

# **MAYOR OF LONDON**

## **The Mayor of London's Capital Spending Plan for 2009-10**

**February 2009**

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## Section 1: Statutory capital spending plan

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### Background

- 1.1 The Mayor is required, under section 122 of the Greater London Authority (GLA) Act 1999, as amended by the Local Government Act 2003, each financial year to prepare a capital spending plan for the GLA's four functional bodies: the Metropolitan Police Authority (MPA), the London Fire and Emergency Planning Authority (LFEPA), Transport for London (TfL) and the London Development Agency (LDA).
- 1.2 The statutory procedure requires the Mayor to send a copy of the draft plan to the London Assembly and each of the functional bodies before 15 January each year, inviting them to submit written comments to him within 21 days. Before finally determining the plan, the Mayor considers any comments submitted and makes such revisions as he sees fit, having had regard to the responses made.
- 1.3 The plan has to be sent to the Secretary of State (CLG) before 28 February and copies sent to the Assembly and the functional bodies.

### Capital spending plan

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

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

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

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

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

## Section 1: Statutory capital spending plan

1.5 Set out below is the statutory capital spending plan for 2009-10.

**Table 1 – Final Statutory Capital Spending Plan 2009-10**

Section		MPA	LFEPA	TfL	LDA
		£m	£m	£m	£m
<b>A</b>	Total external capital grants	90.6	4.4	100.0	165.1
	Opening balance of capital receipts	49.6	-	-	-
	Total capital receipts during the year	20.0	3.0	-	5.4
	<b>Total external capital grants/receipts</b>	<b>160.2</b>	<b>7.4</b>	<b>100.0</b>	<b>170.5</b>
<b>B</b>	Minimum s.120(1) grant	-	-	-	-
	Total borrowings during the year	50.0	19.0	1,100.0	27.4
	Total borrowings in the form of credit arrangements entered into or varied	-	-	-	-
	<b>Total borrowings and credit arrangements</b>	<b>50.0</b>	<b>19.0</b>	<b>1,100.0</b>	<b>27.4</b>
<b>C</b>	Total capital expenditure anticipated during the year	216.9	27.1	2,141.0	197.9
	Total credit arrangements anticipated during the year	-	-	-	-
	<b>Total capital spending for the year</b>	<b>216.9</b>	<b>27.1</b>	<b>2,141.0</b>	<b>197.9</b>
<b>D</b>	Funding: capital grants	90.6	4.4	100.0	165.1
	Funding: capital receipts/reserves	51.6	3.7	-	5.4
	Funding: borrowings and credit arrangements	50.0	19.0	1,100.0	27.4
	Funding: revenue contributions	24.7	-	789.0	-
	Funding: third party contributions	-	-	152.0	-
	<b>Total funding</b>	<b>216.9</b>	<b>27.1</b>	<b>2,141.0</b>	<b>197.9</b>

1.6 Although the statutory capital spending plan has to be approved by the Mayor, each functional body is responsible for preparing and approving its own detailed capital spending programme. The following sections provide a breakdown of the functional bodies' current programmes.

## Section 2: Metropolitan Police Authority

- 2.1 The current prioritisation process ensures capital investment meets MPA/MPS needs by considering:
- Projects that must be delivered. This covers statutory requirements, compliance with health and safety issues and the replacement or renewal of core infrastructure;
  - Impact on delivery of the MPS strategic objectives;
  - Continuation or completion of a capital project where significant expenditure has already been incurred or where the MPA is already contractually committed;
  - Where significant revenue or capital savings would result which could be reallocated elsewhere within the business or achieve an efficiency reduction in expenditure;
  - The business benefits of a project - with particular emphasis on performance improvement.
- 2.2 Having prioritised the capital investments using the above criteria, the following factors have been applied to the whole capital programme to assess its overall feasibility:
- Revenue costs of planned borrowing to determine overall affordability;
  - Capability and capacity to implement the proposed capital programme both in terms of the project resources of the support departments and the ability of the receiving departments to resource the necessary business change where applicable.
- 2.3 Historically the capital programme has, in part, been funded each financial year by the generation of capital receipts from the disposal of redundant or obsolete property and other tangible assets. The present downturn in the property market has resulted in a significant reduction in the level of capital receipts that will be available. Consequently, the size of the capital programme that is deemed affordable has also fallen.
- 2.4 The fall in forecast capital receipts, together with the need to make revenue provision for the financing costs arising from borrowing as a funding source, have directly affected the scale of the capital programme and have led to significant reductions in planned expenditure for 2009-10 and 2010-11 from that noted in the 2008-09 budget submission. The overall funding package now proposed therefore aims to minimise as far as possible the operational and contractual impact of slowing down the programme over the next two years.
- 2.5 The impact of changes to 2009-10 and 2010-11 from last year's plan are:

<b>Changes in Capital Spending Plan</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>£m</b>	<b>£m</b>
Main Programme (net of over-programming)	-161.3	-127.4
Funding shortfalls identified last year	124.6	88.1
<b>Net effect on Main Programme</b>	<b>-36.7</b>	<b>-39.3</b>
Olympic Security Directorate	-18.8	4.0
Counter-terrorism	-27.0	-14.3
<b>Net changes (including slippage)</b>	<b>-82.5</b>	<b>-49.6</b>

## **Section 2: Metropolitan Police Authority**

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- 2.6 An element of over-programming has been incorporated into the plan to enable dynamic management of the capital programme. Service providers will be able to fast-track projects when others become delayed through slippage, cancellation, etc., thereby making best use of available finances while ensuring expenditure is contained within the approved budget. It is expected that the reduced level of investment will enable attention to be more closely focused on a smaller number of projects and steps to be taken to improve the capacity levels of the provisioning departments.
- 2.7 The detailed capital spending plan supporting the attached tables can be found via the link <http://www.mpa.gov.uk/committees/finres/2008/081120/08.htm>
- 2.8 The MPA/MPS's final capital plan is summarised overleaf against likely funding sources.

## Section 2: Metropolitan Police Authority

**Table 2 – Final MPA Capital Plan**

<b>Final Capital Plan</b>	<b>Forecast 2008-09</b>	<b>Proposed 2009-10</b>	<b>Proposed 2010-11</b>	<b>Proposed 2011-12</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Main Programme	327.9	177.6	150.4	112.9
Olympic Security Directorate (note 1)	5.0	40.7	34.2	11.8
Counter-Terrorism (note 1)	12.0	10.4	12.2	7.4
<b>Total Programme</b>	<b>344.9</b>	<b>228.7</b>	<b>196.8</b>	<b>132.1</b>
<b>less: Over-programming (note 2)</b>	<b>-</b>	<b>-11.8</b>	<b>-21.3</b>	<b>7.4</b>
<b>Capital Spending Plan</b>	<b>344.9</b>	<b>216.9</b>	<b>175.5</b>	<b>139.5</b>
<b>Funding Sources</b>				
Police Capital Grant	42.4	38.4	38.4	38.4
Other Grants & Third Party Contributions	9.7	-	-	0.5
Capital Reserves:				
Main Programme	71.3	29.6	13.4	-
C3i Programme	12.0	2.0	2.5	-
Capital Receipts	20.0	20.0	20.0	40.0
Partnership Funds/RCCO	2.5	15.9	10.9	1.4
Investment Board Funds	-	9.9	3.9	-
Specific Grant:				
2012 Olympic and Paralympic Games	5.0	40.7	34.2	11.8
Counter-Terrorism	12.0	10.4	12.2	7.4
Borrowing (note 3)	170.0	50.0	40.0	40.0
<b>Total Funding (note 4)</b>	<b>344.9</b>	<b>216.9</b>	<b>175.5</b>	<b>139.5</b>

**Notes:**

1. The staging of the Olympic and Paralympic Games in 2012 will require major investment in infrastructure and equipment to provide effective policing of all events. Bids have also been prepared in respect of equipment, etc. required for counter-terrorism purposes. Both areas of activity have been subject to considerable scrutiny to ensure expenditure is limited to that which is strictly essential in delivering effective policing.
2. An element of over-programming has been incorporated into the capital budget for 2009-10 and 2010-11 to ensure that there is a vigorous response to market conditions thereby making best use of available funds. The provisioning departments will ensure expenditure is maintained within the approved departmental totals. For 2011-12 funds will be allocated to named projects to offset decisions necessarily taken during 2009-10 and 2010-11.
3. Borrowing of £40m per year (£50m in 2009-10) will support capital investment and is deemed affordable in accordance with the indicators set down within the Prudential Code borrowing framework.
4. The MPA capital programme will be kept under close scrutiny to ensure that any adverse effects resulting from the present economic climate can be quickly rectified. For example, revenue expenditure pressures could lead to the need to make savings in capital financing costs. This would reduce the level of borrowing that could be made available to support capital expenditure. Capital receipts are also subject to fluctuation due to the present volatile property sales market. Additionally, adjustments to planned expenditure in 2009/10 and future years may be necessary in recognition of the capital expenditure outturn for 2008/09 and the requirement to rephase key projects.

## Section 2: Metropolitan Police Authority

**Table 3 – Capital expenditure by provisioning group**

Provisioning Group/Major Initiative	Forecast 2008-09 £m	Proposed 2009-10 £m	Proposed 2010-11 £m	Proposed 2011-12 £m
Property Services (PS)	168.7	63.2	30.2	51.1
Directorate of Information (DoI)	90.2	79.0	47.4	53.5
Transport Services	23.5	13.8	17.0	14.7
Misc. Equipment	0.5	0.6	0.5	1.0
C3i Programme	12.0	2.0	2.5	-
Safer Neighbourhoods	33.0	7.2	31.5	-
<b>Main Programme</b>	<b>327.9</b>	<b>165.8</b>	<b>129.1</b>	<b>120.3</b>
<b>Olympic Security Directorate</b>	<b>5.0</b>	<b>40.7</b>	<b>34.2</b>	<b>11.8</b>
<b>Counter-terrorism</b>	<b>12.0</b>	<b>10.4</b>	<b>12.2</b>	<b>7.4</b>
<b>Grand Total</b>	<b>344.9</b>	<b>216.9</b>	<b>175.5</b>	<b>139.5</b>

**Table 4 – Capital expenditure by service objective**

Service Objective	Proposed 2009-10 £m	Proposed 2010-11 £m	Proposed 2011-12 £m
Make services more accessible and improve people's experience of their contract with MPS, especially victims and witnesses	34.8	35.9	40.3
Reduce serious violence and protect young people	0.5	12.0	15.8
Make London's neighbourhoods safer through local problem-solving and partnership working to reduce crime, anti-social behaviour and road casualties	12.1	36.5	2.9
Plan for and effectively police major events in London and prepare for the 2012 Games	4.4	3.4	0.1
Lead and manage Service to ensure the most efficient, effective and economic use of all resources	43.5	18.5	18.1
Enhance counter-terrorism capacity and capability	18.7	10.5	0.7
Awaiting allocation to Service Objective (Note1)	63.6	33.6	35.0
<b>Total Major Initiatives</b>	<b>177.6</b>	<b>150.4</b>	<b>112.9</b>
Over-programming – Property Services (note 2)	-1.8	-9.7	3.7
Over-programming – Technology (note 2)	-10.0	-11.6	3.7
<b>Total Allocation – Major Initiatives</b>	<b>165.8</b>	<b>129.1</b>	<b>120.3</b>
<b>Olympics Security Directorate</b>	<b>40.7</b>	<b>34.2</b>	<b>11.8</b>
<b>Counter-terrorism</b>	<b>10.4</b>	<b>12.2</b>	<b>7.4</b>
<b>Total Capital Programmes</b>	<b>216.9</b>	<b>175.5</b>	<b>139.5</b>

**Notes:**

1. All expenditure within the plan will be assigned to relevant Service objectives as part of the consultation exercise on the capital budget.
2. See Table 2, note 2.



## Section 2: Metropolitan Police Authority

**Table 5 – Capital expenditure by business group**

<b>Business Group</b>	<b>Proposed 2009-10 £m</b>	<b>Proposed 2010-11 £m</b>	<b>Proposed 2011-12 £m</b>
Territorial Policing	34.2	56.0	23.1
Specialist Operations	5.1	0.7	0.7
Specialist Crime Directorate	4.1	1.9	-
Central Operations	29.9	5.3	5.3
Directorate of Information	6.0	2.0	2.0
Human Resources	10.5	0.1	0.1
Corporate – Property-Based Schemes	18.6	14.0	17.6
Corporate – IT Infrastructure	50.9	50.6	40.5
Corporate – Other	18.3	19.8	23.6
<b>Total Business Groups</b>	<b>177.6</b>	<b>150.4</b>	<b>112.9</b>
Over-programming <sup>1</sup> – Property Services	-1.8	-9.7	3.7
Over-programming <sup>1</sup> – Technology	-10.0	-11.6	3.7
<b>Total Main Programmes</b>	<b>165.8</b>	<b>129.1</b>	<b>120.3</b>

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

**Table 6 – Capital financing costs**

<b>Capital financing costs</b>	<b>Proposed 2009-10 £m</b>	<b>Proposed 2010-11 £m</b>	<b>Proposed 2011-12 £m</b>
Minimum revenue provision and external interest	23.6	26.8	29.4
<b>Total financing costs (note 1)</b>	<b>23.6</b>	<b>26.8</b>	<b>29.4</b>

**Notes:**

1. The MPA has recently purchased the freehold of New Scotland Yard. The figures in Table 6 reflect the impact of this acquisition.

2.10 Estimated incremental impact of capital investment decisions on the council tax:

	<b>Proposed 2009-10 £m</b>	<b>Proposed 2010-11 £m</b>	<b>Proposed 2011-12 £m</b>
<b>Incremental impact</b>	<b>£0.21</b>	<b>-£0.56</b>	<b>£1.15</b>

<sup>1</sup> Note that over-programming is monitored by the Provisioning Department.

## **Section 2: Metropolitan Police Authority**

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### **Protecting the Environment**

- 2.11 The MPS has reduced its carbon footprint by 0.3% on the previous year. Implementation of the Climate Change Action Plan (£4.9m in 2009-10) is designed to reduce carbon emissions by 10% by 2010, to support the Mayor's target to reduce carbon emissions by 60% by 2025. The MPS will review its progress against its carbon reduction targets in 2010 to inform further target setting and energy reduction strategies. However, it is likely that such significant reductions can only be achieved through significant modernisation of the estate. This is dependent on the availability of capital resources and the ability to access affordable renewable energy.

## Section 3: London Fire and Emergency Planning Authority

- 3.1 The Authority's capital programme has been developed to support achievement of its overall objective of making London a safer city. The projected capital expenditure at this stage for the Authority in 2009-10 amounts to £27.1m. The final capital programme is subject to significant change, dependent on decisions taken on Property PFI and the asset management plan. This will drive the priorities for the capital programmes contained within the capital plan.
- 3.2 LFEPA's final capital plan is summarised below against likely funding sources.

**Table 7 – Final LFEPA Capital Plan**

<b>Final Capital Plan</b>	<b>Forecast 2008-09 £m</b>	<b>Proposed 2009-10 £m</b>	<b>Proposed 2010-11 £m</b>	<b>Proposed 2011-12 £m</b>
IT Projects	2.4	2.7	-	-
Control and Communications Project	3.5	3.3	0.6	-
Community Fire Safety	1.8	0.6	-	-
Procurement Projects	0.3	2.2	2.9	-
New Headquarters and Disposal of 8 Albert Embankment	0.9	0.3	-	-
Fire House	0.2	-	-	-
Resilience Projects	4.0	1.4	1.1	1.1
Refurbishment of Fire Stations	3.0	4.1	6.0	8.2
Extensions of Fire Stations	0.1	0.6	1.3	1.7
New/Replacement Fire Stations	0.3	2.6	1.6	2.3
London Safety Plan	2.5	1.2	4.4	1.6
Other Property Projects	2.1	3.2	2.1	-
Sustainability Projects	1.7	1.5	-	-
Minor Improvements Programme	1.5	1.0	1.9	1.9
Others	0.8	2.4	0.5	0.1
<b>Total Projects</b>	<b>25.1</b>	<b>27.1</b>	<b>22.4</b>	<b>16.9</b>
<b>Funding:</b>				
Capital Receipts	-	3.0	10.0	16.9
Borrowing	20.2	19.0	8.7	-
Capital Reserves	1.5	0.7	-	-
Capital Grants	3.4	4.4	3.7	-
<b>Total Funding</b>	<b>25.1</b>	<b>27.1</b>	<b>22.4</b>	<b>16.9</b>

## Section 3: London Fire and Emergency Planning Authority

**Table 8 – Capital programmes**

<b>Capital Programme</b>	<b>Forecast 2008-09 £m</b>	<b>Proposed 2009-10 £m</b>	<b>Proposed 2010-11 £m</b>	<b>Proposed 2011-12 £m</b>
IT Operating Systems Upgrade	-	0.3	-	-
Building Maintenance & Property Database	0.1	-	-	-
Network Storage Solution (NAS/SAN)	0.2	0.8	-	-
Telephone System Replacement at Fire Stations	0.1	0.4	-	-
Changes to Authority's Computer Network	0.5	-	-	-
Data Centre Relocation	0.2	0.6	-	-
Upgrade Operating System	0.5	0.4	-	-
Corporate Gazetteer	0.1	-	-	-
Software Redevelopment (using Net Architecture)	0.7	0.2	-	-
<b>ICT Projects</b>	<b>2.4</b>	<b>2.7</b>	<b>-</b>	<b>-</b>
Second Generation Mobilising Project	0.1	-	-	-
Firelink	2.8	2.6	-	-
FiReControl	0.3	0.4	0.4	-
Project Team	0.3	0.3	0.2	-
<b>Control and Communications Project</b>	<b>3.5</b>	<b>3.3</b>	<b>0.6</b>	<b>-</b>
<b>Community Fire Safety – Home Fire Safety</b>	<b>1.8</b>	<b>0.6</b>	<b>-</b>	<b>-</b>
Respiratory Protective Equipment Replacement Project	0.1	1.7	2.6	-
Respiratory Protective Equipment Support Project	0.2	0.5	0.3	-
<b>Procurement Projects</b>	<b>0.3</b>	<b>2.2</b>	<b>2.9</b>	<b>-</b>
<b>Headquarters/Disposal of 8 Albert Embankment</b>	<b>0.9</b>	<b>0.3</b>	<b>-</b>	<b>-</b>
<b>Fire House</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
Bexley Fire Station	0.5	0.1	-	-
Hornchurch Fire Station	1.3	-	-	-
Wembley Fire Station – New Fire Rescue Unit	0.5	-	-	-
London Resilience – Other Projects	0.1	-	-	-
LR Vehicles – Property Implications (yards/forecourts)	1.6	1.3	1.1	1.1
<b>Resilience- London Resilience and Station Projects</b>	<b>4.0</b>	<b>1.4</b>	<b>1.1</b>	<b>1.1</b>
West Norwood FS – Rebuild	0.6	0.8	1.0	5.7
Kensington FS – Refurbishment	0.3	-	-	-
Wallington FS – Flat Conversion Refurbishment	0.1	-	-	-
Knightsbridge FS – Refurbishment	0.2	0.7	2.0	0.2
Refurbishment of Rear Yard/Forecourts at Stations	-	0.1	0.7	1.6
Southwark Training Centre Package of Works	0.1	-	-	-
Mitcham FS – Appliance Bay Improvements	0.1	-	-	-
Clapham FS & Cottages – Window Replacement	0.3	-	-	-
Wandsworth FS – Re-roofing & Window Replacement	0.2	0.2	-	-
North Kensington FS – Refurbishment of WC Facilities	0.1	-	-	-
Silvertown FS – Refurbishment of WC Facilities	0.1	-	-	-
West Hampstead FS – Refurbishment of Cottages	-	-	0.4	0.3
East Ham FS – Station Re-wire	-	0.5	0.1	-
Heating at various Fire Stations	0.8	0.8	0.5	-

## Section 3: London Fire and Emergency Planning Authority

<b>Capital Programme</b>	<b>Forecast 2008-09 £m</b>	<b>Proposed 2009-10 £m</b>	<b>Proposed 2010-11 £m</b>	<b>Proposed 2011-12 £m</b>
Kentish Town FS – Improvements/Alterations to Services	-	0.4	1.0	-
Window Replacement at various Stations	0.1	0.3	0.3	0.4
Old Kent Road FS – Women Fire-fighter’s Facilities	-	0.2	-	-
Refurbishment of Kitchens at Fire Stations	-	0.1	-	-
<b>Refurbishment of Fire Stations</b>	<b>3.0</b>	<b>4.1</b>	<b>6.0</b>	<b>8.2</b>
Biggin Hill FS – Structural Alterations	-	-	0.3	-
Holloway FS – Extensions/Internal alterations	0.1	0.2	0.8	0.3
Mill Hill FS- Refurbishment/extension	-	-	0.1	1.4
Feltham FS	-	0.4	0.1	-
<b>Extensions of fire stations</b>	<b>0.1</b>	<b>0.6</b>	<b>1.3</b>	<b>1.7</b>
Havering FS – New	0.2	2.4	0.1	-
Refurbishment/Extension of stations (not in PFI)	0.1	0.2	1.5	2.3
<b>New/Replacement Fire Stations</b>	<b>0.3</b>	<b>2.6</b>	<b>1.6</b>	<b>2.3</b>
Sidcup FS – Alterations/works	1.8	0.1	-	-
Walthamstow FS – Alterations/works	0.7	1.1	4.4	1.6
<b>London Safety Plan</b>	<b>2.5</b>	<b>1.2</b>	<b>4.4</b>	<b>1.6</b>
Corporate Property Project	0.1	0.1	0.1	-
All Stations – Upgrading Security	-	0.1	-	-
Croydon FS – Replacement Windows & Heating Systems	0.2	0.6	-	-
Appliance Bay Door Replacement Programme	0.1	0.2	0.2	-
Appliance Bay Floors Resurfacing Programme	0.1	0.2	0.2	-
Site Purchases (for PFI)	1.3	-	-	-
Genie Winder Upgrades	0.3	-	-	-
BA Charging Facility (Barking , Beckenham, Park Royal)	-	0.7	0.6	-
Site Purchases	-	1.2	1.0	-
PPE Provision of Secure Storage	-	0.1	-	-
<b>Other Property Projects</b>	<b>2.1</b>	<b>3.2</b>	<b>2.1</b>	<b>-</b>
Invest to Save	1.5	0.7	-	-
Energy Conservation Projects	0.2	0.1	-	-
Clinton Climate Initiative	-	0.7	-	-
<b>Sustainability Projects</b>	<b>1.7</b>	<b>1.5</b>	<b>-</b>	<b>-</b>
<b>Minor Improvement Programme</b>	<b>1.5</b>	<b>1.0</b>	<b>1.9</b>	<b>1.9</b>
Brigade-wide Survey for Asbestos and Removal	0.5	0.4	0.3	0.1
Water Rescue Boats	0.1	-	-	-
Authority-wide Replacement of Standby Generators	0.2	0.2	0.2	-
Mobile Data Terminals	-	1.3	-	-
Urban Search and Rescue Local Training Facilities	-	0.5	-	-
<b>Others</b>	<b>0.8</b>	<b>2.4</b>	<b>0.5</b>	<b>0.1</b>
<b>Total Programme Expenditure</b>	<b>25.1</b>	<b>27.1</b>	<b>22.4</b>	<b>16.9</b>

## Section 3: London Fire and Emergency Planning Authority

<b>Capital Programme</b>	<b>Forecast 2008-09 £m</b>	<b>Proposed 2009-10 £m</b>	<b>Proposed 2010-11 £m</b>	<b>Proposed 2011-12 £m</b>
<b>Funded by:</b>				
Sustainability Reserve	1.5	0.7	-	-
Capital Grant – Smoke Alarm Fitting	1.8	0.7	-	-
Funding sought from CLG – Rear Yard and Forecourts	1.6	1.3	-	-
Funding sought from CLG – USAR facilities	-	0.2	-	-
Capital Receipts	-	3.0	10.0	16.9
CLG FRS Capital grant	-	2.2	3.7	-
Borrowing	20.2	19.0	8.7	-
<b>Total Funding</b>	<b>25.1</b>	<b>27.1</b>	<b>22.4</b>	<b>16.9</b>

- 3.3 The financing costs in the revenue budget relate to Minimum Revenue Provision and payments on capital expenditure as shown in the table below.

**Table 9 – Capital financing costs**

<b>Capital financing costs</b>	<b>Proposed 2009-10 £m</b>	<b>Proposed 2010-11 £m</b>	<b>Proposed 2011-12 £m</b>
Minimum revenue provision and external interest	11.5	11.9	11.9
<b>Total financing costs</b>	<b>11.5</b>	<b>11.9</b>	<b>11.9</b>

- 3.4 Estimated incremental impact of capital investment decisions on the council tax:

	<b>Proposed 2009-10</b>	<b>Proposed 2010-11</b>	<b>Proposed 2011-12</b>
<b>Incremental impact</b>	<b>£0.23</b>	<b>£0.14</b>	<b>-</b>

### **Protecting the Environment**

- 3.5 The main activities to reduce LFEPA's carbon emissions footprint fall into the following priority areas:

- Energy efficiency;
- Investment in renewable and low carbon technology;
- Increased vehicle fuel efficiency and reductions in vehicle emissions;
- Travel Plan.

### **Section 3: London Fire and Emergency Planning Authority**

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- 3.6 LFEPA has committed £4.4m from 2006-07 to 2009-10 in a Sustainability Reserve (Invest to Save) to be invested in both energy efficiency measures to reduce demand and renewable/low carbon technologies. These initiatives included the completion of 41 schemes producing renewable (wind, photo voltaic and solar thermal) and low carbon energy and 33 high efficiency lighting installations. In addition over 150 minor projects were undertaken such as installing thermostatic radiator valves, timers and lighting controls. LFEPA has to-date reduced its emissions from its properties by 16.4% compared with 1990.
- 3.7 The Energy and Water Monitoring software was recently updated to enable the production of better and more comprehensive reports. LFEPA also trained its own staff to become accredited energy assessors. These assessors are undertaking the in-house production of display energy certificates for the Authority's premises.
- 3.8 99% of electrical automatic meters have been installed at LFEPA premises. These allow for electrical consumption to be automatically read which enables the provision of detailed performance reports for each site on a half-hourly basis. Work is progressing in preparing gas meters at Authority premises ready for automatic meter reading. This, coupled with a network of over 140 Green Champions, is starting to show an increased awareness of environmental and energy matters by staff at all levels.
- 3.9 A grant of £0.25m of SALIX<sup>2</sup> funding from the Carbon Trust was secured in 2006 to fund energy efficiency improvements, e.g. roof and wall insulation undertaken at approximately 35 stations. In addition, total grants of £0.5m to-date have been obtained, from the Department for Business, Enterprise and Regulatory Reform (formally DTI) towards the cost of the installations of photo voltaics and wind turbines at Authority premises.
- 3.10 In February 2008 the Authority authorised the setting up of a revolving fund so that revenue due to energy reduction measures is set aside, to be invested in further reduction works.
- 3.11 Other significant air emissions, in particular meeting the London LEZ targets, are being tackled in the LFEPA fleet. The accelerated pumping appliance replacement programme is complete. As a consequence of this and other modification work the London Fire Brigade fleet is compliant with the exhaust particulate matter standard for both 2008 and 2010. A number of specialist vehicles have been retrofitted with abatement traps to comply with the LEZ. All new vehicles purchased by LFB will comply with the standard laid down for January 2012. There will be a programme of work required between now and January 2012 to ensure that our current Euro III vehicles are upgraded to meet the Euro 4 exhaust particulate matter standard necessary to comply with that LEZ regulation.

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<sup>2</sup> Salix is an independent, not-for-profit company set up by the Carbon Trust in 2004. Its primary role is to secure the delivery of practical, carbon-saving projects in the public sector through suitable financial vehicles. It provides interest-free matched funding, structured so that energy savings pay the total fund back over time.

## Section 4: Transport for London

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- 4.1 The Capital Spending Plan is based on TfL's approved business plan to 2017-18. This is financed from six main sources:
- Fares and ticket income;
  - Charges under the Congestion Charging Scheme;
  - Secondary revenue (such as advertising and property rentals);
  - Third party funding for specific projects, such as ODA funding for the North London Railway Improvement Project;
  - Government grant, for which TfL has a settlement for the period 2008-09 to 2017-18 with the Department for Transport (DfT); and
  - Prudential borrowing and other financing.
- 4.2 The Plan is balanced as income from fares and charges, together with government grant, secondary income, available reserves and borrowing fully meet the costs of operations and the Investment Programme including funding for Crossrail (Note: that the Forecast used for 2008-09 is based on Quarter 2 results).
- 4.3 In February 2008, TfL secured a ten-year grant funding settlement with Government covering the period to 2017-18 and agreed prudential borrowing levels under the Comprehensive Spending Review 2007 (CSR07). The settlement covers funding of Crossrail, support for the Underground line upgrades and support for the rest of TfL's operations.
- 4.4 Although overall funding levels have increased, much of it is dedicated to Crossrail funding and the Tube line upgrades. The settlement does, however, allow for discussion of further funding in the event of "exceptional pressures".
- 4.5 In particular the settlement covers the following:
- Crossrail is fully funded to £15.9bn, including contingency;
  - The assumed cost profile for Tube Lines for the second PPP review period. LUL sought guidance from the PPP Arbiter in April 2008 on the likely costs of delivering these obligations and his initial review suggests a potential gap of over £1bn. TfL have subsequently notified the Government that this outcome represents an "exceptional pressure";
  - An additional £4.8bn of borrowing (including a £2.4bn TfL contribution to Crossrail) compared to £3.3bn included in the previous 2004 five-year settlement.



## Section 4: Transport for London

- 4.6 Other income assumptions include:
- Introduction of fairer ways to pay the congestion charge, in such a way as to maintain overall revenue from the Congestion Charging scheme;
  - LU advertising revenue increasing at RPI; and
  - Property income assumes a more commercial approach to TfL property, partly offset by re-phasing of certain proposed developments due to current economic conditions.
- 4.7 The plan to 2011-12 also assumes £571m of over-programming related to the timing of capital projects across TfL, in particular London Underground's £4.8bn investment programme (including Metronet projects). A detailed analysis of the likelihood of the programme slipping due to a number of reasons, such as failure to gain planning approval, has been undertaken. By the end of the TfL Business Plan period in 2017-18, over-programming reverses to equal a total adjustment of nil.
- 4.8 TfL also receives income from a number of third parties including the ODA, LDA, other Government departments (most notably DCLG) and private sector companies in the form of section 106 funding.
- 4.9 The following tables provide a more detailed picture of the directly managed Capital Projects.

**Table 10 – Capital Projects by Mode**

<b>Final TfL capital plan</b>	<b>Forecast 2008-09 £m</b>	<b>Proposed 2009-10 £m</b>	<b>Proposed 2010-11 £m</b>	<b>Proposed 2011-12 £m</b>
London Underground	574	618	683	614
London Rail	553	530	207	33
Surface Transport	267	262	187	153
Metronet	793	848	1,181	1,044
Corporate	75	64	80	77
<b>Gross Capital Expenditure</b>	<b>2,262</b>	<b>2,322</b>	<b>2,338</b>	<b>1,921</b>
<b>less: Over-programming (note 1)</b>	<b>-208</b>	<b>-181</b>	<b>-290</b>	<b>-100</b>
<b>Total expenditure</b>	<b>2,054</b>	<b>2,141</b>	<b>2,048</b>	<b>1,821</b>
Funding:				
Third Party Contributions	167	152	106	24
Capital Grant	-	100	-	-
Borrowing (mainly from PWLB and EIB)	1,067	1,100	300	400
Revenue Contribution	820	789	1,642	1,397
<b>Total funding</b>	<b>2,054</b>	<b>2,141</b>	<b>2,048</b>	<b>1,821</b>

**Notes:**

1. Over-programming (an acknowledgement that inevitably in a programme of this size there will be delays and impacts from external events outside of TfL's control) in LU, Surface Transport & London Rail is included in the appropriate row above.

## Section 4: Transport for London

**Table 11 – London Underground**

Capital projects	Forecast	Proposed	Proposed	Proposed
	2008-09	2009-10	2010-11	2011-12
	£m	£m	£m	£m
Structures	49	68	70	72
Rolling Stock	13	27	41	41
Signals	3	8	2	2
Power	76	76	171	167
Communications	29	28	24	7
Stations	331	343	322	271
Accommodations	24	18	18	27
Information Technology	25	20	11	6
Track	2	4	5	7
Other	22	26	19	14
<b>Total Capital Expenditure</b>	<b>574</b>	<b>618</b>	<b>683</b>	<b>614</b>

**Table 12 – London Rail**

Capital projects	Forecast	Proposed	Proposed	Proposed
	2008-09	2009-10	2010-11	2011-12
	£m	£m	£m	£m
East London Line Extension	337	252	23	-
3 Car Bank - Lewisham	77	62	28	-
Stratford International DLR Extension	51	53	19	-
North London Railway Infrastructure	17	80	107	24
Delta Junction Grade Separation	17	1	-	-
Infrastructure Renewal	9	12	10	7
3 Car North Route	8	2	-	-
Additional Railcars	10	29	10	-
West route Resilience	4	6	-	-
3 Car East Route	1	13	4	-
Other	22	20	6	2
<b>Total Capital Expenditure</b>	<b>553</b>	<b>530</b>	<b>207</b>	<b>33</b>

**Table 13 – Surface Transport**

Capital projects	Forecast	Proposed	Proposed	Proposed
	2008-09	2009-10	2010-11	2011-12
	£m	£m	£m	£m
Walking	3	2	2	2
Cycling	6	5	-	-
Road Safety	9	8	9	10
Bus Priority	16	7	6	2
Bus Stops and Shelters	4	3	3	4
Bus Garages	26	13	-	-
Bus Stations	4	6	3	3
Bus Operations & Support	16	12	3	3

## Section 4: Transport for London

Capital projects	Forecast	Proposed	Proposed	Proposed
	2008-09	2009-10	2010-11	2011-12
	£m	£m	£m	£m
Bus Performance (inc. iBus and Countdown)	26	21	15	19
Congestion Charging & Traffic Enforcement	32	13	2	-
Urban Traffic Control	10	8	6	3
Traffic Infrastructure	20	21	15	18
Real Time Operations	4	21	7	1
Major Route Improvements	8	23	10	8
Major Safety Enhancement	31	40	32	21
East London Transit Phase 1b	-	10	9	-
Greenwich Waterfront Transit Stage 1	-	3	3	3
Carriageway renewal	29	22	32	31
Street lighting renewal	13	11	14	14
Other	10	13	16	11
<b>Total Capital Expenditure</b>	<b>267</b>	<b>262</b>	<b>187</b>	<b>153</b>

**Table 14 – Metronet**

Capital projects	Forecast	Proposed	Proposed	Proposed
	2008-09	2009-10	2010-11	2011-12
	£m	£m	£m	£m
Rolling Stock & Signals	315	550	693	587
Stations, Lifts & Escalators	220	165	237	131
Track	171	133	115	129
Civils	37	9	67	108
Other	50	-9	69	89
<b>Total Capital Expenditure</b>	<b>793</b>	<b>848</b>	<b>1,181</b>	<b>1,044</b>

**Table 15 – Corporate**

Capital projects	Forecast	Proposed	Proposed	Proposed
	2008-09	2009-10	2010-11	2011-12
	£m	£m	£m	£m
IM Strategic Investment Programme	21	29	14	9
Fit-out of new accommodation	20	3	-	14
Customer Relationship Management	7	-	-	-
Oystercard improvements	6	2	-	-
Journey Planner	2	6	2	-
Oystercard upgrade to ITSO standard	5	26	25	6
Other	14	-2	39	48
<b>Total Capital Expenditure</b>	<b>75</b>	<b>64</b>	<b>80</b>	<b>77</b>

## Section 4: Transport for London

4.10 TfL's external borrowing will be peaking at £1,100m in 2009-10 from £1,067m in 2008-09. As a result of increased borrowing, the debt servicing costs are increasing.

<b>Capital financing</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Debt Servicing costs</b>			
Minimum revenue provision and external interest	166	207	227
<b>Total financing costs</b>	<b>166</b>	<b>207</b>	<b>227</b>

### Protecting the Environment

4.11 TfL has adopted the Mayor's Climate Change Action Plan (CCAP), which includes a number of projects to reduce the CO<sub>2</sub> footprint of TfL's operations in support of the Mayor's goal of reducing CO<sub>2</sub> emissions by 60% in 2025.

4.12 Going forward, TfL is embedding measures that will support meeting the Mayor's environmental goals. The overall modal shift achieved since 1999 and programmes to increase walking and cycling have also contributed to CO<sub>2</sub> reduction. Key initiatives that will be implemented during the Plan period include:

- Regenerative braking and other energy saving measures on the Tube, Overground and Docklands Light Railway;
- Installation of more charging points for electric vehicles;
- Extension of LEZ standards to lower emissions from trucks, buses and vans;
- Green measures at new TfL buildings;
- The introduction of a wind turbine at West Ham bus garage;
- Development of new specifications for low carbon stations and depots on the Underground.

### Walking and Cycling

4.13 The Mayor is committed to a step change in cycling. There has been a 91% increase in the number of people cycling on London's major roads since TfL was created in 2000 and TfL aims to increase that figure to 400% by 2025.

4.14 TfL has developed a fundamental new programme to significantly increase cycling throughout London. It is based on delivering three new programmes:

- Delivery of a central London cycle hire scheme by Summer 2010;
- New cycle 'highways' schemes;
- Creating cycle hubs across London, which will include a further 66,000 cycle parking spaces.

## Section 4: Transport for London

- 4.15 On the walking front, it is planned to increase the number of journeys made on foot by more than one million a day. Among improvements for walkers will be better information for pedestrians, including the innovative Legible London.

### Delivery Highlights

- 4.16 The table below sets out the key deliverables over the period to 2012.

**Table 17 – Delivery highlights**

Initiative	Commentary	Delivery
<b>London Underground</b>		
Train, track and signal upgrades	Over 200km of track replaced and renewed.	2012
King's Cross St Pancras	Completed, including new "Northern" ticket hall to provide capacity for domestic high speed service and Olympic "Javelin".	2010
Station modernisations and refurbishments	80 further stations modernised/refurbished with new security systems and customer information improvements, such as provision of audio/visual information and tactile guidance for the partially-sighted and enhanced audio/visual information.	2012.
Step-free access at stations	25% of LU stations step-free.	End of 2010
Step-free access at stations	Olympics commitments at Green Park, Baker Street (sub-surface) and Southfields.	2012
Northern & Victoria lines	20% capacity increase on Northern and 19% increase on Victoria lines.	2012
Jubilee line	Service frequency, capacity and reliability to be increased by 33%.	End of 2009
Metropolitan line	New air conditioned "S stock" trains.	From 2010
Circle, District and Hammersmith & City lines	New air conditioned "S stock" trains.	From 2011
<b>London Rail</b>		
Operated train kms and reliability	London Overground enhancement works includes doubling in operated train kilometres and an improvement in reliability to 94% compared to 91% in 2007-08.	2012
East London Line Extension (ELL)	Implementation of East London Line Extension, north to Dalston Junction and south to Crystal Palace and West Croydon.	Completion in 2010
North London Railway	Completion of the North London Railway (NLR) Infrastructure Project, including link to the ELL.	2011
Overground trains	New trains for all Overground routes.	2010
Overground stations	Refurbished stations for all Overground routes.	2010
Operated train kms and reliability	DLR expansion programme will include an increase of 36% in operated train kilometres and high performance in reliability (96% of trains on time; 98% of train services operated).	2012
Stratford International	The extension of Stratford International station.	2010
DLR routes	3-car operation on all DLR routes.	2011

## Section 4: Transport for London

Initiative	Commentary	Delivery
<b>Surface Transport</b>		
Bounds Green	Safety and environmental improvements along the A406.	2011
Henlys Corner	A406 junction improvement scheme to reduce accidents while maintaining vehicle flow.	2011
Hanger Lane	Replacement bridges over Great Western and Underground lines.	2010
Tottenham Hale	Planning application for changes to current gyratory road layout improving Tottenham town centre (subject to Community Infrastructure Fund (CIF) and Growth Area Fund (GAF) grant confirmation).	2009
Blackwall Tunnel	Refurbishment of the northbound tunnel.	2011
Cycle Hire Scheme	Delivery of a central London cycle hire scheme.	2010
Cycling	New cycle 'highways' schemes; and Creating cycle hubs across London, which will include a further 66,000 cycle parking spaces.	2012
Walking	Conditions for walkers are to be improved, including pilots for Legible London.	2012
East London Transit	Completion of East London Transit (phases 1a and 1b) scheme.	2012
Greenwich Waterfront	Greenwich Waterfront Transit (phase 1) scheme.	2011
iBus System	The implementation of the iBus system fleet-wide.	2009
iBus System	An additional 2,000 Countdown signs.	2012
Road Safety	Achieving the target of a 50% reduction in the number of killed and seriously injured (KSI) by 2010 (compared to 1994 to 1998 levels).	2010
Low Emission Zone	Phase 4 (EURO IV standards for lorries, buses/coaches) introduced.	2012
<b>Corporate</b>		
Information management	The costs of providing information technology services across TfL are being reduced by better focusing TfL's spend and investing in infrastructure to deliver operating cost savings.	2012
Customer Information	TfL is improving the efficiency of its customer information services, making the transport system easier to use and helping London become more liveable.	By 2011

## Section 5: London Development Agency

- 5.1 The capital expenditure programme continues to be dominated by the Olympic programme for the Olympic Park and Lower Lea Valley, which accounts for two-thirds of capital spending over the four years to 2011-12.
- 5.2 The other major growth area is the youth programme, which increases from £1.9m in 2008-09 to £9m over the three-year period.
- 5.3 Since the Publication of the LDA's Investment Strategy in October, the changing economic and financial environment has meant that the LDA are actively reconsidering their priorities and revenue and capital budgets will be kept under review.
- 5.4 Reductions in government grant in both 2009-10 and 2010-11 have meant an intensifying squeeze on the LDA's available resources. This explains the need for a substantial balancing figure in the programme for 2010-11.
- 5.5 The LDA corporate plan provides for spending of £197.9m on capital projects in 2009-10, funded from government grants, capital receipts and prudential borrowing.

**Table 18 – Final LDA Capital Plan**

<b>Final Capital Plan</b>	<b>Budget 2008-09 £m</b>	<b>Proposed 2009-10 £m</b>	<b>Proposed 2010-11 £m</b>	<b>Proposed 2011-12 £m</b>
<b>Programme Expenditure</b>				
Quality Places	50.6	22.6	7.0	29.0
Places for Businesses	9.0	14.2	11.2	13.3
Quality Public Realm and Green Space	6.1	5.5	3.0	4.0
Energy and Waste	6.7	18.0	11.3	18.0
Skills – Youth	1.9	7.1	5.8	9.0
Jobs – Finance	1.3	2.6	0.3	0.5
Business Growth	20.8	14.9	2.7	2.0
Contingency	5.3	1.0	1.0	1.0
Unallocated	-	-	-	-
<b>Total programme expenditure</b>	<b>101.7</b>	<b>85.9</b>	<b>42.3</b>	<b>76.8</b>
<b>Olympic Expenditure</b>				
Revised Land Acquisition Costs	28.0	14.1	-	-
Contingency	10.5	10.7	5.0	3.7
Remediation Costs	105.0	12.0	4.7	-
Professional Fees	3.5	1.5	1.0	0.5
Management	5.4	5.4	5.4	5.4
Legacy Development	10.9	10.6	10.0	10.0
LDA Additional Support	50.0	50.0	150.0	150.0
Gross VAT	-	7.7	7.7	7.7
<b>Total Olympic expenditure</b>	<b>213.3</b>	<b>112.0</b>	<b>183.8</b>	<b>177.3</b>
<b>Total capital expenditure</b>	<b>315.0</b>	<b>197.9</b>	<b>226.1</b>	<b>254.1</b>

## Section 5: London Development Agency

<b>Funding for Olympics:</b>				
Grant funding	48.2	79.2	76.9	75.0
Capital receipts	4.0	5.4	32.2	12.9
Prudential borrowing ( from PWLB)	161.1	27.4	74.7	89.4
<b>Total</b>	<b>213.3</b>	<b>112.0</b>	<b>183.8</b>	<b>177.3</b>
<b>Funding for Programme Expenditure - Grants</b>	<b>101.7</b>	<b>85.9</b>	<b>42.3</b>	<b>76.8</b>
<b>Total funding</b>	<b>315.0</b>	<b>197.9</b>	<b>226.1</b>	<b>254.1</b>

- 5.6 The financing costs in the revenue budget relate to financing costs of capital expenditure as shown in the table below. No minimum revenue provision is considered to be necessary as the land is currently under development.

**Table 19 – Capital financing costs**

<b>Capital financing</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Interest payable	25.8	28.1	32.7
<b>Total financing costs</b>	<b>25.8</b>	<b>28.1</b>	<b>32.7</b>

### **Protecting the Environment**

- 5.7 The LDA will be undertaking the following programmes in 2009-10:
- The Green 500 and Better Buildings Partnership which are programmes designed to reduce CO<sub>2</sub> emissions from commercial and public sector buildings;
  - A decentralised energy programme which aims to reduce CO<sub>2</sub> emissions by the deployment of CHP and district heating technology;
  - Rolling out the Buildings Energy efficiency Pilot to accelerate the widespread uptake of energy efficiency refurbishments of public sector buildings;
  - Commissioning the London Waste and Recycling Board to invest in waste facilities to reduce CO<sub>2</sub>, divert waste from landfill and generate energy from waste;
  - Investing in the East London green grid.