through which the Mayor works with London's boroughs, the Corporation of London and the business community to take a strategic view of the regeneration, housing, skills and other social or environmental improvement required in London. The LEP has been allocated £110.7 million of capital and revenue funding from the Growing Places Fund (GPF). In addition in round one of the Growth Deal it has been allocated £120 million for a Further Education (FE) Capital Investment Fund and £5 million for a Digital Skills Fund over the next two years. As the accountable body for the LEP the GLA incorporates these grants into its revenue and capital budgets.
- 2.31 In 2015-16 estimated GPF expenditure is £55.5 million, including £4.7 million of revenue expenditure. This will be a mixture of grant and loan/investment funding so that there is a revolving element to the Fund which will be repayable over the medium term.
- 2.32 Taking into account the above allocations Further Education (FE) capital expenditure of £30 million is estimated to be incurred in 2015-16. This is for a programme of investment in the infrastructure of FE colleges and other providers to support the delivery of FE services in London. There is also estimated capital expenditure of £2 million to develop a Digital Skills programme.

New Homes Bonus Pooled Funding for 2015-16

- 2.33 In the Chancellor's Autumn Statement it was announced that from 2015-16 the LEP will receive £70 million of pooled funding from New Homes Bonus revenues in London. Individual NHB borough allocations and the relevant pooled top slice were issued alongside the provisional local government grant settlement but will not be confirmed until early February to allow local authorities to verify the accuracy of their allocations. These amounts will be re-allocated for expenditure on projects in the borough in which the NHB revenues were generated. However, borough projects must be in accordance with LEP priorities whose approval is required. It is estimated that £32 million of the £70 million will be paid as capital grants and £38 million as revenue grants.

Old Oak and Park Royal

- 2.34 The High Speed 2 (HS2) and Crossrail station at Old Oak Common provide the impetus for a once in a lifetime regeneration opportunity in that part of West London. The Mayor asked the Assembly on 17 December, 2014 to consider his proposal to establish the Old Oak and Park Royal Development Corporation (OPDC). This Mayoral Development Corporation (MDC) would ensure all the benefits are captured and maximised to deliver much needed jobs and homes in London. The Assembly has considered the Mayor's proposals and he has notified the Secretary of State who is now required to prepare the relevant Statutory Instrument to enable to the establishment of the MDC.

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- 2.35 As the OPDC cannot be established before 1 April 2015, for the purposes of consulting on, and finalising, the Mayor's budget the MDC's proposed expenditure for 2015-16 is included within the GLA's budget. The GLA's 2015-16 budget includes seed-funding for this new functional body. Assuming the MDC is established in 2015-16, future years' budgets will treat the OPDC as a full functional body of the GLA.

London Resilience Team

- 2.36 It is proposed to transfer the London Resilience Team from the GLA to LFEPA in 2015. Accordingly, the GLA's budget has been reduced for this transfer and additional resources of £300,000 in 2015-16 and future years over and above the previously notified levels are proposed to be passed to LFEPA. This will be funded via a reallocation of revenue support grant between the two authorities.

Apprenticeships

- 2.37 The Mayor has a target to create 250,000 apprenticeships by 2016. His Budget mitigates the risk to meeting this target by: a £1.8m employer-led apprenticeship creation programme; £100,000 to continue the Apprenticeship Information Ambassadors Network; and Government match-funding to support the uplift of the SME Apprenticeship Grant for Employers (AGE) initiative. In addition, the GLA is working closely with the Skills Funding Agency and conducting targeted engagement with larger businesses; and partnering with organisations representing different sectors of London's business community.

Equalities

- 2.38 Equal Life Chances for All (ELCFA) is the GLA's main arrangement for mainstreaming equality – making sure equality is integrated into everything the organisation does, and sets out GLA's agreed statutory equality objectives. Progress made against these objectives is reported annually in the Mayor's Annual Equalities Report. While the milestones and Key Performance Indicators within the Business Plan are reported on quarterly, the revised objectives from the ELFCFA framework will continue to be monitored annually by the Diversity and Social Policy Team. Progress is reported annually in the Mayor's Annual Equality Report, which demonstrates the GLA's compliance with section 149 of the Equalities Act 2010.

Environmental impact

- 2.39 The Mayor's budget takes into account the targets he has set to improve London's environment, including a 60% CO₂ reduction on 1990 levels by 2025, halving transport related NO_x emissions in central London by 2020, reducing those living in areas exceeding the EU limit values for NO₂ by 70 per cent and increasing tree cover by 5% by 2025. His single environment strategy (covering air quality, energy, climate change mitigation and adaptation, noise, biodiversity, water and waste issues), together with the complimentary policies in the London Plan, provides the framework on which the GLA considers the environmental impacts of its activities to ensure investment in regenerating London and supporting its economy is undertaken sustainably.

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2.40 The GLA will continue to invest in a suite of strategic programmes to improve its environmental performance such as the RE:NEW programme being sufficiently resourced with funding from the European Investment Bank ELENA facility. In addition, the funding arrangements for the successor decentralised energy programme – Energy for London (EfL) – aim to become increasingly self-financing with ERDF contributions and increasingly EfL generated revenues.

Reserves

2.41 At 31 March 2014 the GLA's net general reserves balance is expected to total £4.9 million. This balance is forecast to remain constant through to the end of 2016-17. In addition, it is forecast that the GLA will hold £239.2 million of earmarked reserves at 31 March 2015 which are expected to reduce to £101.5 million by March 2017. This reflects the remaining drawdown of the funding provided through the London Settlement along with transfers to and from the Elections Reserve and the Mayor's Resilience Reserve.

2.42 Following the introduction of the new local government finance system in April 2013 the Mayor established a resilience reserve to manage upside and downside risks relating to retained business rates and council tax. This reserve is also used to manage the implementation of the Mayor's precept reduction, council taxbase buoyancy, retained business rates surpluses or deficits and the application of general revenue streams provided to the Mayor such as council tax freeze grants. The resilience reserve will be updated once the relevant taxbase and collection fund data is received from billing authorities at the end of January.

Movement in GLA reserves during financial year	Outturn 2013-14	Forecast 2014-15	Budget 2015-16	Plan 2016-17
	£m	£m	£m	£m
Opening balances	290.1	307.3	244.1	177.7
Transfers to/from:				
Earmarked reserves	17.2	-63.2	-66.4	-71.3
General reserves	0.0	0.0	0.0	0.0
Closing balances	307.3	244.1	177.7	106.4

2.43 The expected total reserves at the end of each financial year are summarised below:

Total GLA reserves at end of financial year	Outturn 2013-14	Forecast 2014-15	Budget 2015-16	Plan 2016-17
	£m	£m	£m	£m
Earmarked reserves	302.4	239.2	172.8	101.5
General reserves	4.9	4.9	4.9	4.9
Total	307.3	244.1	177.7	106.4

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2.44 The tables exclude forecast accumulated Crossrail Business Rate Supplement balances at the end of March 2015 which are held in a ring fenced reserve to meet future financing costs, debt repayments and refunds to ratepayers arising from successful rating appeals. These funds cannot be used for any other purpose by the GLA. The table also excludes accumulated receipts from anticipated borrowing for the Northern Line Extension.

Determination of council tax requirement for Mayor and Assembly

2.45 The GLA is required to determine separate council tax requirements for the Mayor and the London Assembly. This means that the sum of the GLA's general grant funding and retained business rates must be notionally apportioned between the Mayor and the London Assembly.

2.46 Using the methodology adopted in earlier years £4.6 million (£2.1 million via rates retention and £2.5 million via revenue support grant) of the notional former GLA general grant payable for 2015-16 is attributable to the London Assembly. The impact of this on the Assembly's budget and council tax requirement and its power to amend the Mayor's proposed allocation is set out in Part 3 of the draft budget.

Section 3 – Greater London Authority: London Assembly

Introduction

- 3.1 The separate component budget for the London Assembly comprises GLA costs arising in respect of Assembly Members, of employees of the Authority who work as support staff for the Assembly, of goods or services procured solely for the purposes of the Assembly and of the support provided by the Assembly to London TravelWatch, the watchdog for transport users in and around London.

Key deliverables

- 3.2 The Assembly Secretariat has seven objectives to guide its work, to support:
- the Assembly and its committees to enable them to effectively hold the Mayor to account;
 - the Assembly and its committees to conduct effective investigations into issues of importance to Londoners;
 - Assembly Members in relation to their representative and constituency roles;
 - raising the profile of the work of the Assembly and enhance its positive reputation among Londoners;
 - the effective governance of the GLA, including support for the work of the Monitoring Officer;
 - the Assembly in carrying out its statutory duties towards London TravelWatch; and
 - the Greater London Returning Officer in the effective planning and management of the Mayoral and London Assembly elections.

Gross revenue expenditure and Council Tax Requirement

- 3.3 **The Mayor is proposing that the Assembly's gross revenue expenditure for 2015-16 is £7.6 million** – a standstill budget compared to 2014-15. The Mayor is proposing that **the Assembly's net expenditure for 2015-16 is £7.2 million**. This is the same as that in 2014-15 on a like for like basis.
- 3.4 As set out in section 2, deducting the respective GLA general grant and retained business rates shares for the Mayor and Assembly having regard to their respective net expenditure, results in the Mayor proposing **a council tax requirement for the Assembly of £2.6 million in 2015-16**. The revenue budget for the Assembly is set out in the table below on an objective basis.

Section 3 – Greater London Authority: London Assembly

Assembly - Objective analysis

Service analysis	Budget	Forecast	Budget	Budget
	2014-15	2014-15	2015-16	Plan
	£m	£m	£m	£m
Assembly Members	1.8	1.8	1.8	1.8
Member Services	2.1	2.1	2.1	2.1
Scrutiny & Investigations	1.2	1.2	1.5	1.5
Committee Services	0.5	0.5	0.5	0.5
External Relations	0.3	0.3	0.0	0.0
Director/Business Support	0.3	0.3	0.2	0.2
London TravelWatch	1.0	1.0	1.1	1.1
Net revenue expenditure	7.2	7.2	7.2	7.2
Financed by:				
Retained business rates	2.1	2.1	2.1	2.1
Revenue support grant	2.6	2.6	2.5	2.5
Council tax requirement	2.5	2.5	2.6	2.6

Explanation of budget changes

- 3.5 An analysis of the year on year movement in council tax requirements is set out below. An explanation of each change is detailed in the paragraphs below. Appendix A sets out a subjective analysis of the Mayor's proposed 2015-16 budget for the Assembly.

Changes in the Assembly's council tax requirement	2015-16
	£m
2014-15 council tax requirement	2.5
<i>Changes due to:</i>	
Inflation	0.1
Savings	0.0
Efficiencies	-0.1
Changes in government grants and retained rates	0.1
2015-16 council tax requirement	2.6

Inflation

- 3.6 The Budget includes a provision for a pay award of £0.1m in the Assembly's budget.

Savings and efficiencies

- 3.7 The Budget includes £0.1 million of efficiencies offered by the Assembly in 2015-16.

Changes in Government Grants and Retained Business Rates

- 3.8 The Assembly share of Government Grants and Business Rates is £0.1m lower in 2015-16 reflecting its contribution to the reduction in revenue support grant.

Section 3 – Greater London Authority: London Assembly

Equalities

- 3.9 All the Assembly's savings and efficiencies are administrative in nature and therefore are unlikely to have any adverse equalities impact.

Environmental impact

- 3.10 None of the Assembly's savings and efficiencies has any adverse environmental impact.

Reserves

- 3.11 The Mayor's proposed budget for the Assembly includes an estimated earmarked Assembly Development and Resettlement reserve of £1.3 million as at the beginning of 2015-16.

Section 4 – Mayor’s Office for Policing and Crime (MOPAC)

Introduction

- 4.1 The Mayor’s Office for Policing and Crime (MOPAC) works on behalf of Londoners to hold the Metropolitan Police Service (MPS) to account and improve the provision of criminal justice services across the capital. MOPAC’s Police and Crime Plan sets out the Mayor’s strategy for policing and crime reduction over a four year period for 2013-2017.

Key deliverables

- 4.2 The Mayor’s proposed budget for MOPAC has been prepared to support the delivery of the Police and Crime Plan and specifically to:
- cut crime by 20 per cent in seven key neighbourhood crime types, reducing the number of crimes by up to 250,000;
 - increase confidence by 20 per cent with up to 75 per cent of Londoners thinking the MPS are doing a good or excellent job;
 - cut costs by 20 per cent, delivering £500 million of savings;
 - seek swifter justice for victims by reducing delays in the criminal justice system by 20 per cent;
 - increase compliance with community sentences by 20 per cent; and
 - reduce reoffending by young people leaving custody in London by 20 per cent.
- 4.3 The MPS has made significant progress against these deliverables, for example:
- by 2016 gross savings of £573 million will have been delivered;
 - all 32 Boroughs have moved to the new Local Policing Model and more officers are now on the frontline, including an additional 2,600 officers in Safer Neighbourhood Teams; and
 - the overall number of offences has continued to fall, with crime down by 6.2 per cent in 2013-14.
- 4.4 Whilst progress has undoubtedly been made MOPAC continues to face considerable pressures, for example:
- performance against the confidence target remains challenging;
 - maintaining visibility and engagement with the public; and
 - increasing satisfaction and reducing the satisfaction gap between white and BME communities.

Section 4 – Mayor’s Office for Policing and Crime (MOPAC)

- 4.5 It is not anticipated that these pressures will decrease and the Mayor will need to ensure that the MPS is capable of effectively prioritising and managing all of these demands as well as being able to assess and respond to emerging and evolving pressures.

Gross revenue and capital expenditure

- 4.6 The Mayor is proposing a reduction in MOPAC’s overall expenditure for 2015-16 of £54.1 million. **Gross revenue expenditure by MOPAC is** to be reduced by £91.6 million to **£3,159.8 million in 2015-16** compared to the revised budget for 2014-15 of £3,251.4 million. However, **total capital expenditure is forecast to be £264.5 million in 2015-16** which is some £37.5 million higher than in 2014-15. This reflects the profiling of the investment required to deliver the Metchange transformation programme which will deliver savings in MOPAC’s estate and support services.

- 4.7 The Mayor’s proposed Capital Plan for MOPAC is set out in Section 8 as part of the Group-wide Capital Spending Plan and the Mayor’s proposed revenue budget for MOPAC is described directly below.

Net revenue expenditure and council tax requirement

- 4.8 After deducting fees, charges, investment income, other income and use of reserves, from its gross expenditure of £3,159.8 million the Mayor proposes that MOPAC’s **net expenditure for 2015-16 before the application of government grants and council tax is £2,841.8 million. The Mayor proposes that the council tax requirement for MOPAC is £564.2 million.** The Mayor’s proposed revenue budget for MOPAC is summarised in the table below on an objective basis. The table reflects MOPAC’s new business group structure and it has not been possible to prepare like for like comparators for 2014-15. The subjective analysis in Appendix B does, however, include these comparators.

Section 4 – Mayor’s Office for Policing and Crime (MOPAC)

MOPAC - Objective analysis

Objective analysis	Revised Budget 2014-15 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Business Groups:				
Territorial Policing			1,172.0	1,169.2
Specialist Crime and Operations			665.2	664.9
Specialist Operations			253.1	253.1
Met HQ			462.4	376.2
Support Services			162.8	143.7
Total Business Groups			2,715.5	2,607.1
Centrally held items			51.6	161.2
Discretionary Pensions Costs			36.9	36.9
Capital financing costs			50.5	50.0
Interest receipts			-0.8	-0.8
Total corporate budgets			138.2	247.3
Mayor’s Office for Policing and Crime			44.2	44.2
Savings to be identified			0.0	-189.1
Net revenue expenditure	2,988.0	2,990.0	2,897.9	2,709.5
Transfers to/from reserves	-56.8	-60.0	-56.1	0.0
Net financing requirement	2,931.2	2,930.0	2,841.8	2,709.5
Specific Grants – Council Tax Support	119.7	119.7	119.7	113.0
Specific Grants – Other	363.3	362.1	363.7	343.6
Home Office Police Grant	1,101.1	1,101.1	1,040.1	981.0
Home Office Formula Grant	782.9	782.9	754.1	707.7
Council tax requirement	564.2	564.2	564.2	564.2

Explanation of budget changes

- 4.9 An analysis of the year on year movement in the Mayor’s proposed council tax requirement for MOPAC is set out below and an explanation of each change is provided in the paragraphs that follow. The table compares the revised budget for 2014-15 with the proposed 2015-16 budget. In addition, Appendix B sets out a subjective analysis of MOPAC’s budget and a summary of its proposed savings and efficiencies.

Section 4 – Mayor’s Office for Policing and Crime (MOPAC)

Changes in the MOPAC’s council tax requirement	£m
2014-15 council tax requirement	564.2
<i>Changes due to:</i>	
Inflation	48.0
Savings	-100.5
Efficiencies	-105.6
New initiatives and net change in existing services	70.0
Changes in Government grants	89.4
Change in use of reserves	0.7
Other adjustments	-2.0
2015-16 council tax requirement	564.2

Inflation

- 4.10 The Budget proposals include a provision for inflation of £48.0 million.

Savings and efficiencies

- 4.11 The Budget proposes that MOPAC make savings of £100.5m and efficiencies of £105.6m. These include reductions in pay budgets, a decrease in central resilience budgets and reductions in supplies and services.

New initiatives and net change in existing services

- 4.12 The Budget proposes an additional £70.0 million to meet the Mayor’s commitment that officer numbers remain at or around 32,000, to provide revenue support for capital investment in technology and to meet the additional costs of police staff pensions.

Change in use of reserves

- 4.13 MOPAC’s change in use of reserves in 2015-16 will be £0.7 million.

Other adjustments

- 4.14 The adjustment reflects a small variation in the forecast specific government grants in the original Mayor’s 2014-15 budget and the Mayor’s revised 2014-15 budget.

Changes in Government grants

- 4.15 The Mayor is forecasting that MOPAC will see a net reduction in Government Grants of £89.4 million in 2015-16 compared to its original 2014-15 Budget. This primarily relates to the reductions in general Home Office police and formula grant.
- 4.16 Further details on the MOPAC general grant allocation announced in the provisional police grant settlement on 17 December 2014 are set out in Appendix H. The final draft budget will be updated to reflect the final police grant settlement once it is confirmed by the Home Office.

Section 4 – Mayor’s Office for Policing and Crime (MOPAC)

Equalities

- 4.17 Throughout the planning process Business Groups have considered the impact they have on internal and external communities and therefore develop activities that reflect MOPAC and the MPS’s commitment to equality and diversity issues. In doing so consideration has been given to all Equality Groups, the details of which will form part of the more detailed proposals.

Environmental impact

- 4.18 The planning framework will help to ensure that environmental sustainability issues are properly reflected in future plans and budgets.

Reserves

- 4.19 At 31 March 2015 the Mayor forecasts that MOPAC’s general reserves balance will total £23.5 million. This balance is forecast to be maintained as at 31 March 2016.
- 4.20 In addition, it is estimated that MOPAC will hold £319.9 million of earmarked reserves at 31 March 2015 which are then forecast to fall to £263.8 million by 31 March 2017.

Movement in reserves During Financial Year	Outturn 2013-14 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Opening balances	321.9	403.4	343.4	287.3
Transfers to/from:				
Earmarked reserves	81.5	-60.0	-56.1	0.0
General reserves	0.0	0.0	0.0	0.0
Closing balances	403.4	343.4	287.3	287.3

- 4.21 The expected total reserves at the end of each financial year are summarised below:

Total MOPAC reserves at end of financial year	Outturn 2013-14 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Earmarked reserves	379.9	319.9	263.8	263.8
General reserves	23.5	23.5	23.5	23.5
Total	403.4	343.4	287.3	287.3

Section 5 – London Fire and Emergency Planning Authority (LFEPA)

Introduction

- 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.
- 5.2 LFEPA's key priorities, as set out in the Fifth London Safety Plan (LSP5), are to:
- promote community safety and fire prevention activity to mitigate the risk to communities in London;
 - make sure that buildings in London conform to the appropriate fire safety standards in order to protect Londoners and visitors to London;
 - get resources to emergency incidents as quickly as possible, maintaining and improving where possible, their performance against their standards of attendance for first and second appliances; and
 - deliver services in a cost effective way.

Key deliverables

- 5.3 LSP5 set out headline targets with two components: the first component is the level of reduction that is reasonably believed to be achievable through maintaining current focus with current resources. The second component is a 'stretch target' - targets that are more challenging and are likely to require changes to the way LFEPA delivers services, including greater involvement and support from partners. LFEPA's headline targets in LSP5 are by March 2016 to:
- reduce fires in the home by 2 per cent (without stretch) and 8 per cent (with stretch);
 - carry out a further 219,000 home fire safety visits;
 - reduce fires in care homes and sheltered housing by 3 per cent (without stretch) and 9 per cent (with stretch);
 - reduce fires in non-domestic buildings by 4 per cent (without stretch) and 16 per cent (with stretch);
 - reduce fire related fire deaths by 6 per cent;
 - reduce all outdoor rubbish fires by 14 per cent (without stretch) and 28 per cent (with stretch);
 - reduce false alarms from automated systems in non-domestic buildings by 17 per cent (without stretch) and 27 per cent (with stretch); and

Section 5 – London Fire and Emergency Planning Authority (LFEPA)

- reduce the shut-in-lift incidents attended by 8 per cent (without stretch) and 19 per cent (with stretch).

Gross revenue and capital expenditure

- 5.4 The Mayor is proposing a reduction in LFEPA's combined capital and revenue budget for 2015-16 of some £5.7 million. **Gross revenue expenditure by LFEPA is to be reduced by some £4.5 million to £423.7 million in 2015-16** compared to the revised budget for 2014-15 of £428.2 million. **LFEPA's planned capital expenditure in 2015-16 is to be reduced by around £1.2 million to £56.7 million.**
- 5.5 The Mayor's proposed Capital Plan for LFEPA is set out in Section 8 as part of the Group-wide Capital Spending Plan and the Mayor's revenue budget for LFEPA is described below.

Net revenue expenditure and council tax requirement

- 5.6 After deducting fees, charges, and other income and use of reserves from LFEPA's gross revenue expenditure of £423.7 million, the Mayor proposes that its **net expenditure for 2015-16 will be £391.4 million. The Mayor also proposes that the council tax requirement for LFEPA is £138.2 million.**
- 5.7 The Mayor's proposed revenue budget for LFEPA is set out on the next page on an objective basis.

Section 5 – London Fire and Emergency Planning Authority (LFEPA)

LFEPA – Objective Analysis

Objective Analysis	Revised Budget 2014-15 £m	Forecast Outturn 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Community safety	33.6	33.0	32.6	33.5
Fire fighting and rescue	331.1	333.9	327.1	335.9
Fire-fighter pensions	22.0	21.5	21.9	22.5
Emergency planning	0.8	0.8	0.8	0.8
Central services	0.4	0.4	0.4	0.4
London Resilience Team	0.0	0.0	0.3	0.3
Savings to be agreed	0.0	0.0	-3.2	-17.2
Net service expenditure	388.0	389.7	379.9	376.2
Capital financing costs	10.6	10.5	12.1	15.7
External interest receipts	-0.5	-0.3	-0.5	-0.5
Net revenue expenditure	398.1	399.8	391.5	391.4
Transfer to/(from) general reserves	0.4	-1.3	-0.1	0.0
Financing requirement	398.5	398.5	391.4	391.4
Financed by:				
Specific grants	9.3	9.3	9.1	9.1
Revenue support grant	138.8	138.8	129.4	126.7
Retained Business Rates	112.2	112.2	114.7	117.4
Council tax requirement	138.2	138.2	138.2	138.2

Explanation of budget changes

- 5.8 An analysis of the year on year movement in the Mayor's proposed council tax requirement for LFEPA compared to the Mayor's revised budget for 2014-15 is set out below. An explanation of the year on year changes is provided in the paragraphs that follow. In addition, Appendix C sets out a subjective analysis of the Mayor's proposed budget for LFEPA and details of its proposed savings and efficiencies.

Changes in the LFEPA's council tax requirement	£m
2014-15 council tax requirement	138.2
<i>Changes due to:</i>	
Inflation	5.0
Savings	-0.6
Efficiencies	-3.6
Change in use of reserves	-3.1
Net Change in Government grants and retained rates	7.1
Other adjustments	-1.6
Savings to be identified	-3.2
2015-16 council tax requirement	138.2

Section 5 – London Fire and Emergency Planning Authority (LFEPA)

Inflation

- 5.9 The Budget proposes that LFEPA make provision for inflation of £5.0 million in 2015-16.

Savings and Efficiencies

- 5.10 The Budget proposes that LFEPA make savings of £0.6 million and efficiencies of £3.6m for 2015-16.

New initiatives and service improvements

- 5.11 The Budget proposes that LFEPA do not plan on budgeting for any material growth items in 2015-16. However, LFEPA's budget reflects the transfer of responsibilities and funding for the London Resilience Team from the GLA.

Change in use of reserves

- 5.12 The Budget proposes that in 2015-16 LFEPA's will have a change in use of balances of £3.1 million compared to the like for like 2014-15 position.

Change in Government Grants and Retained Business Rates

- 5.13 The Mayor has committed to ensuring that LFEPA's funding from Council Tax, Retained Business Rates, Revenue Support Grant and the Resilience Reserve will total £382.3 million in both 2015-16 and 2016-17. In addition, LFEPA is forecast to receive £9.1 million of specific government grants in both years – resulting in total funding being made available by the Mayor of £391.4 million. The Mayor has increased funding to LFEPA by £0.3 million relating to the transfer of the London Resilience Team from the GLA delivered via a reallocation of revenue support grant between the two authorities.
- 5.14 The Mayor is proposing therefore that LFEPA will receive £114.7 million in funding via rates retention in 2015-16. This is an increase of 2.3 per cent compared to 2014-15 in line with the September 2014 RPI figure of which 2 per cent is estimated to be financed by increases in rating income and 0.3 per cent represents government grant to compensate for the cap in the 2015-16 non domestic rating multiplier. It is also assumed that the lost revenue to the GLA arising from the other business rates reliefs confirmed in the 2013 and 2014 Autumn Statements will be reimbursed by central government under the new burdens principle.
- 5.15 The revenue support grant allocation for LFEPA is £9.4 million lower than in 2014-15. Forecast specific grant income is £0.2 million lower.
- 5.16 Therefore, the Mayor's proposed budget for 2015-16 of £391.4 million provides additional support to LFEPA to offset the impact of the additional cuts in the former fire formula grant component of the GLA's revenue support grant allocation.

Section 5 – London Fire and Emergency Planning Authority (LFEPA)

Other Adjustments

- 5.17 There are £1.6 million of other adjustments in the Mayor's proposed LFEPA budget.

Savings to be identified

- 5.18 LFEPA are still to propose a further £3.2 million of savings to balance their budget for 2015-16. The LFEPA Full Authority is due to meet on 29 January, 2015 to consider the additional savings and efficiencies of £3.2 million that are required in 2015-16 to close its budget gap. The outcome of LFEPA's meeting will be reported to the Assembly and any implications arising from it considered in the final draft budget scheduled to be considered by the Assembly on 23 February, 2015.

Equalities

- 5.19 An equality impact analysis for savings made as part of development of the budget was completed and considered as part of LFEPA's budget formulation and decision making processes.

Environmental impact

- 5.20 LFEPA has reviewed the savings proposals for sustainability and environmental implications with consideration of the Mayor's strategies to promote improvement of the environment. LFEPA has reviewed the savings proposals for sustainability and environmental implications as part of LFEPA's decision-making process. LFEPA's Sustainable Development Strategy and the environmental plans that sit under it drives LFEPA's environmental performance. LFEPA will continue to monitor their performance through their ISO 14,001 certified Environmental Management System and Sustainable Development Annual Reports. This includes the new 45 per cent CO2 reduction target and the use of GLA programmes such as RE:FIT. These will help LFEPA to achieve this target and maintain their high levels of recycling, with a target of 98 per cent.

Reserves

- 5.21 Subject to the resolution of one-off costs for the implementation of LSP5 which the Mayor has agreed to meet, at 31 March 2015 LFEPA's general reserves are expected to total £11.9 million. This balance is forecast to rise to £12.7 million by 31 March 2016 and remain at this level by the end of 2016-17. There does however remain a significant pressure on these reserves while the national dispute between the Fire Brigades Union and the Government on pensions continues. Given that the action to date has pushed LFEPA into a potential overspend position, the costs of additional strike action may be required therefore to be met from reserves.
- 5.22 In addition, it is forecast that LFEPA will hold £6.2 million of earmarked reserves at 31 March 2015. Earmarked reserves are forecast to fall to £5.5 million at 31 March 2016 and remain at that level during 2016-17.

Section 5 – London Fire and Emergency Planning Authority (LFEPA)

5.23 The expected movements in reserves over the planning period are set out in the table below.

Movement in reserves During Financial Year	Outturn 2013-14 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Opening balances	22.5	19.5	18.2	18.2
Transfers to/from:				
Earmarked reserves	0.2	-3.0	-0.7	0.0
General reserves	-3.3	1.7	0.7	0.0
Closing balances	19.5	18.2	18.2	18.2

5.24 The expected total reserves at the end of each financial year are summarised below:

Total LFEPA reserves at end of financial year	Outturn 2013-14 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Earmarked reserves	9.3	6.2	5.5	5.5
General reserves	10.2	11.9	12.7	12.7
Total	19.5	18.2	18.2	18.2

Section 6 – Transport for London

Introduction

- 6.1 Transport for London (TfL) is responsible for the planning, delivery and day-to-day operation of the Capital's public transport system, including London's buses, Underground and Overground, the Docklands Light Railway (DLR), Tramlink and London River Services. It is also responsible for managing the Congestion Charge, maintaining London's main roads and traffic lights, regulating taxis, making London's transport more accessible and promoting walking and cycling initiatives.

Key deliverables

- 6.2 Full details of TfL's priorities are set out in its business plan which was published in December 2014. TfL's key deliverables over the next decade, include:
- investing £200 million in bus priority schemes;
 - making 95 per cent of all bus stops in London accessible by 2017;
 - delivering 800 New Bus for London vehicles by 2016, 200 more than previously planned;
 - investing in £913 million to support the Mayor's Cycling Vision through creating safer junctions across London, major segregated cycle routes, a network of Quietways on less busy streets and other far-reaching improvements;
 - ensuring a 30 per cent reduction in Tube delays by 2015 compared to 2011;
 - reducing the number of people killed or seriously injured on London's roads by 40 per cent by 2020;
 - introducing a new 24-hour Tube service at weekends from September 2015;
 - investing £250 million in step-free stations increasing the total number to 193 by 2021;
 - introducing new walk through air-conditioned Tube carriages, with dedicated wheelchair spaces and advanced audio and visual information by 2016;
 - implementing new signalling on the Underground's 'sub surface' lines, providing increased capacity and reliability;
 - upgrading Victoria, Bond Street, Bank, Tottenham Court Road and Finsbury Park stations;
 - delivering the Northern Line Extension to Battersea via Nine Elms;
 - making a £4 billion investment in London's roads over the next 10 years;

Section 6 – Transport for London

- adding five-car London Overground trains by 2015 to increase capacity by 25 per cent;
- electrifying the Gospel Oak–Barking London Overground line and extending it to serve a new station at Barking Riverside;
- continuing to deliver the Crossrail service linking east and west London from 2018, radically cutting journey times and reducing congestion; and
- increasing capacity by 50 per on the Trams on the Wimbledon to Croydon line.

Gross revenue and capital expenditure

6.3 The Mayor proposes that **TfL’s total gross revenue budget for 2015-16 is** to be increased by around £313.8 million to **£7,066.1 million**. In addition, **total capital expenditure is planned to be £3,784.4 million** which is £109.7 million higher in 2015-16 than in 2014-15. Total expenditure for TfL will therefore increase by £423.5 million in 2015-16. This reflects the Mayor’s commitment to invest in London’s transport infrastructure.

6.4 The Mayor’s proposed Capital Plan for TfL is set out in Section 8 as part of the Group-wide Capital Spending Plan and more details are included in that section on TfL’s capital expenditure. The Mayor’s proposed budget for TfL is summarised on an objective basis below for 2015-16 and 2016-17.

Gross revenue budget and council tax requirement

6.5 The Mayor’s **forecast for TfL’s gross revenue expenditure for 2015-16 is £7,066.1 million**. After deducting fare income, fees, charges, other income and its planned use of reserves, the Mayor proposes that TfL’s **net revenue expenditure for 2015-16 is £1,557.7 million**. An analysis of the revenue budget by service area is summarised in the table overleaf.

6.6 The Mayor is proposing that **TfL’s council tax requirement for 2015-16 is £6 million**. The balance of its net revenue expenditure is financed by £847.5 million of resources allocated by the Mayor through business rates retention, £675 million via the general element of the GLA transport grant and £29.2 million through other specific revenue grants from the Department for Transport (DfT).

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TfL Service Analysis	Revised Budget 2014-15 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Income				
Traffic Income	-4,331.3	-4,296.9	-4,667.1	-4,971.6
Congestion Charge, LEZ ¹ , Enforcement Income	-171.3	-169.7	-172.2	-171.1
Other Income	-514.3	-510.6	-459.4	-520.9
Interest Income	-24.9	-24.6	-32.7	-61.5
Sub total income	-5,041.8	-5,001.8	-5,331.3	-5,725.1
Operating costs				
London Underground and Tube Lines	2,414.1	2,331.5	2,395.0	2,371.0
Surface Transport	2,878.6	2,849.6	3,002.9	3,113.6
London Rail	409.9	404.7	549.3	599.8
Corporate Directorates	654.8	707.8	730.7	737.1
London Transport Museum	11.5	12.3	12.0	12.3
Sub total operating costs	6,368.9	6,305.8	6,689.9	6,833.8
Other				
Third-party contributions	-24.3	-29.6	-23.1	-56.5
Debt servicing	372.1	358.0	414.5	464.1
Group items	11.3	-27.3	-38.3	23.9
Sub total other	359.0	301.1	353.1	431.5
Net services expenditure	1,686.1	1,605.1	1,711.7	1,540.2
Revenue resources used to support capital investment ²	17.0	106.6	-154.0	49.9
Financing requirement	1,703.1	1,711.7	1,557.7	1,590.1
Financed by:				
GLA Transport grant (general element)	-835.0	-846.1	-675.0	-687.0
Other Specific grants	-33.8	-31.4	-29.2	-30.1
Retained business rates	-828.5	-828.5	-847.5	-867.0
Council tax requirement	6.0	6.0	6.0	6.0

Note: 1. LEZ is the Low Emission Zone.

2. This row represents an illustrative figure of the contribution the operating part of the business makes towards ongoing investment. It should be viewed across multiple years as presented in the TfL Business Plan. In 2015-16, due to the implementation of the significant grant reduction from the last spending review, it shows a notional small shortfall. This is not extracting from investment as it is covered by timing differences in funding which are shown separately at the end of the later capital table. As per the TfL Business Plan, the trend and cumulative position show an increasing contribution from revenue towards capital investment in the long run.

Section 6 – Transport for London

Explanation of budget changes

6.7 An analysis of the year on year movements in the Mayor’s proposed council tax requirement for TfL is set out below. An explanation of each change is detailed in the paragraphs below. Appendix D sets out:

- a subjective analysis of TfL’s budget;
- details of savings and efficiencies; and
- the application of net congestion charge revenue.

Changes in the TfL’s council tax requirement	£m
2014-15 council tax requirement	6.0
<i>Changes due to:</i>	
Inflation*	188.0
Efficiencies	-209.4
Savings	0.0
Fares, charges and other income changes	-289.6
New initiatives and service improvements (capital investment and net operational increases/decreases)	527.0
Changes in Government revenue grants	145.6
Change in use of general reserves	0.0
Other adjustments	-361.6
2015-16 council tax requirement	6.0

* TfL does not separately account for inflation and so the numbers in this table are an estimate of the changes were the effects of inflation to be isolated. The paragraphs below reference the figures in the table above. These figures are an estimate of the year-on-year change with the effect of inflation isolated. TfL figures in this budget document have inflation included and may differ from the figures quoted in the above table.

Inflation

6.8 The Budget proposes that TfL will increase net costs by £188 million for inflation.

Fares charges and other income

6.9 The Mayor has agreed an overall freeze on TfL fares in real terms relative to the 2.5 per cent annual increase in the Retail Price Index (RPI), in the benchmark month of July 2014. Travelcard season ticket prices will increase on average, by slightly less than 2.5 per cent, in January 2015 reflecting the link with National Rail fares and the latest general guidance from the Secretary of State for Transport.

6.10 The Mayor has met his commitment to provide a more equitable solution for part time workers by introducing all day multi-mode Pay As You Go (PAYG) caps, reducing the price of the 7 Day Travelcard price by 20 per cent.

Section 6 – Transport for London

Savings and efficiencies

- 6.11 The Mayor has proposed that TfL make additional efficiencies of £209 million in 2015-16 in addition to the significant savings achieved since 2009-10 which are already reflected in its base budget.

New initiatives and service improvements

- 6.12 The Budget proposes significant investment in 2015-16 in new initiatives and service improvements of around £527 million including the use of revenue resources to support capital investment. This includes the further devolution of rail services (West Anglia) and the transferring of services that will later become part of the Crossrail network (the current Shenfield – Liverpool Street metro services).

Changes in Government grants and retained business rates income

- 6.13 Compared to the 2014-15 budgeted assumptions TfL's overall income from Government grants and retained business rates will be reduced by £145.6 million net in 2015-16. The general element of TfL's transport grant will be £675.0 million in 2015-16 and it is also forecast to receive £29.2 million in specific grant income for revenue purposes.
- 6.14 The Mayor has decided to allocate £847.5 million in rates retention funding in 2015-16 to TfL. This represents an increase of 2.3 per cent in line with September 2014 RPI compared to the 2014-15 allocation of £828.5 million which in turn was 3.2 per cent higher than the baseline funding allocations set when the system was introduced in April 2013. The indicative allocation for 2016-17 is £867.0 million and assumes the same 2.3 per cent increase as in 2015-16 - this is in line with the lower range of independent forecasts for RPI in the latter half of 2015.
- 6.15 Of the 2.3 per cent increase for 2015-16 it is forecast that 2 per cent will be funded from the income received from non domestic ratepayers via billing authorities through the capped increase in the domestic rating multiplier with the balance being reimbursed by central government section 31 grant. It is also anticipated that the lost revenue arising from the impact of the additional business rates reliefs announced in the 2013 and 2014 Autumn Statements will be reimbursed by central government under the new burdens principle. These assumptions are in line with the policies adopted by the Government for 2014-15.

Change to Use of Reserves

- 6.16 The budget proposes no change in the use of reserves.

Other adjustments

- 6.17 The Budget proposes other adjustments to TfL's budget totalling £361.6 million which include changes in debt servicing and the movement in revenue resources to support capital investment.

Section 6 – Transport for London

Equalities

- 6.18 As part of the approval process for its latest Business Plan TfL produced an Equalities Impact Assessment (EqIA). At its meeting of 10 December 2014 TfL's Board considered the EqIA alongside the approval of the publication of the Business Plan.

Environmental impact

- 6.19 TfL plays an important role in managing the environmental impacts in London by providing social and economic value while reducing our impact on the local and global environment. TfL will continue to drive environmental performance and will continue to monitor and report on key environmental metrics each year, including their significant efforts to reduce carbon and air pollutant emissions. TfL crucially operates a reliable, high capacity network offering lower polluting services including trains, buses, cycling and walking.

Reserves

- 6.20 At 31 March 2015 TfL's general reserves balance is estimated to total £156.6 million. This balance is forecast to remain constant through to 31 March 2017. In addition, TfL estimates that it will hold £1,640.4 million of earmarked reserves at 31 March 2015 which is estimated to reduce to £520.4 million at 31 March 2017. This is based on TfL's planned profile of expenditure to March 2017. The expected movements in reserves over the planning period are set out in the table below.

Movement in TfL's reserves during Financial Year	Outturn 2013-14	Forecast 2014-15	Budget 2015-16	Plan 2016-17
	£m	£m	£m	£m
Opening balances	1,910.0	2,126.2	1,797.0	869.4
Transfers to/from:				
Earmarked reserves	217.7	-329.2	-927.6	-192.4
General reserves	-1.5	0.0	0.0	0.0
Closing balances	2,216.2	1,797.0	869.4	677.0

- 6.21 The expected total reserves at the end of each financial year are summarised below:

Total TfL reserves at end of financial year	Outturn 2013-14	Forecast 2014-15	Budget 2015-16	Plan 2016-17
	£m	£m	£m	£m
Earmarked reserves	1,969.6	1,640.4	712.8	520.4
General reserves	156.6	156.6	156.6	156.6
Total	2,126.2	1,797.0	869.4	677.0

Section 7 – London Legacy Development Corporation

Introduction

- 7.1 The London Legacy Development Corporation (“the Legacy Corporation”) is responsible for promoting and delivering the physical, social, economic and environmental regeneration of Queen Elizabeth Olympic Park and the surrounding area. In particular, the Legacy Corporation aims to maximise the legacy of the Olympic and Paralympic Games, by securing high-quality sustainable development and investment, ensuring the long-term success of the facilities and assets within its direct control and supporting and promoting the aim of convergence.
- 7.2 Since the London 2012 Olympic and Paralympic Games, the Legacy Corporation has been working to clear the Games-time overlay, to connect the Park to surrounding neighbourhoods, and to complete the conversion of Park and venues to their legacy configuration. The Copper Box Arena, Timber Lodge and North Park re-opened in July 2013 and the Aquatics Centre re-opened in March 2014. The ArcelorMittal Orbit and re-modelled South Park opened in April 2014 and the Stadium will re-open permanently in summer 2016 (with a temporary re-opening for major events such as the Rugby World Cup matches in 2015).
- 7.3 Alongside its operational mobilisation, the Legacy Corporation’s wider role in creating a great place and creating opportunities for local people will assume ever greater importance. The Corporation will work in partnership to bring forward regeneration schemes and housing to further the transformation of east London enabled by the London 2012 Games. This includes delivering the Mayor’s Olympicopolis vision, new social and transport infrastructure, and working with the host boroughs and other partners to create economic opportunity and support local people and businesses, as they seek to access it.

Key deliverables

- 7.4 During 2015-16, the Legacy Corporation’s revenue budgets will be deployed to:
- Successfully operate the Park and venues, building on successful Park and venue visitor numbers achieved to date;
 - hold annual community, cultural and sporting events programme;
 - host major sports events, including 5 Rugby World Cup Matches, Athletics meets in the Stadium, Euronations Hockey, World Track Cycling Championships and the European Swimming Championships;
 - adopt the Local Plan;
 - adopt the Community Infrastructure Levy and commence collection from 1 April 2015;

Section 7 – London Legacy Development Corporation

- progress development schemes on the Park and periphery including residential schemes, the development of two new schools, and the Olympicopolis scientific, educational and cultural vision for Stratford Waterfront and south of the Park;
- engage with 100,000 people through arts outreach and participation (2015-16); and;
- increase sport participation: engage 100,000 people through the Active People Active Park programme and 26,000 disabled people through the Motivate East programme.

Gross revenue and capital expenditure

- 7.5 The Mayor's proposed **gross revenue expenditure for the LLDC in 2015-16 is £37.3 million**. This represents a decrease of around £7.1 million compared to 2014-15. **The Mayor's proposed Capital Programme for the LLDC – which totals £136.1 million in 2015-16** – is set out in Section 8 as part of the Group-wide Capital Spending Plan and in more detail in Appendix E and is £99.8 million lower than in 2014-15.

Net revenue budget and council tax requirement

- 7.6 After deducting fees, charges, its allocated contribution from the GLA, other income and its planned use of reserves, **the Mayor's proposed net expenditure and council tax requirement for the LLDC in 2015-16 is NIL**. Its revenue budget is summarised below on an objective basis. This includes capital financing costs to service borrowing but this has a net nil impact as this there is separate additional funding being provided by the GLA.

Section 7 – London Legacy Development Corporation

LLDC – Objective Analysis

Objective analysis	Revised Budget 2014-15 £m	Forecast Outturn 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Park Opening and Operations	18.3	17.0	12.5	9.6
Real Estate and Regeneration	3.6	3.3	3.0	2.5
Corporate	15.2	15.8	14.8	12.8
Planning Authority	0.8	0.5	0.7	0.7
Irrecoverable VAT and contingency	6.4	4.2	0.0	-0.2
Financing costs	0.0	0.0	6.3	6.9
Total expenditure	44.4	40.8	37.3	32.3
Real estate and regeneration income	-0.1	-0.2	-0.5	-1.7
Park and venues income	-3.2	-1.5	-1.7	-1.7
Planning authority income	-0.4	-0.4	-0.8	-0.8
Other income	-0.3	-0.5	-0.4	-0.1
Total income	-4.0	-2.6	-3.4	-4.3
Net expenditure	40.4	38.2	33.8	28.0
Use of reserves	-1.9	0.3	-10.5	-7.2
Financing Requirement	38.5	38.5	23.3	20.8
GLA Funding for core activities	38.5	38.5	17.0	13.8
GLA Funding for financing costs	0.0	0.0	6.3	6.9
Council tax requirement	0.0	0.0	0.0	0.0

Explanation of budget changes

- 7.7 Most changes to the Legacy Corporation's budget reflect the changing scope of the organisation's work in its first few years of operation. An analysis of the year on year movement in the council tax requirement is set out below.

Changes in the LLDC's council tax requirement	£m
2014-15 council tax requirement	0.0
<i>Changes due to:</i>	
Inflation	0.2
Savings	-7.1
Efficiencies	-7.5
New initiatives and service improvements	3.9
Change in use of reserves	-8.6
Net Change in Government grants via GLA	21.5
Other adjustments	-2.4
2015-16 council tax requirement	0.0

Section 7 – London Legacy Development Corporation

Inflation

- 7.8 The Budget proposes that external contracts include negotiated provisions for inflation. Staff costs have been increased in line with public sector pay guidelines.

Savings and efficiencies

- 7.9 The Budget proposes savings and efficiencies of £7.1 million and £7.5 million respectively in 2015-16.

New initiatives and service improvements

- 7.10 The Budget proposes net reduction relating to new initiatives and service improvements as the areas where the Legacy Corporation's expenditure will grow which include new initiatives and projects moving from partial to full implementation, are offset by activities where income is projected to fall. The key drivers of this are summarised as follows:

- higher park operations, marketing and security costs, to reflect the opening of larger areas of the Park from spring 2014;
- increase in sports participation budgets;
- increased budget for staff training, and in corporate health and safety budgets; and
- reduced ticketing and sponsorship income, and reduced rental from assets due to be sold during the year.

Olympicopolis

- 7.11 The Mayor's vision for Olympicopolis is to create a world class education and cultural district in Queen Elizabeth Olympic Park bringing together outstanding organisations to showcase art, dance, history, craft, science, technology and cutting edge design.
- 7.12 University College London (UCL) will create a new university campus to the south of the ArcelorMittal Orbit. The University of the Arts London will establish a new campus on Stratford Waterfront opposite the London Aquatics Centre. The Waterfront site will also house new locations for the Victoria and Albert Museum and Sadler's Wells. The Government has pledged £141 million of grant funding (of which £14.6 million is expected in 2016-17) towards the project as part of the National Infrastructure Plan. LLDC expects to sign contracts with partners in the spring of 2015 and will progress the project to a planning application which is expected in 2016. This budget includes gross capital costs of £70 million towards its delivery, including planning, design, procurement and commencement of build. The GLA has entered into a Memorandum of Understanding with DCLG and will underwrite the funding requirements of the overall project together with any necessary cashflow funding.

Section 7 – London Legacy Development Corporation

Change in use of reserves

- 7.13 In 2014-15, the Legacy Corporation anticipated drawing down £1.9 million but it is now envisaged that a contribution to reserves of £0.3 million will be made. During 2015-16 the Budget proposes that the Corporation will draw down £10.5 million of reserves as it adjusts to the loss of Government revenue grants. This funding was provided whilst the Corporation was being established following its creation in 2012 and whilst the transformation of Queen Elizabeth Olympic Park was taking place immediately after the Olympic and Paralympic Games.

Changes in Government grants

- 7.14 The LLDC receives its revenue funding via the GLA. The total revenue grant made available by the Mayor has reduced by £15.2 million to £23.3 million reflecting the ending of the three year funding received by the GLA from the Government.

Equalities

- 7.15 The LLDC's approach to Inclusion is set out in its corporate policies which have been agreed by its Board; the Inclusive Design Strategy and Standards and the Equality and Inclusion Policy. These documents set out its equality objectives, which are to:

- create an accessible place embedding inclusive design;
- use procurement to maximise opportunities for diverse communities;
- embody the change we want to see setting the standard for our partners;
- deliver a legacy from the Paralympic Games; and
- develop projects which foster cohesion and integration.

- 7.16 Due to the significant nature of the Olympicopolis project LLDC has already committed to doing a full impact assessment on the proposed investment.

Environmental impact

- 7.17 The Legacy Corporation's policy is that the Park will use the best of the Games' infrastructure, innovation and inspiration, to provide a pioneering model of urban regeneration promoting sustainable lifestyles through sustainable infrastructure.
- 7.18 The Park was conceived as an environmental showcase and will continue to strive for environmental excellence. The Corporation has set a wide range of environmental performance measures and will publish an annual sustainability report.

Section 7 – London Legacy Development Corporation

Reserves

- 7.19 At 31 March 2015 LLDC's general reserves balance is expected to total at least £17.7 million. This balance is forecast to fall to £7.2 million by 31 March 2016 and decrease to zero by the end of 2016-17. The Mayor is not expecting LLDC to hold any earmarked revenue reserves. The expected movements in reserves over the planning period are set out in the table below.

Movement in reserves During Financial Year	Outturn 2013-14 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Opening balances	8.1	17.5	17.7	7.2
Transfers to/from:				
Earmarked reserves	0.0	0.0	0.0	0.0
General reserves	9.4	0.2	-10.5	-7.2
Closing balances	17.5	17.7	7.2	0.0

- 7.20 The expected total reserves at the end of each financial year are summarised below:

Total LLDC reserves at end of financial year	Outturn 2013-14 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Earmarked reserves	0.0	0.0	0.0	0.0
General reserves	17.5	17.7	7.2	0.0
Total	17.5	17.7	7.2	0.0

Section 8 – Draft Capital Spending Plan and Borrowing Limits

Introduction

- 8.1 The Mayor is required to prepare a Capital Spending Plan (CSP) every year for each of the GLA's functional bodies. Before issuing his final plan he is required to consult on a draft plan with the Assembly and each functional body under section 123 of the GLA Act. This was undertaken alongside the consultation on the Mayor's revenue budget issued on 19 December 2014. The figures in this section reflect the updated capital spending plan proposals for the GLA and each functional body and are included for information. The final capital spending plan will be published before the statutory deadline of 28 February. The Mayor is also required to set the borrowing limits for the GLA Group – the proposals for which are set out in Appendices A to E for the GLA and each functional body. These limits will be approved by the Mayor before 31 March 2015.

Key deliverables

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

Draft Capital Spending Plan

- 8.3 Set out below is a summary of the Mayor's Draft Capital Spending Plan for 2015-16 which sets out the capital funding sources for the CSP in line with the format required under section 122 of the GLA Act. Further details on the GLA and each functional body's draft plan are set out in Appendices A to E. More details of the key deliverables are set out in this section under each member of the Group and in the relevant Appendices.

Section 8 – Draft Capital Spending Plan and Borrowing Limits

Draft GLA Group Statutory Capital Spending Plan 2015-16 Under Section 122 of the GLA Act

Section		GLA	MOPAC	LFEPa	TfL	LLDC
		£m	£m	£m	£m	£m
A	Total external capital grants	746.7	39.9	0.0	2,981.3	22.7
	Opening balance of capital receipts	0	2.9	0.0	0.0	0.0
	Total capital receipts during the year	55.9	341.0	0.0	22.7	1.3
	Total capital grants/ receipts	802.6	383.8	0.0	3,004.0	24.0
B	Minimum s.120(1) grant	0.0	0.0	0.0	0.0	0.0
	Total borrowings	200.0	0.0	56.7	600.8	96.9
	Total borrowings and credit arrangements	200.0	0.0	56.7	600.8	96.9
C	Total capital expenditure anticipated during the year	1,089.8	264.5	56.7	3,784.4	136.1
	Total credit arrangements	0	0.0	0.0	0.0	0.0
	Total capital spending for the year	1,089.8	264.5	56.7	3,784.4	136.1
D	Funding: capital grants	766.7	38.9	0.0	3,168.1	37.9
	Funding: capital receipts/reserves	86.1	224.6	0.0	15.5	1.3
	Funding: borrowings and credit arrangements	228.0	0.0	56.7	600.8	96.9
	Funding: revenue contributions	9.0	1.0	0.0	0.0	0.0
	Total funding	1,089.8	264.5	56.7	3,784.4	136.1

N.B. Estimates of capital receipts are those made by Functional Bodies

8.4 Set out below is a summary of the Mayor's draft Capital Plan to 2015-16 and how this is financed. This shows that overall the GLA Group will be investing around £5.3 billion in 2015-16 and £4.7 billion in 2016-17. This is largely because of TfL's capital investment programme.

Summary of the Capital Plan Plan 2014-15 to 2016-17	2014-15 Forecast £m	2015-16 Plan £m	2016-17 Plan £m	3 year Total £m
GLA	1,388.4	1,089.8	1,023.7	3,501.9
MOPAC	227.0	264.5	197.2	688.7
LFEPa	57.9	56.7	17.2	131.8
TfL	3,674.5	3,784.4	3,389.1	10,848.0
LLDC	235.9	136.1	85.6	457.6
Total	5,583.7	5,331.5	4,712.8	15,628.0

Section 8 – Draft Capital Spending Plan and Borrowing Limits

Greater London Authority

8.5 The three key elements to the GLA's Capital Plan of £1,089.8 million in 2015-16 and £1,023.7 million in 2016-17, are as follows:

- Housing programmes of £1,251.5 million in 2015-17 with the priority being to deliver affordable housing for Londoners in line with the Mayor's commitment of 100,000 new affordable homes over his two Mayoral terms;
- Northern Line extension to Battersea – funding of £228.0 million in 2015-16 and £216.0 million in 2016-17 is forecast to be paid to TfL to fund this project. The total estimate cost of the project is £960.0 million;
- Regeneration programmes totalling £149.2 million in 2015-16 such as that run by the London Enterprise Panel (LEP) and the Mayor's Regeneration Fund.

8.6 Details of the GLA's Capital Plan to 2016-17, together with the financing costs of the Programme, are set out at Appendix A. Details of the GLA's Authorised Limit and Operational Boundary for external debt are also set out in that Appendix.

MOPAC

8.7 MOPAC's Capital Programme of £461.7 million over the period 2015-16 to 2016-17 is critical to the transformation of policing's IT infrastructure and estate, both of which are vital to delivering the revenue savings programme. The Capital Programme includes funding for the maintenance and refurbishment of key buildings including the development of Hendon, delivery of the custody centre programme, technology projects in support of frontline policing and infrastructure modernisation and the vehicle replacement programme.

8.8 A detailed summary of MOPAC's Capital Plan to 2015-16, together with the financing costs of the Programme, is set out at Appendix B. Details of MOPAC's Authorised Limit and Operational Boundary for external debt are also set out in that Appendix.

London Fire and Emergency Planning Authority

8.9 The Mayor proposes that LFEPA's Capital Plan will reduce marginally by £1.2 million from £57.9 million in 2014-15 to £56.7 million in 2015-16. The Capital Plan for 2016-17 is £17.2 million. Accordingly, LFEPA's Capital Plan for the next two years of £73.9 million includes the following investment:

- service concessions of £28.2 million relating to PFI stations and finance leases;
- investment in replacing and refurbishing fire stations of £6.3 million;
- IT projects of £9.4 million; and
- £18.6 million for fleet replacement and equipment.

Section 8 – Draft Capital Spending Plan and Borrowing Limits

8.10 Details of LFEPA's Capital Plan to 2015-16, together with the financing costs of the Programme, are set out at Appendix C. Details of LFEPA's Authorised Limit and Operational Boundary for external debt are also set out in that Appendix.

Transport for London

8.11 The main elements of TfL's Capital Plan of £7,174 million for 2015-16 and 2016-17, are, as follows:

- investment in Rail and Underground of £3,119 million;
- investment in Surface Transport of £934 million; and
- expenditure on Crossrail of £2,823 million.

8.12 The Mayor's investment allows 500 extra buses to be planned over the course of the business plan, which will create additional capacity for an extra 2.9 million customer journeys each week. As part of the Mayor's Cycling Vision, £913 million is being invested, to support the rapidly growing number of cyclists, through creating safer junctions across London, major segregated cycle routes and a network of Quietways on less busy streets. The Mayor plans to increase capacity on the Wimbledon to Croydon line by 50 per cent by adding four new trams, with the first arriving in 2015.

8.13 As part of the Tube upgrade there will be a 20 per cent increase in the capacity of the Northern Line at peak times. A new automatic signalling system on the sub-surface lines plus new more spacious trains will increase capacity on the Circle and Hammersmith & City lines by 65 per cent, the District line by 24 per cent and the Metropolitan line by 27 per cent.

8.14 Crossrail is now more than 50 per cent complete, on schedule and within budget. It will add 10 per cent to London's rail capacity. The first Crossrail services, which will be operated by TfL Rail, will start running between Liverpool Street and Shenfield from May 2015.

8.15 TfL will apply £1,066 million of government grant to support its capital programme (excluding Crossrail) which is reflected in its capital spending plan. In addition to other capital funding paid for specific purposes TfL is forecast to receive £925 million through the general investment grant element of the GLA Transport Grant in 2015-16 rising to £941 million in 2016-17 under the agreement made with the Government in the 2013 Spending Review. From 2015-16 this grant may only be applied for capital purposes.

8.16 Details of TfL's Capital Plan to 2016-17, together with the financing costs of the Programme, are set out at Appendix D. Details of TfL's Authorised Limit and Operational Boundary for external debt are also set out at Appendix D.

Section 8 – Draft Capital Spending Plan and Borrowing Limits

London Legacy Development Corporation

- 8.17 The Mayor's proposed capital spending plan for the LLDC is £136.1 million in 2015-16. This represents a reduction compared to the 2014-15 programme of £99.8 million reflecting the completion and opening of venues on the Park. Further spending of £85.6 million is planned for 2016-17.
- 8.18 The main elements of the proposed LLDC Capital Plan are as follows:
- Stadium to be completed for the 2015 Rugby World Cup with full opening in summer 2016;
 - Chobham Manor first blocks to be completed and occupied and construction of phase 2 to be commenced;
 - East Wick and Sweetwater planning and design to be commenced;
 - East Wick School and All Through School construction to be commenced;
 - Masterplanning, design and procurement to support the Olympicopolis educational and cultural vision for the waterfront and south park to begin; and
 - Press and Broadcast Centre (Here East) to be ready for phased occupation.
- 8.19 Details of the LLDC's Capital Plan for 2015-17 are set out at Appendix E. The Mayor proposes that capital support to LLDC for the Olympicopolis should be provided as loan funding, including funding required in 2014-15. The planned capital financing costs along with the Authorised Limit and Operational Boundary for external debt for the LLDC arising from its plans are set out in the tables in Appendix E. These reflect the level of post-Olympic transformation spending required in Queen Elizabeth Olympic Park, on its venues, but before capital receipts are received from the development of the Park. They also reflect the delivery of the first phase of Olympicopolis and the GLA's support for the project.

Appendix A: Greater London Authority: Mayor and London Assembly

Table 1: Mayor - Subjective analysis

	Revised Budget 2014-15 £m	Forecast Outturn 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Subjective analysis				
Staff costs	37.1	39.9	34.9	34.7
Premises costs	18.0	17.1	16.2	15.8
Supplies and services	106.6	83.7	55.7	60.1
Transfer payments to third parties:				
Olympic funding agreement	61.0	61.0	61.0	27.4
London Waste and Recycling Board	1.5	1.5	0.0	0.0
Museum of London	7.6	7.6	7.6	7.6
London and Partners	11.7	11.7	11.4	10.4
LLDC	46.6	46.6	23.3	20.7
Capital financing costs:				
Capital financing costs Crossrail	121.0	121.0	118.1	115.3
Capital financing costs Non Crossrail	7.4	7.0	7.0	7.0
Minimum revenue provision	11.9	11.9	10.2	10.5
Business rates retention tariff and forecast levy payment	353.5	353.5	364.1	376.2
Total revenue expenditure	783.9	762.5	709.5	685.7
Sales fees and charges	0.6	0.5	1.0	1.1
Rental income	2.1	2.4	0.8	0.8
Crossrail Business rate supplement	121.0	121.0	118.1	115.3
Interest receivable	2.2	5.2	4.1	5.1
Business rates income applied to fund tariff	349.0	349.0	355.7	364.0
Other income	10.8	10.8	0.0	0.0
Total income	485.7	488.9	479.7	486.3
Net cost of services	298.2	273.6	229.8	199.4
Transfer to/from reserves	-87.8	-63.2	-66.4	-71.3
Financing requirement	210.5	210.5	163.5	128.1
Council tax freeze Specific grants	9.4	9.4	9.4	0.0
Other specific grants	18.0	18.0	5.1	4.6
Retained business rates	57.0	57.0	76.6	96.4
Revenue support grant	52.3	52.3	41.7	6.3
Basic Council tax requirement	73.8	73.8	30.6	20.8
Collection fund surplus Council tax	-15.1	-15.1	-5.6	-5.6
Collection fund surplus Retained rates	17.3	17.3	40.2	0.0
Statutory council tax requirement	76.0	76.0	65.3	15.2

Appendix A: Greater London Authority: Mayor and London Assembly

Table 2: Assembly - Subjective analysis

	Revised Budget 2014-15	Forecast Outturn 2014-15	Budget 2015-16	Plan 2016-17
Subjective analysis	£m	£m	£m	£m
Staff costs	6.1	6.1	6.1	6.1
Supplies and services	1.5	1.5	1.5	1.5
Total revenue expenditure	7.6	7.6	7.6	7.6
Total income	0.4	0.4	0.4	0.4
Financing requirement	7.2	7.2	7.2	7.2
Retained business rates	2.1	2.1	2.1	2.1
Revenue support grant	2.6	2.6	2.5	2.5
Council tax requirement	2.5	2.5	2.6	2.6

Appendix A: Greater London Authority: Mayor and London Assembly

Table 3: GLA's Draft Capital Spending Plan

GLA draft capital plan	Forecast Outturn 2014-15 £m	Plan 2015-16 £m	Plan 2016-17 £m
City Hall	0.3	0.2	0.2
Northern Line Extension	50.0	228.0	216.0
Resources	0.4	0.4	0.4
Museum of London	0.7	0.0	0.0
Crossrail Contribution	530.0	9.0	0.0
Local Enterprise Partnership	13.3	47.0	19.4
Mayors Housing Covenant	494.7	240.1	391.0
Decent Homes Programme	298.7	145.0	0.0
Custom Build	0.8	4.2	0.0
Care and support programme	13.3	10.5	10.2
London Housing Bank	0.0	100.0	100.0
Housing Zones (MHC)	0.0	20.0	90.0
Housing Zones (CLG)	0.0	20.0	90.0
Homelessness change and platform for Life	0.0	15.5	15.0
Further Education Capital	0.0	30.0	55.0
Regeneration	24.3	48.5	2.1
New Homes Bonus Funded Schemes (Capital projects)	0.0	32.2	0.0
Land & Property	22.1	30.8	0.4
Communities and Intelligence	4.8	3.3	2.2
Other projects	0.2	0.0	0.0
Super Connected Cities Project	12.0	12.0	0.0
Compulsory Purchase Orders	12.7	30.2	13.9
(Under)/Over programming	-89.8	62.9	18.0
Total capital expenditure	1,388.4	1,089.8	1,023.7
Funding:			
Crossrail Business Rate Supplement (Revenue contribution)	180.0	9.0	0.0
Crossrail Prudential borrowing	350.0	0.0	0.0
LDA CPO provision	12.7	30.2	13.9
Northern Line Extension – Borrowing and Developer Contributions	50.0	228.0	216.0
Capital receipts and other Sales Income	14.7	55.9	16.5
Other Grants & Contributions	51.5	58.2	45.6
DCLG Capital Grant (Growing places fund)	13.3	47.0	19.4
DCLG Capital grant (Other)	716.2	661.5	712.3
Total capital funding	1,388.4	1,089.8	1,023.7

Appendix A: Greater London Authority: Mayor and London Assembly

Table 4: Financing costs of the GLA's Capital Programme

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

Table 5: GLA's Authorised limit for external debt

	2014-15 Current Approval £m	2014-15 Revised Approval £m	2015-16 Proposed £m	2016-17 Proposed £m	2017-18 Proposed £m
Borrowing	4,500.0	4,500.0	4,600.0	4,750.0	5,000.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0
TOTAL	4,500.0	4,500.0	4,600.0	4,750.0	5,000.0

Table 6: GLA's Operational limit for external debt

	2014-15 Current Approval £m	2014-15 Revised Approval £m	2015-16 Proposed £m	2016-17 Proposed £m	2017-18 Proposed £m
Borrowing	4,190.0	4,190.0	4,290.0	4,540.0	4,780.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0
TOTAL	4,190.0	4,190.0	4,290.0	4,540.0	4,780.0

Appendix B: Mayor's Office for Policing and Crime

Table 1: MOPAC - Subjective analysis

Subjective analysis	Revised Budget 2014-15 £m	Forecast Outturn 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Total pay and overtime	2,499.4	2,517.6	2,448.3	2,516.4
Total running expenses	654.4	648.7	624.1	549.9
Capital financing costs	59.7	52.4	50.5	50.0
Total expenditure	3,213.5	3,218.7	3,122.9	3,116.3
Income				
Interest Receipts	-0.8	-0.8	-0.8	-0.8
Other Income	-262.6	-263.5	-261.1	-253.8
Total income	-263.4	-264.3	-261.9	-254.6
Discretionary pension costs	37.9	35.6	36.9	36.9
Savings to be identified	0.0	0.0	0.0	-189.1
Net expenditure	2,988.0	2,990.0	2,897.9	2,709.5
Transfers to/from reserves	-56.8	-60.0	-56.1	0.0
Net financing requirement	2,931.2	2,930.0	2,841.8	2,709.5
Specific Grants – Council Tax Support	119.7	119.7	119.7	113.0
Specific Grants – Other	363.3	362.1	363.7	343.6
Home Office Police Grant	1,101.1	1,101.1	1,040.1	981.0
Home Office Formula Grant	782.9	782.9	754.1	707.7
Council tax requirement	564.2	564.2	564.2	564.2

Appendix B: Mayor's Office for Policing and Crime

Table 2: MOPAC's Draft Capital Plan

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

Table 3: Financing costs of MOPAC's Capital Plan

Capital financing costs	2015-16 £m	2016-17 £m
Minimum revenue provision for debt repayment	27.1	26.5
External interest	23.4	23.5
Total financing costs	50.5	50.0

Appendix B: Mayor's Office for Policing and Crime

Table 4: MOPAC's Authorised limit for external debt

	2014-15 Current Approval £m	2014-15 Revised Approval £m	2015-16 Proposed £m	2016-17 Proposed £m	2017-18 Proposed £m
Borrowing	764.2	764.2	715.5	701.1	828.9
Long term liabilities	104.1	104.1	87.8	83.3	79.2
TOTAL	868.3	868.3	803.3	784.4	908.2

Table 5: MOPAC's Operational limit for external debt

	2014-15 Current Approval £m	2014-15 Revised Approval £m	2015-16 Proposed £m	2016-17 Proposed £m	2017-18 Proposed £m
Borrowing	639.2	639.2	590.5	576.1	703.9
Long term liabilities	104.1	104.1	87.8	83.3	79.2
TOTAL	743.3	743.3	678.3	659.4	783.2

Appendix C: London Fire and Emergency Planning Authority

Table 1: LFEPA - Subjective analysis

Subjective analysis	Revised Budget 2014-15 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Operational staff	247.9	243.5	243.7	250.3
Other staff	48.7	48.6	48.3	48.3
Employee related	22.8	23.0	23.0	23.0
Pensions	21.7	21.2	21.6	22.2
Premises	30.3	30.3	31.6	33.8
Transport	20.0	19.5	17.2	17.8
Supplies and services	23.6	23.5	24.4	25.4
Third party payments	1.6	1.6	1.6	1.6
Savings to be agreed	0.0	0.0	-3.2	-17.2
Capital financing costs	10.6	10.5	12.1	15.7
London Resilience Team	0.0	0.0	0.3	0.3
Business Continuity	0.0	9.0	0.0	0.0
Central contingency against inflation	0.9	0.2	3.1	3.1
Total revenue expenditure	428.2	430.9	423.7	424.4
Total income	-30.1	-31.1	-32.2	-33.1
Net revenue expenditure	398.1	399.8	391.5	391.4
Transfer to/(from) general reserves	0.4	-1.3	-0.1	0.0
Financing requirement	398.5	398.5	391.4	391.4
Financed by:				
Specific grants	9.3	9.3	9.1	9.1
Revenue support grant	138.8	138.8	129.4	126.7
Retained Business Rates	112.2	112.2	114.7	117.4
Council tax requirement	138.2	138.2	138.2	138.2

Appendix C: London Fire and Emergency Planning Authority

Table 2: LFEPA's Draft Capital Plan

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

Table 3: Capital financing costs of LFEPA's Draft Capital Plan

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

Appendix C: London Fire and Emergency Planning Authority

Table 4: LFEPA's Authorised limit for external debt

	2014-15 Current Approval £m	2014-15 Revised Approval £m	2015-16 Proposed £m	2016-17 Proposed £m	2017-18 Proposed £m
Borrowing	145.0	145.0	145.0	150.0	165.0
Long term liabilities	50.0	50.0	75.0	75.0	75.0
TOTAL	195.0	195.0	220.0	225.0	240.0

Table 5: LFEPA's Operational limit for external debt

	2014-15 Current Approval £m	2014-15 Revised Approval £m	2015-16 Proposed £m	2016-17 Proposed £m	2017-18 Proposed £m
Borrowing	140.0	140.0	140.0	145.0	160.0
Long term liabilities	50.0	50.0	75.0	75.0	75.0
TOTAL	190.0	190.0	215.0	220.0	235.0

Appendix D: Transport for London

Table 1: TfL - Subjective Analysis

Subjective analysis	Revised Budget	Forecast	Budget	Plan
	2014-15	2014-15	2015-16	2016-17
	£m	£m	£m	£m
Income				
Fares Revenue	-4,331.3	-4,296.8	-4,667.1	-4,971.6
Congestion Charging	-171.3	-169.7	-172.2	-171.1
Enforcement Income	-137.7	-128.6	-126.3	-126.7
Taxi & Private Hire and VCS fees	-25.5	-28.0	-27.6	-29.9
Advertising Income	-163.9	-166.2	-99.7	-123.9
Rental Income	-59.3	-59.4	-62.0	-63.9
Other Income	-127.8	-128.0	-143.7	-176.4
Sub total income	-5,016.8	-4,976.7	-5,298.6	-5,663.5
Operating Expenditure				
Employee Expenses	1,969.7	2,023.5	2,083.3	2,130.2
Premises	318.7	316.5	300.0	290.6
PFI Payments	235.0	223.2	237.3	237.9
Bus Contract Payments (incl BSOG)	1,947.6	1,931.3	1,998.5	2,097.1
CCS & Other Road Contracted Services	307.0	307.2	291.3	293.5
Asset Maintenance & Local Authority Payments	615.6	638.6	621.5	603.5
Professional and Consultancy fees	110.2	74.0	97.1	59.1
Management Consultancy & Development fees	155.6	166.9	174.0	219.9
Ticket Commissions	55.1	57.3	60.3	65.5
Customer Information	53.2	51.8	45.6	31.8
National Rail Payments	7.3	5.9	4.0	4.4
Franchise Payments	247.1	235.2	291.7	319.2
Information and Communication Technology	222.7	243.3	220.1	261.3
Insurance	35.7	33.9	28.7	30.7
Traction Current	103.3	101.2	119.9	129.2
Other Expenses (incl Capital Project resource)	-97.4	-184.7	43.5	-47.3
Bad debt provision	58.3	50.9	49.9	50.5
Total operating expenditure	6,344.7	6,276.0	6,666.7	6,777.2
Net operating expenditure	1,327.9	1,299.3	1,368.1	1,113.7
Group Items and third parties	358.4	306.0	343.6	426.5
Revenue Surplus for capital use	17.0	106.6	-154.0	49.9
Total financing requirement	1,703.3	1,711.9	1,557.7	1,590.1
Financed by				
GLA Transport grant (general grant)	835.0	846.1	675.0	687.0
Other Specific grants	33.8	31.4	29.2	30.1
Retained business rates	828.5	828.5	847.5	867.0
Council tax requirement	6.0	6.0	6.0	6.0

Note: VCS is Victoria Coach station. CCS is the Congestion Charging Scheme, BSOG is bus operators support grant. The revenue surplus row represents an illustrative figure of the contribution the operating part of the business makes towards ongoing investment. It should be viewed across multiple years as presented in the TfL Business Plan. The notional deficit for 2015-16 reflects timing differences in financing.

Appendix D: Transport for London

Table 2: Summary of TfL's Draft Capital Spending Plan

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

Note: Details of each mode's Capital Plans are set out below.

Appendix D: Transport for London

Table 3: Rail and Underground and Tube Lines Draft Capital Plan

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

Table 4: Surface Transport Draft Capital Plan

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

Appendix D: Transport for London

Table 5: TfL Corporate Draft Capital Plan (Net and Gross of Crossrail)

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

Table 6: Capital financing costs of TfL's Draft Capital Plan

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

Table 7: TfL's Authorised limit for external debt

	2014-15	2014-15	2015-16	2016-17	2017-18
	Current	Revised			
	Approval	Approval	Proposed	Proposed	Proposed
	£m	£m	£m	£m	£m
Borrowing	9,776.5	9,776.5	10,364.5	11,064.5	11,964.5
Long term liabilities	313.0	416.3	325.7	285.2	242.9
Total	10,089.5	10,192.8	10,690.2	11,349.7	12,207.4

Appendix D: Transport for London

Table 8: TfL's Operational limit for external debt

	2014-15 Current Approval £m	2014-15 Revised Approval £m	2015-16 Proposed £m	2016-17 Proposed £m	2017-18 Proposed £m
Borrowing	8,651.9	8,651.9	9,239.9	9,939.9	10,839.9
Long term liabilities	313.0	416.3	325.7	285.2	242.9
Total	8,964.9	9,068.2	9,565.6	10,225.1	11,082.8

Note: TfL limits for 2015-16 and 2016-17 are indicative and are based on projected financing requirements

Table 9: Application of Net Congestion Charging Revenue by TfL

It is anticipated that net revenue (after direct operating costs) of £172m will be generated from the Congestion Charge in 2015-16. An indicative attribution on how this revenue will be applied in line with the Congestion Charging scheme order is shown below.

	2014-15 £m
Congestion Charging	
Bus network improvements:	74.0
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 in the face of growing demand. The New Routemaster roll out is well underway, with a total of 800 buses to be in service by May 2016.	
Borough plans:	15.5
The boroughs control 95 per cent of the Capital's road network, so the successful delivery of the Mayor's Transport Strategy will demand close partnership working to achieve the outcomes for which the Mayor strives.	
Roads and bridges:	60.2
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.	
Road safety:	5.2
Investment will continue in road safety measures on TfL and borough roads via Local Investment 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.	
Walking and cycling:	17.1
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 on projects designed to deliver the Mayor's Cycling Vision, which aims to create and sustain an environment that enhances the attractiveness of cycling, and includes the further development of Barclays Cycle Hire scheme and Barclays Cycle Superhighways.	
Congestion Charge net revenue	172.0

Appendix E: London Legacy Development Corporation

Table 1: LLDC - Subjective analysis

Subjective analysis	Revised Budget 2014-15 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Employee expenses	8.8	8.9	8.2	7.5
Premises costs	0.8	1.0	1.1	1.1
Supplies and services	34.8	30.9	21.7	16.7
Financing costs	0.0	0.0	6.3	6.9
Total revenue expenditure	44.4	40.8	37.3	32.2
Income	-4.0	-2.6	-3.4	-4.3
Net revenue expenditure	40.4	38.2	33.9	27.9
Use of reserves	-1.9	0.3	-10.5	-7.2
Net expenditure after use of reserves	38.5	38.5	23.3	20.7
GLA Funding for core activities	38.5	38.5	17.0	13.8
GLA Funding for financing costs	0.0	0.0	6.3	6.9
Council Tax Requirement	0.0	0.0	0.0	0.0

Table 2: LLDC's Draft Capital Plan

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

Appendix E: London Legacy Development Corporation

Table 3: LLDC's Authorised limit for external debt

	2014-15 Current Approval £m	2014-15 Revised Approval £m	2015-16 Proposed £m	2016-17 Proposed £m	2017-18 Proposed £m
Borrowing	0.0	170.0	290.0	250.0	210.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	170.0	290.0	250.0	210.0

Table 4: LLDC's Operational limit for external debt

	2014-15 Current Approval £m	2014-15 Revised Approval £m	2015-16 Proposed £m	2016-17 Proposed £m	2017-18 Proposed £m
Borrowing	0.0	150.0	270.0	230.0	190.0
Long term liabilities	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	150.0	270.0	230.0	190.0

Appendix F: Savings and Efficiencies including Shared Services

Shared Services and Collaborative Procurement

There has been extensive collaborative work undertaken to develop and expand the shared services agenda across the GLA Group. Many shared service arrangements have been entered into and a number are currently in discussion. Each arrangement is led by a member of the Group in areas such as legal, procurement, exchequer services, financial systems, payroll, internal audit, treasury management, secretariat and member support services. Some of the arrangements that have been entered into during 2014-15 are outlined below; all are expected to deliver efficiency gains and/or cashable savings.

It is also important to recognise collaboration and the sharing of services beyond the group. Examples include collaboration between TfL and London boroughs, the MPS and other police forces and between the GLA and the City of Westminster in respect of facilities management. In addition there are formal contractual relationships that have been established, such as in the transport policing arrangement between MOPAC and TfL.

Regular reporting of shared services activity across the Group is ongoing and scrutiny is carried out by the GLA Oversight Committee.

The Mayor is continuing to build on his shared services/collaborative procurement agenda; some of the arrangements and achievements in 2014-15 are outlined below:

The GLA Group Investment Syndicate (GIS) and Shared Treasury Management (STM)

The GIS exists to generate efficiencies through a pooled investment approach and to enhance the liquidity position of individual participants. It achieves this through sharing the capabilities of the GLA's Investment Team, whilst having the over-riding priority of preserving capital, generating additional returns through the pooling of money (thus attracting better rates) and identifying opportunities for lending between participants. The GIS membership had previously been made up of GLA, LFEPA, LLDC and MOPAC; since November 2013 it now includes the London Pension Fund Authority (LPFA). The total investments managed under the treasury shared service are now over £2 billion and the total borrowings managed are just under £4 billion.

TfL Legal Services and LLDC

TfL Legal provide legal services to the GLA and MOPAC. In May 2014 TfL also took on provision of legal services to LLDC and arrangements are in place to ensure that legal work is monitored to ensure continued good service.

MOPAC Audit Function and LLDC

MOPAC provide internal audit services to the GLA and LFEPA and preparations are underway for the handing over of LLDC's internal audit function to MOPAC. The LLDC Audit Committee has agreed that MOPAC should undertake its first audit on behalf of LLDC, in joint cooperation with the current provider of LLDC's audit function, in 2014-15; this is scheduled to be completed by February 2015.

Appendix F: Savings and Efficiencies including Shared Services

GLA, LFEPA and TfL Committee Services

The GLA now provides a full committee support service for the boards and committees of LFEPA, TfL and the LLDC. The GLA has been providing a full support service for the boards and committees of LFEPA since January 2011; formal arrangements for TfL and LLDC came into place in August 2014 and September 2014 respectively. The GLA is responsible for services such as oversight of the preparation and production of agendas, reports, decision sheets and minutes; and the provision of procedural and general advice in matters affecting the meetings and Members of these functional bodies. Discussions are currently ongoing concerning the possibility of the GLA providing clerking services to MOPAC.

Single Property Steering Group (SPSG)

The SPSG, which includes representation from all of the functional bodies, continues to meet on a regular basis. Functional bodies must seek the prior agreement of the SPSG for them not to use the London Development Panel for all major land, property and development procurements where the scale is likely to involve a planning application that may be referable to the Mayor. The SPSG also monitors the functional bodies' achievement of property savings against their property savings targets.

Pan-GLA Group Collaborative Procurement Team

Work has been undertaken to evaluate the feasibility of establishing a pan-GLA group collaborative procurement team. A pan-GLA steering group was formed to support a review of the potential to collaborate and deliver a viable business case for savings and efficiencies. The evaluation has indicated that, once established, such a procurement team could deliver £5.7million of third party cost reductions annually and a more efficient, streamlined operation.

The review of current procurement spend across the GLA group indicated the potential for a pan-GLA team to manage procurement expenditure of common and low complexity categories for each of the functional bodies, with the potential in the future to explore shared management expenditure that falls in the common and high complexity category. It is proposed that a joint board with functional body representation, chaired by the Mayor's Chief of Staff, will oversee the governance of the team that is to be established.

In addition to the cost reductions the possibility of achieving other benefits from supply chain collaboration will be evaluated by the joint board. Some examples include:

- whether more common and complex categories of spend can be procured by the collaborative team;
- supply chain effectiveness and distribution and logistics improvement which could deliver fewer vehicles and lower emissions on London's roads; and
- expansion into the wider public sector to offer enhanced commercial deals for others.

It is proposed that formal consultation of the GLA Oversight Committee on these proposals will take place on 27 January 2015.

Appendix F: Savings and Efficiencies including Shared Services

Savings and Efficiencies across the GLA Group

The total savings and efficiencies to 2015-16 which have been identified across the Group are summarised below. The figures are presented on an incremental basis and do include any savings still to be identified.

Savings	2015-16	2016-17
	£m	£m
GLA: Mayor	6.5	7.8
GLA: London Assembly	0.0	0.0
MOPAC	100.5	22.2
LFEPAC	3.8	TBC
TfL	0.0	0.0
LLDC	7.1	1.6
Total	117.9	31.6

Efficiencies	2015-16	2016-17
	£m	£m
GLA: Mayor	1.7	1.4
GLA: London Assembly	0.1	0.0
MOPAC	105.6	66.5
LFEPAC	3.6	TBC
TfL	209.4	79.8
LLDC	7.5	5.6
Total	327.9	153.3

Savings and efficiencies	2015-16	2016-17
	£m	£m
GLA: Mayor	8.2	9.2
GLA: London Assembly	0.1	0.0
MOPAC	206.1	88.7
LFEPAC	7.4	TBC
TfL	209.4	79.8
LLDC	14.6	7.2
Total	445.8	184.9

Appendix G: Summary of Revenue Expenditure and Financing

Introduction

The tables below summarise how the net expenditure (financing requirement) and council tax requirement is calculated for the GLA and each functional body in 2015-16.

	Gross expenditure	Fares and traffic income	Other general income	Net expenditure before use of reserves	Use of Reserves	Net expenditure after use of reserves
	£m	£m	£m	£m	£m	
Mayor's Office for Policing and Crime	3,159.8	0.0	-261.9	2,897.9	-56.1	2,841.8
GLA Mayor	709.5	0.0	-479.6	229.9	-66.4	163.5
GLA Assembly	7.6	0.0	-0.4	7.2	0.0	7.2
LFEPa	423.7	0.0	-32.2	391.5	-0.1	391.4
TfL	7,066.1	-4,667.1	-841.3	1,557.7	0.0	1,557.7
LLDC	37.3	0.0	-26.8	10.5	-10.5	0.0
Total Other Services	8,244.2	-4,667.1	-1,380.3	2,196.8	-77.0	2,119.8
Total GLA Group	11,404.0	-4,667.1	-1,642.2	5,094.7	-133.1	4,961.6

Council Tax Requirement and Band D Council Tax

	Net expenditure after use of reserves	Specific Government Grants	General Government Grants	Retained Business Rates	Council Tax Requirement	Band D Amount
	£m	£m	£m	£m	£m	£
Mayor's Office for Policing and Crime	2,841.8	-483.4	-1,794.2	0.0	564.2	214.52
GLA Mayor	163.5	-14.5	-41.7	-76.6	30.6	11.62
GLA Assembly	7.2	0.0	-2.5	-2.1	2.6	0.99
LFEPa	391.4	-9.1	-129.4	-114.7	138.2	52.42
TfL	1,557.7	-29.2	-675.0	-847.5	6.0	2.28
LLDC	0.0	0.0	0.0	0.0	0.0	0.00
Council tax Net Collection fund (surplus)/deficit	-5.6	0.0	0.0	0.0	-5.6	-2.12
NNDR Collection fund (surplus)/deficit	40.2	0.0	0.0	0.0	40.2	15.29
Total other services	2,154.5	-52.8	-848.6	-1,040.9	212.1	80.48
Total GLA Group	4,996.3	-536.2	-2,642.8	-1,040.9	776.3	295.00

Appendix G: Summary of Revenue Expenditure and Financing

Net revenue expenditure

The net revenue expenditure (or financing requirement) shown in the tables above - after allowing for the impact of variances in the collection of council taxes by London billing authorities - represents the sum of:

- revenue grants from the Government. These include general government grants (the Home Office police grant, police formula grant, revenue support grant and from 2015-16 the general element of the GLA Transport Grant) and specific grants (including for example Home Office police funding for counter-terrorism, Fire revenue grant and in year council tax freeze grants);
- retained business rates; and
- each body's share of the Council Tax precept.

The forecast financing requirement (net expenditure after use of reserves) for the GLA and each functional body is set out in the table below for 2014-15, 2015-16 and 2016-17

Financing requirement (net expenditure after use of reserves)	Revised Budget 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
GLA Mayor	210.5	163.5	128.1
GLA Assembly	7.2	7.2	7.2
MOPAC	2,931.2	2,841.8	2,709.5
LFEPAC	398.5	391.4	391.4
TfL	1,703.1	1,557.7	1,590.1
LLDC	0.0	0.0	0.0
Collection fund (surplus)/deficit retained rates	17.3	40.3	0.0
Collection fund (surplus)/deficit council tax	-15.1	-5.6	-5.6
Financing requirement	5,252.7	4,996.3	4,820.7

Government grants, Rates Retention and Support from Mayor's Resilience Reserve

The tables overleaf summarise the funding allocations from government revenue grants, rates retention and the Mayor's resilience reserve which the GLA and each functional body have been allocated by the Mayor for 2015-16 and 2016-17 along with the 2014-15 figures for comparison in respect of the detailed retained rates and RSG allocations. These are subject to change to reflect the final local government, fire and police settlements to be approved by Parliament and the returns submitted by boroughs forecasting their business rates income for 2014-15 and 2015-16. Government grant figures shown are therefore provisional for 2015-16 and purely indicative for 2016-17 at this stage. TfL's forecast transport grant for 2016-17 is derived from their business plan.

The most significant government grants included are:

- The general element of the GLA transport grant paid to TfL under section 101 of the GLA Act;

Appendix G: Summary of Revenue Expenditure and Financing

- Home Office police specific grant funding for counter-terrorism, designated security posts and other funding for MOPAC relating to the MPS's national responsibilities;
- Home Office police general grant (comprising general police grant and principal police formula grant) financed by general taxation and the Government's centrally retained business rates income respectively; and
- Revenue support grant – which comprises that element of the funding received prior to 2013-14 through the former GLA general grant, LFEPA formula grant, the 2011-12 council tax freeze grant which were not included in the GLA's rates retention funding baseline along with the rolled in council tax freeze grants for 2013-14 onwards.

Summary of Government Grants and GLA Support 2015-16 (Provisional)

	GLA Transport Grant	Other Specific revenue grants	Home Office Police grant	Home Office Formula grant	Revenue Support Grant	Rates retention	Mayor's Resilience Reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
MOPAC	0.0	483.4	1,040.1	754.1	0.0	0.0	0.0	2,277.6
GLA Mayor	0.0	14.5	0.0	0.0	41.7	76.6	0.0	132.8
GLA Assembly	0.0	0.0	0.0	0.0	2.5	2.1	0.0	4.6
LFEPA	0.0	9.1	0.0	0.0	129.4	114.7	0.0	253.2
TfL	675.0	29.2	0.0	0.0	0.0	847.5	0.0	1,551.7
LLDC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Other Services	675.0	52.8	0.0	0.0	173.7	1,040.9	0.0	1,942.3
Total GLA Group	675.0	536.2	1,040.1	754.1	173.7	1,040.9	0.0	4,219.9

Summary of Government Grants and GLA Support 2016-17 (Indicative)

	GLA Transport Grant	Other Specific revenue grants	Home Office Police grant	Home Office Formula grant	Revenue Support Grant	Rates retention	Mayor's Resilience Reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
MOPAC	0.0	456.6	981.0	707.7	0.0	0.0	0.0	2,145.3
GLA Mayor	0.0	4.6	0.0	0.0	6.3	96.4	0.0	107.3
GLA Assembly	0.0	0.0	0.0	0.0	2.5	2.1	0.0	4.6
LFEPA	0.0	9.1	0.0	0.0	126.7	117.4	0.0	253.2
TfL	687.0	30.1	0.0	0.0	0.0	867.0	0.0	1,584.1
LLDC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Other Services	687.0	43.8	0.0	0.0	135.5	1,082.9	0.0	1,949.2
Total GLA Group	687.0	500.4	981.0	707.7	135.5	1,082.9	0.0	4,094.5

Appendix G: Summary of Revenue Expenditure and Financing

Rates Retention Funding

The tables below set out the provisional forecast of rates retention income for 2014-15 to 2016-17. Any variances between the total income receivable and the amount allocated for services, levy and tariff payments are accounted for centrally through Mayor's Resilience Reserve. LLDC and MOPAC are not included as their allocations from retained rates are nil. Appendix H sets out the methodology for calculating these sums in more detail.

The GLA is managing any risks associated with rates retention revenues through the Mayor's Resilience Reserve and will revise the forecast revenues for 2015-16 following the receipt of the National Non Domestic Rating 1 (NNDR1) returns from the 33 billing authorities in January 2015.

Forecast of Rates Retention Income in 2014-15

	GLA Mayor	GLA Assembly	GLA	TfL	LFEPa	Total
	£m	£m	£m	£m	£m	£m
Baseline funding ¹	31.0	2.1	33.0	828.5	112.2	973.7
Total funding allocated to GLA and functional bodies¹	31.0	2.1	33.0	828.5	112.2	973.7
Tariff payment to DCLG (1.9% increase)						349.0
Forecast Levy payment on growth to DCLG						4.5
Provisional surplus allocated to Mayor's resilience reserve to manage rates retention risk and 2013-14 shortfall						27.2
Total assumed rates retention revenues in respect of 2014-15						1,354.4
2013-14 Collection fund deficit forecast						-16.8
Total assumed rates retention revenues received in 2014-15						1,337.6
Financed by:						
Estimated section 31 grants						39.8
Business rates payable by billing authorities						1,297.8
Total business rates income and related section 31 grant						1,337.6

Note 1 Allocations based on 3.2% increase in revenues and tariff payments compared to 2013-14 baseline allocations in line with September 2013 RPI of which 2% is being funded by rates collected from ratepayers by billing authorities (i.e. the increase in the actual non domestic rating multiplier for 2014-15) with the balance of 1.2% funded by central government grant. All other reliefs announced in the 2013 Autumn Statement (see Appendix H) are assumed to be fully funded by government.

Appendix G: Summary of Revenue Expenditure and Financing

Forecast of Rates Retention Income in 2015-16

	GLA Mayor	GLA Assembly	GLA	TfL	LFEPA	Total
	£m	£m	£m	£m	£m	£m
Total funding allocated to GLA and functional bodies for services¹	31.9	2.0	33.9	847.5	114.7	996.1
Tariff payment to DCLG ²						355.7
Levy payment on growth						8.4
Growth in retained rates base after spreading of appeals provisions and levy payment						37.9
Forecast collection fund surplus/deficit for 2014-15 – provisional pending NNDR1 returns						-40.2
Total estimated income from billing authorities and government grant						1,357.9

Note 1. The GLA Mayor allocation for services excludes the £40.2 million cost of the residual 2013-14 deficit expected to be recovered by billing authorities through the 2014-15 collection fund deficit forecast. This is primarily financed from the retained growth of £37.9m highlighted above.

Note 2. Assumes 2.3% increase in revenues and a 2% increase in tariff payments compared to 2014-15 - the former being part funded by the capped increase in the 2015-16 NNDR multiplier with the balance of 0.3 per cent being funded by Section 31 grant to ensure local authorities receive an increase in revenues equivalent to the September 2014 RPI figure of 2.3%.

Forecast of Rates Retention Income in 2016-17

	GLA Mayor	GLA Assembly	GLA	TfL	LFEPA	Total
	£m	£m	£m	£m	£m	£m
Total funding allocated to GLA and functional bodies¹	32.6	2.0	34.6	867.0	117.4	1,019.0
Tariff payment to DCLG ¹						364.0
Levy payment on growth						12.5
Growth in retained rates base after spreading of appeals provisions and levy payment						49.2
Forecast 2015-16 collection fund surplus / deficit						0.0
Total estimated income from billing authorities and government grant						1,444.7

Note 1. Assumes a 2.3% increase in the Non Domestic Rating multiplier and tariff for 2016-17 based on current inflation forecasts. This does not prejudice any subsequent decision which may be taken by HM Treasury to apply a lower increase to the NNDR multiplier payable by ratepayers.

The above allocations are indicative as the actual sums allocated will be dependent on business rates revenues generated in London although the amount paid to LFEPA will be no lower than the figures stated. The allocations for 2015-16 will be reviewed before the Mayor's final draft budget in order to take into account the forecast submitted by the 33 London billing authorities on or before 31 January.

Appendix G: Summary of Revenue Expenditure and Financing

Revenue Support Grant

The tables below illustrate the Mayor's allocation of revenue support grant in 2014-15 for comparison alongside the provisional figures for 2015-16 and indicative amounts for 2016-17. The 2015-16 figures will be confirmed following the final local government settlement.

Allocation of Revenue Support Grant in 2014-15 (for comparative purposes)

Component within RSG	GLA Mayor	GLA Assembly	GLA Total	TfL	LFEPA	MOPAC	LLDC	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Former GLA General grant	20.8	2.6	23.4	0.0	0	0.0	0.0	23.4
Former LFEPA formula grant	0.0	0.0	0.0	0.0	121.7	0.0	0.0	121.7
Council tax support	11.3	0.0	11.3	0.0	12.9	0.0	0.0	24.2
2011-12 council tax freeze grant *	9.5	0.0	9.5	0.0	4.2	0.0	0.0	13.7
2013-14 council tax freeze grant	9.4	0.0	9.4	0.0	0.0	0.0	0.0	9.4
Release of 2013-14 top sliced funding	1.3	0.0	1.3	0.0	0.0	0.0	0.0	1.3
Total	52.3	2.6	54.9	0.0	138.8	0.0	0.0	193.7

Provisional Allocation of Revenue Support Grant in 2015-16

Component within RSG	GLA Mayor	GLA Assembly	GLA Total	TfL	LFEPA	MOPAC	LLDC	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Former GLA General grant	19.0	2.5	21.5	0.0	0.0	0.0	0.0	21.5
Former LFEPA formula grant	0.0	0.0	0.0	0.0	99.7	0.0	0.0	99.7
Non police Council tax support grant	0.0	0.0	0.0	0.0	20.0	0.0	0.0	20.0
2011-12 council tax freeze grant	3.9	0.0	3.9	0.0	9.7	0.0	0.0	13.6
2013-14 and 2014-15 Council tax freeze grants	18.9	0.0	18.9	0.0	0.0	0.0	0.0	18.9
Total	41.7	2.5	44.3	0.0	129.4	0.0	0.0	173.7

Appendix G: Summary of Revenue Expenditure and Financing

Indicative Allocation of Revenue Support Grant in 2016-17

Component within RSG	GLA Mayor	GLA Assembly	GLA Total	TfL	LFEPA	MOPAC	LLDC	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Total	6.3	2.5	8.8	0.0	126.7	0.0	0.0	135.5

Crossrail BRS Revenue Account Illustrating Application of Income Collected from Ratepayers

The table below illustrates how the forecast £224 million of BRS income collectable from non domestic ratepayers is expected to be applied over the three financial years.

By the end of 2015-16 all bar £9 million of the GLA's £4.1 billion contribution to Crossrail will have been transferred to TfL where it is held in the ring fenced Crossrail sponsor funding account until applied to fund the construction costs. Any sums received in BRS income not required to be applied in year to meet capital financing costs, Crossrail project contributions, treasury management fees, and other expenses are retained to meet future financing and debt repayment costs.

	2014-15	2015-16	2016-17
	£m	£m	£m
Capital financing costs	121.0	118.0	115.3
Treasury Costs and Brokerage Fees	1.1	1.1	1.1
Direct contribution to Crossrail project financed from in year BRS receipts	96.7	9.0	0.0
Billing authority collection costs	0.7	0.5	0.4
Sub total funds applied in year	219.5	128.6	116.8
Funds retained to meet future financing costs and debt repayment	0.0	90.9	102.7
Provision for rating appeals	4.5	4.5	4.5
Total BRS Income Collected	224.0	224.0	224.0

Council tax calculations

The difference between net revenue expenditure after the application of reserves and the sum of grant funding from the Government and through retained business rates represents the amount to be raised from Council Taxpayers. This sum is recovered by issuing precepts on the City of London and the 32 London boroughs (i.e. the council tax requirement) which are the statutory billing authorities for council tax, national non domestic rates and the Crossrail Business Rate Supplement in the capital. The statutory calculation also includes the effect of the forecast collection fund surplus in respect of council tax for 2014-15 which is paid over by billing authorities through an adjustment to the 2015-16 instalments.

Appendix G: Summary of Revenue Expenditure and Financing

There are two sets of Council Tax calculations because the Metropolitan Police District does not include the City of London which has its own police force. The unadjusted basic amount of council tax excludes the element for the Metropolitan Police District and equates to the precept payable by taxpayers in the City of London (i.e. the area of the Common Council). The adjusted basic amount of council tax includes the element for the Metropolitan Police District and equates to the precept payable by taxpayers in the 32 London boroughs.

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 the tables at the beginning of this Appendix. Details of the Council Tax Requirement for police services and other services are set out below.

Council tax requirement for police services

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

Council Tax for police services	2014-15	2015-16	2016-17
	£m	£m	£m
Net financing requirement	2,931.2	2,841.8	2,709.5
Government grants and Retained Business Rates	-2,367.0	-2,277.6	-2,145.3
Amount for police services	564.2	564.2	564.2

This is equivalent to a band D Council Tax of **£214.52** for 2015-16 in the 32 London boroughs (£214.52 in 2014-15).

Council tax requirement for other services

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

Council Tax for other services	2014-15	2015-16	2016-17
	£m	£m	£m
GLA, LFEP, LLDC and TfL net expenditure	2,322.5	2,119.7	2,116.8
Government grants and Retained Business Rates	-2,102.0	-1,942.3	-1,949.2
Collection fund deficit for retained business rates	17.3	40.2	0.0
Collection fund surplus for council tax	-15.1	-5.6	-5.6
Amount for other services	222.7	212.1	162.0

This is equivalent to a band D Council Tax of **£80.48** for 2015-16 in the City of London (£84.48 in 2014-15).

Appendix G: Summary of Revenue Expenditure and Financing

Summary of proposed adjusted and unadjusted Council Tax by Band

The adjusted basic amount of council tax is therefore £295.00 for a Band D property (i.e. £214.52 for the Metropolitan Police plus £80.48 for non police services) – this applies to taxpayers in the 32 London boroughs.

Adjusted Amount of Council Tax paid by taxpayers in the 32 London boroughs (£)

Band	2015-16	2014-15	Annual decrease
Band A	£196.67	£199.33	-£2.66
Band B	£229.44	£232.56	-£3.12
Band C	£262.22	£265.78	-£3.56
Band D	£295.00	£299.00	-£4.00
Band E	£360.56	£365.44	-£4.88
Band E	£426.11	£431.89	-£5.78
Band G	£491.67	£498.33	-£6.66
Band H	£590.00	£598.00	-£8.00

The provisional unadjusted basic amount of council tax is therefore £80.48 – this applies to council taxpayers in the City of London. They contribute separately through their council tax to the City of London Police.

Unadjusted Amount of Council Tax paid by taxpayers in the City of London (£)

Band	2015-16	2014-15	Annual change
Band A	£53.65	£56.32	-£2.67
Band B	£62.60	£65.71	-£3.11
Band C	£71.54	£75.09	-£3.55
Band D	£80.48	£84.48	-£4.00
Band E	£98.36	£103.25	-£4.89
Band F	£116.25	£122.03	-£5.78
Band G	£134.13	£140.80	-£6.67
Band H	£160.96	£168.96	-£8.00

The unadjusted amount of council tax paid by taxpayers in the City of London is likely to change before the Mayor's final budget. The precise Band D amount will be dependent on the council tax base, collection fund surplus data and retained business rates forecasts provided by billing authorities towards the end of January.

Council Tax referendums

The adjusted and unadjusted amounts of council tax are both lower than the GLA's estimate of the council tax referendum thresholds that we anticipate will apply for 2015-16 (i.e. £304.98 – a 2% increase on the adjusted amount for 2014-15 of £299.00 and £86.17 – a 2% increase on the unadjusted amount for 2014-15). Therefore the maximum adjusted level of council tax at Band D which could be set which would not trigger a referendum is £304.97 and the maximum unadjusted amount is £86.16.

Appendix G: Summary of Revenue Expenditure and Financing

The council tax levels proposed in this consultation budget by the Mayor would therefore not trigger a council tax referendum in the 32 London boroughs and the area of the Common Council of the City of London on the basis of the information available to the GLA at the date of publication. The Government will confirm its excessiveness principles – the technical term for the council tax increase referendum thresholds – and publish the associated secondary legislation in early February 2015 and, subject to these being ratified by Parliament, the Mayor’s final budget proposals will have regard to the implications of these. It is not however anticipated that the excessive

Appendix H: Funding Assumptions

Introduction

This Appendix sets out the medium term funding outlook for the GLA Group in respect of Government grant, retained business rates and council tax taking into account the impact of the announcements in the 2013 Spending Review published in June 2013, the 2014 Autumn Statement published on 3 December 2014 and the Provisional Police and Local Government Finance Settlements published on 17 and 18 December 2014 respectively.

It also explains the underlying assumptions supporting the retained business rates forecasts and the impact of the new local government finance system introduced from April 2013 on the Mayor's budget assumptions. This analysis highlights the degree of uncertainty which exists in respect of future years funding given the Government's commitment to focus on deficit reduction and the potential volatility in both council tax and business rates income. The uncertainty is compounded by the General Election scheduled to be held in May 2015 and the potential impact of this on the future funding settlements for the GLA group over the next five years.

2015-16 Provisional Local Government Finance Settlement

The provisional 2015-16 Local Government Finance Settlement was published on 18 December and was subject to a four week consultation process which ended on 15 January. The GLA responded to this consultation within the deadline. The settlement confirmed the provisional allocations of revenue support grant for English local and fire authorities.

From 2013-14 LFEPA and the GLA receive their core general funding either through revenue support grant or business rates retention. In 2013-14 a baseline funding allocation was set with 60 per cent of this sum being allocated through revenue support grant and the remaining 40 per cent through retained business rates. This baseline comprised former GLA general and fire formula grant funding, council tax support grant and the 2011-12 council tax freeze grant. The revenue support grant element is revised annually by central government to deliver the planned funding reductions for local government whereas the business rates retention element varies in line with the sums collected in non domestic rates in each local authority area.

The GLA Group's provisional revenue support grant for 2015-16 is £173.7 million which is £20.0 million lower in cash terms than the corresponding figure for 2014-15 of £193.7 million. However this figure includes the GLA's £9.4 million 2014-15 council tax freeze grant which is being baselined into revenue support grant from 2015-16 and therefore the like for like reduction in grant is £29.4 million or 15 per cent. The allocations are in line with the indicative figures announced at the date of the 2014-15 settlement with the exception of an additional £0.4 million top-slice to fund the future costs of fire fighters' pensions.

The apportionment of the GLA's revenue support grant by the Mayor takes into account the changes made to the baseline funding components and the need to deliver the agreed funding commitment for LFEPA.

Appendix H: Funding Assumptions

The council tax support component is now fully allocated to LFEPA along with a greater share of the 2011-12 council tax freeze grant in addition to its notional share of former fire formula grant. The 2013-14 and 2014-15 council tax freeze grants now paid through revenue support grant will be retained by the GLA to support group budget risks and pressures.

The indicative revenue support grant allocation for 2016-17 is forecast at this stage to be £135.5 million which is £38.2 million or 22 per cent lower than in 2015-16. Of this £8.8 million has been allocated provisionally to the GLA and £126.7 million to LFEPA as set out in Appendix G. This is purely a notional figure as the decisions on the spending control totals and local government finance settlement for 2016-17 will be made by the incoming Government after the May 2015 General Election. The Mayor plans to utilise his resilience reserve and the RPI growth in retained rates income to protect LFEPA from the effect of the revenue support grant cut in 2015-16 and 2016-17.

The LLDC is funded from GLA resources – however for planning purposes it is assumed that the above changes in the GLA's funding will not materially affect its resource allocation from the Mayor in the current spending review period.

The final local government finance settlement is expected to be issued in early February 2015 and its impact will be reflected in the Mayor's final draft budget.

Council tax freeze grant for 2015-16

The proposed GLA's budget includes forecast income of £9.4 million in respect of the 2015-16 council tax freeze grant. The latter is payable to all authorities that reduce or freeze their council tax in 2015-16 and represents the sum equivalent to what would have been generated through a 1 per cent increase allowing for the year on year movement in the council taxbase – the same basis as the 2013-14 and 2014-15 grants which have now been baselined in revenue support grant. This reward grant is guaranteed to be paid for only one year, pending decisions to be taken by the incoming Government for the 2016-17 settlement as to whether this revenue stream will continue to be baselined in revenue support grant.

No council tax freeze grant is assumed at this stage for 2016-17 – even though it is the Mayor's current intention to reduce the council tax in that year – as it is not certain whether this funding stream will continue after 2015-16.

Home Office Police Grant Settlement and Impact on the Mayor's Office for Policing and Crime

On 17 December the Home Office confirmed the general grant allocations for 2015-16 for Police and Crime Commissioners in England, for the Mayor's Office for Policing and Crime and the City of London Police. This included the police formula grant and general police grant allocations along with council tax support funding for local policing bodies.

Appendix H: Funding Assumptions

Every police force area will see the same percentage reduction in core central Government funding in 2015-16 – which averages 5.1 percent in cash terms on a like for like basis. MOPAC has been allocated £1,040.1 million in general police grant and £754.1 million in police formula grant in 2015-16 – the former being funded from general taxation and the latter from centrally retained business rates.

The policing settlement includes adjustments for specific areas where the Home Office considers there to be a national policing interest. These include:

- maintaining funding for counter-terrorism policing;
- providing additional funding for the Independent Police Complaints Commission;
- supporting HMIC's PEEL inspection programme;
- offering funding for the College of Policing's direct entry schemes;
- allocating funding to the Police Innovation Fund; and
- providing funding for Major Programmes.

Final specific grant allocations for policing for 2015-16 will be confirmed by the Home Office in early 2015.

The Home Office also confirmed that MOPAC would receive £119.7 million in council tax support grant for local policing bodies. This grant will be paid in full to MOPAC although the GLA will continue to manage the risks and potential downsides arising from the impact of council tax benefit localisation centrally to ensure that there is no adverse impact on the policing budget.

Decisions on police funding for 2016-17 have not yet been announced and will not be confirmed until after the General Election. The indicative grant totals set out in this consultation budget are, however, broadly in line with the expected headline reductions set out in the 2013 Spending Review for police services.

Transport for London Funding Settlement With Department for Transport

TfL is the only functional body which was awarded a four year settlement through to 2015-16 at the time of the Comprehensive Spending Review announcement in October 2010. However this has been revised subsequently.

The 2013-14 local government finance settlement also confirmed £802.8 million of former Department for Transport funding (£758.5 of former GLA transport grant and £44.3 million in respect of bus operators support grant) would be funded via rates retention and therefore TfL would see an offsetting reduction in the GLA Transport Grant on a like for like basis.

The Department for Transport confirmed TfL's general (operating) grant for 2015-16 and 2016-17 following the 2013 Spending Review alongside a longer term commitment to 2020-21 in respect of the investment grant element of its funding. The Government also provided written confirmation on 10 November 2014 that TfL would receive additional general grant of £7 million in 2014-15 and £36 million in 2015-16 to fund the shortfall arising from the decision to increase fares in 2015 by RPI rather than RPI +1 per cent on average.

Appendix H: Funding Assumptions

This budget assumes that £675 million of general (operating) GLA Transport grant will be received for the purposes of TfL in 2015-16. This is £171.1 million lower than the comparable grant for 2014-15.

These figures exclude the investment grant element of the GLA Transport grant (£925 million in 2015-16 and £941 million in 2016-17) which is applied for capital purposes and is reflected in TfL's draft capital spending plan.

TfL also receives other revenue and capital specific grants for specific programmes and projects which are agreed separately.

Current information on funding allocations announced for 2015-16 financial years

The table on the following page summarises the latest position on the status of the grant settlement information for the next two years across the GLA Group – and also indicates the uncertainty moving forward for 2015-16. It confirms the primary components and sources of each functional body's funding from Central Government and what information has been issued to date.

Financial Outlook and Impact on Future Funding

In the 2013 Spending Review the Chancellor announced that planned government revenue spending will fall by 2 per cent in real terms in 2015-16. Within the current policy framework the Local Government Association and London Councils have estimated that this has translated into a 10 per cent real terms cut for local government services after allowing for the protection provided for the NHS, schools, defence and international development.

In 2016-17 and 2017-18, planned government revenue spending is expected to fall by at least 4.4 per cent and 4.1 per cent respectively – considerably greater than the 2.0 per cent real terms reduction in 2015-16. If the current protection for the NHS, schools, defence and international development spending continues, it is highly likely that local government, policing, fire services and transport can expect significantly larger reductions in the years to come.

The Government has made it very clear that reductions in public expenditure are likely to continue for some time and that once the deficit is eliminated it intends to operate a budget surplus in order to repay accumulated debt. The implications of any further austerity will need to be considered in more detail in future year's budgets as and when further information becomes available. In view of the uncertainty around the funding settlements for 2016-17 onwards it would therefore be premature to set out precise budget funding estimates beyond 2016-17 at this stage. These will be set by the incoming Government following the general election in May 2015.

Appendix H: Funding Assumptions

Information on Government funding settlements for the GLA and each Functional Body for 2015-16 to 2016-17

Functional Body	Sources of Core Central Government Funding	2015-16	2016-17
GLA	GLA general grant (DDCLG) and other funding paid via Revenue Support Grant (RSG)	Yes	No
	GLA Housing capital funding	Yes	Yes
MOPAC	Home Office Police grant	Yes	No
	Home Office Specific grants (including counter-terrorism funding)	No	No
	Council tax support	Yes	No
	Formula grant (DCLG)	Yes	No
LFEPA	Fire formula grant and other funding paid via Revenue Support Grant and fire revenue grant (DCLG)	Yes	No
TfL	Transport grant (DfT)	Yes	No
	Investment grant	Yes	Yes
	Other specific grants	Yes	No
LLDC	Via GLA General grant	N/A	N/A
Non police Council tax support grant and 2011-12 council tax freeze grant	Paid via Revenue Support Grant and rates retention from 2013-14	Yes	No
Council tax freeze grant for 2013-14 and 2014-15	Rolled into RSG	Yes (rolled into RSG)	No
Council tax freeze grant for 2015-16	DCLG specific grant	Yes	No

Appendix H: Funding Assumptions

Funding Assumptions for Retained Business Rates

In April 2013, the Government changed the way in which local government is funded through the introduction of the business rates retention scheme. The GLA Group's start up funding in rates retention was £943.5 million. This included £802.8 million of former Department for Transport funding, £96.8 million of former fire formula grant, £18.3 million of GLA general grant, £16.3 million of council tax support grant and £9.3 million of council tax freeze grant payable in respect of 2011-12 budgets.

The GLA receives its business rates income directly from the 33 London billing authorities and is dependent on their forecasts and collection rates for the retained rates income it receives. The accounting and reporting arrangements therefore operate on a similar basis to council tax – with a budgeted forecast being used to determine in year instalments with any variations in the forecast outturn (whether a surplus or deficit) being adjusted for in the following year's instalments.

For 2013-14 the Mayor allocated an estimated £943.5 million of retained business rates between TfL, GLA and LFEPA in line with the start up funding position. Based on the outturn figure for 2013-14 the actual sum received was £81.0 million lower. Of this deficit £24 million was financed in 2013-14 through the Mayor's resilience reserve with a further £17.3 million recoverable in 2014-15 through the collection fund deficit estimated by billing authorities in January 2014 – later revised down to £16.9 million. This leaves around £40.2 million to be recovered in 2015-16 through the estimated collection fund surplus or deficit for 2014-15 declared by billing authorities in January 2015.

This shortfall primarily reflects the effect of provisions made by London billing authorities for future and backdated refunds relating to business rates appeals which reduced the estimated sum collectable in the 2013-14 NNDR1 returns for the GLA by around £113.6 million – including £77 million of backdated appeals – the shortfall arising from the fact that this net provision was higher than the 8 per cent average DCLG had assumed nationally in setting the baselines for the first year of the new system.

Authorities were able to opt to spread the backdated appeals element relating to refunds for financial periods prior to 2013-14 over 5 years in accounting terms under the 2014 Capital Finance and Accounting Regulations and therefore do not have to bear the full impact of the resulting shortfalls in a single year in budgeting terms. The GLA opted to do this as it would allow part of the 2013-14 shortfall to be offset against future retained rates income – thus potentially leading to saving in levy payments of up to £4 million per annum between 2014-15 and 2017-18, subject to there being real terms growth in rates income.

The 2014-15 rates retention forecasts supplied in January 2014 and used for the Mayor's budget imply a surplus over and above the allocations made to GLA, LFEPA and TfL of around £27 million – after allowing for a potential levy payment to DCLG of around £8 million. On the basis of these estimates the decision to spread the provisions for backdated appeals declared in 2013-14 by billing authorities would reduce the levy payable by £4m. The projected 2014-15 surplus will be used to finance the deficit arising in 2013-14 – as will future surpluses until the remainder of the £81 million deficit for 2013-14 is financed in full.

Appendix H: Funding Assumptions

Billing authorities are required to submit their business rates forecasts for 2015-16 by 31 January which will include an updated estimate of the sums they expect to collect in 2014-15. The impact of these will be reflected in the Mayor's final draft budget to be published in February.

In setting his retained rates forecasts the Mayor has also had regard to the Chancellor's announcement in the Autumn Statement that he intended to cap the increase in the non domestic rating multiplier to 2 per cent in 2015-16 rather than applying the September 2014 RPI standard reference figure of 2.3 per cent. The Chancellor also announced the extension of the small business double rate relief scheme for 2015-16 and the Government will continue the additional relief being provided to retailers occupying properties with a rateable value below £50,000 albeit that this will be increased by 50 per cent to a flat rate £1,500. The Government has confirmed that local authorities will be reimbursed for the reduction in business rates revenue from the 2 per cent cap compared to the September 2014 RPI figure of 2.3 per cent and the other reliefs through compensating section 31 grants based on actual costs in 2015-16.

The GLA expects to receive around £40 million in section 31 grants for the comparable reliefs in 2015-16 although more precise estimates will not be available until billing authorities submit their forecasts in January 2015. Apart from the multiplier cap and retailer element we would expect the grant compensation for these reliefs to be on a similar scale to 2014-15.

DCLG is expected to confirm the arrangements for paying the section 31 grants to cover the cost of these reliefs in early 2015.

The Chancellor also confirmed in the 2013 Autumn Statement that the Valuation Office Agency and Valuation Tribunal would aim to clear 95 per cent of all outstanding rating appeals by July 2015 in order to provide support to ratepayers and certainty to local authorities to assist with their medium term planning. If the Chancellor's commitment is delivered this will assist the GLA in having greater certainty over its funding for 2016-17 onwards as this will reduce the estimated appeals provisions billing authorities will need to make in their business rates calculations.

Taking these factors into account the Mayor has decided to budget on the basis that LFEPA and TfL will receive a 2.3 per cent increase on their retained rates baseline funding in line with September 2014 RPI – with the same indicative increase for 2016-17 assumed. Of this around 2 per cent – the multiplier cap set by the Treasury – will be delivered through income collected from ratepayers with the balance of 0.3 per cent being funded by government grant in line with the Chancellor's commitment that central government will bear the cost of the resulting revenue shortfalls. It is also assumed that the cost of the additional rates reliefs announced in the statement will also be funded by Government.

The GLA will manage the ongoing risks associated with rates retention funding through the use of the Mayor's Resilience Reserve and, subject to the forecasts by billing authorities, the flexibility to manage the one off cost of backdated rating appeals by spreading these over a five year period. Any excess revenues above those required to fund the inflation protected payments to TfL and LFEPA will be used to fund the deficit in retained rates revenues carried forward from 2013-14. Once this deficit is fully financed any growth is planned to be available to finance future spending and/or council tax reductions at the Mayor's discretion.

Appendix H: Funding Assumptions

The proposed rates retention allocations set out in this budget provide a reasonable assessment of the potential revenues available to the GLA Group from this source.

The Mayor will review his assessment of retained business rates revenues prior to the publication of his final draft budget taking into account the updated forecasts for 2014-15 and provisional estimates for 2015-16 submitted by the 33 London billing authorities by 31 January 2015.

Council tax risks associated with the localisation of council tax support

In addition to the business rates reforms introduced in April 2013 decision making on the award of council tax benefit was localised.

There is no definitive evidence to suggest at this stage that the introduction of council tax benefit localisation has had a material impact on overall collection rates in London since the changes were introduced. In many boroughs additional and offsetting revenues have been generated from the technical reforms affecting empty and second homes which has mitigated the effect. However, the GLA will continue to monitor this issue on an ongoing basis with billing authorities.

Each London billing authority will be required to determine its proposed council tax support scheme for 2015-16 by 31 January 2015 – and reflect the discounts in its council tax base which will be used for tax setting by it and the GLA. They will also be required to provide an estimated collection fund surplus or deficit outturn calculation for 2014-15 for council tax taking into account expected collection rates.

The Mayor's consultation budget assumes no council tax base increase in 2015-16 at this stage but does assume a £5.6 million collection fund surplus estimate in respect of 2014-15. He will review his assessment prior to the publication of his final draft budget taking into account the council tax base and collection fund data submitted by the 33 London billing authorities at the end of January.

Conclusion

The new financial regime introduced in April 2013 has had a profound impact on the GLA's budget when set alongside the challenges arising from delivering the Government's austerity programme across the Group. It creates both opportunities and risks with the business rates retention scheme in particular representing an important step towards delivering greater financial devolution for the capital.

Due to the fact that there are ongoing concerns about the potential volatility and accuracy of the council tax and business rates taxbase estimates which billing authorities will be able to provide, the GLA created a Mayor's Resilience Reserve to help manage these risks over the medium term and to provide a degree of certainty to Functional Bodies.

The assumed impact of the new system on each member of the GLA Group in terms of their forecast funding allocations is reflected in the financial tables included in Appendix G of this document.

Appendix H: Funding Assumptions

The Mayor's final draft budget will provide updated figures reflecting the final local government, fire and police settlements once approved by Parliament and the impact of the council tax base and business rates retention forecasts provided by the 33 London billing authorities.

Appendix I: Key Dates

28 January 2015	Mayor presents his draft consolidated budget to the London Assembly
23 February 2015	Mayor to present his final draft consolidated budget to the London Assembly
28 February 2015	Statutory deadline for the Mayor to approve his precept and council tax requirement and notify London billing authorities
28 February 2015	Statutory deadline for the Mayor to approve the final Capital Spending Plan for 2015-16 and notify the Secretary of State for Communities and Local Government.
31 March 2015	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 J: Material Amendments Compared to Consultation Budget

SUMMARY OF CHANGES COMPARED TO CONSULTATION BUDGET

Note: This list addresses material changes to the budget compared to the consultation document and does not include minor typographical or wording changes which do not affect the substance of the budget proposals. Paragraph references generally relate to the numbering in the Budget consultation document.

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

Section 1 – Introduction and Summary

Gross expenditure table under paragraph 1.5 amended for GLA capital spending plan in 2015-16 to reflect revisions to proposed plan.

Section 2 – Greater London Authority (Mayor)

Paragraphs 2.4 and 2.5 updated to reflect revised GLA capital spending plan total for 2015-16 and movement in comparison between this and 2014-15.

Paragraph 2.22 Supplementary text on Crossrail BRS memorandum table included in Appendix G.

Paragraph 2.33 New Homes Bonus paragraph updated to reflect timing of announcement of 2015-16 allocations.

Section 3 – London Assembly

None

Section 4 – Mayor's Office for Policing and Crime

None

Section 5 – London Fire and Emergency Planning Authority

None

Section 6 – Transport for London

Paragraph 6.6 – TfL Service analysis table includes an additional footnote in relation to revenue resources used to support capital investment

Section 7 – LLDC

Paragraph 7.19 and 7.20 tables - minor revisions to LLDC reserves closing balance for 2013-14 and opening balance for 2014-15 due to rounding issues

Section 8 – Capital Spending Plan

Paragraph 8.3 – Statutory capital spending plan table amended for LLDC in respect of proposed funding (part D) and GLA in respect of total programme and funding (parts C and D)

Paragraph 8.4 Amendment to GLA capital spending plan totals for 2015-16 and 2016-17

Paragraph 8.15 – TfL investment grant figures for 2015-16 and 2016-17 updated to match proposed DfT allocations.

Appendix J: Material Amendments Compared to Consultation Budget

Appendices

Appendix A (GLA)

Table 3 GLA Capital spending plan amended for 2015-16 to reflect updated proposals

Appendix B (MOPAC)

None

Appendix C (LFEPA)

None

Appendix D (TfL)

Table 1 includes a new footnote in relation to revenue resources used to support capital investment

Table 2 revised for updated TfL capital funding for 2015-16 and 2016-17 relating to revenue contributions, Working Capital and Reserves Movements.

Appendix E (LLDC)

Table 2 LLDC Financing of capital spend for 2014-15 marginally amended by £0.2m for borrowing and revenue contributions figures.

Appendix F (Savings and Efficiencies)

LLDC savings total amended for 2016-17 in first table with consequential amendment for total savings and efficiencies in that year reflected in the third table

Appendix G (Summary of Expenditure and Financing)

An additional Crossrail BRS memorandum table has been provided to explain the application of BRS funds for 2014-15 and 2015-16. This illustrates sums set aside to meet future financing costs and debt repayment which are recorded in a separate ring fenced statutory account and in accounting terms will in practice be used to offset prior year deficits in the capital adjustment account.

Appendix H (Technical Analysis Supporting Funding Assumptions).

Text updated to reflect the fact that the consultation on the provisional local government finance settlement ended on 15 January and that the GLA provided a response. TfL investment grant figures for 2015-16 and 2016-17 also updated.

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