

March 2012

The Greater London Authority Consolidated Budget and Component Budgets for 2012-13



MAYOR OF LONDON



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**Greater London Authority
March 2012**

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Section 1 - Introduction and Overview

1.1 This year the Mayor's budget proposals reflect the Government's intention to strengthen London's governance, enshrined in the Localism Act and the Police Reform and Social Responsibility Act. These include primarily:

- The devolution of powers over housing investment in London from the Homes and Communities Agency to the GLA;
- The abolition of the LDA with its city-wide roles on regeneration and management of European funding to be transferred to the GLA;
- New powers for the Mayor of London to establish Mayoral Development Corporations; and
- The creation of the Mayor's Office for Policing and Crime in place of the Metropolitan Police Authority from 16 January 2012.

1.2 Embracing these new responsibilities, the Mayor's key objective is to maximise value for the taxpayer through the rigorous pursuit of efficiencies while protecting frontline services and directing expenditure to key priorities. The Mayor's 2012-13 budget and forward plans include the following additional objectives:

- Contributing towards a successful and secure 2012 Olympic and Paralympic Games and creating an enduring legacy that transforms and regenerates the east of London, as well as spreading the benefits of 2012 across the capital with an unchanged contribution from the London council taxpayer to the agreed funding package;
- Securing a sustained increase in participation in sport and physical activity amongst Londoners;
- Delivering a programme of activities and events to engage with London's diverse communities;
- Delivering the London Housing Strategy and the Mayor's target of 50,000 affordable homes by the end of 2012;
- Through the London Enterprise Panel, the Outer London Fund and the Mayor's Regeneration Fund helping to boost London's economy;
- Delivering the Mayor's Environmental Strategies, including projects to help contribute to reducing CO₂ emissions by 60 per cent by 2025;
- Increasing the opportunities for young people, including an Apprenticeship Programme;
- Boosting confidence and satisfaction in the Metropolitan Police by Total Policing – a total war on crime, total care for victims and total professionalism of the force;
- Maintaining police officer numbers at or around existing levels;
- Improving London's fire and rescue services;
- Financing the main construction works for Crossrail project which will lead to London's rail network capacity increasing by 10 per cent and continuing the vital upgrade of the Tube network;
- Maintaining the bus network and introducing a new iconic bus for London;

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- Maintaining existing Concessionary Fares schemes including the 24 hour Freedom Pass for older and disabled Londoners;
- Building a Cable Car across the Thames in east London; and
- Making London a genuinely cycle-friendly city by building on the success of the Barclays Cycle Hire scheme.

Consolidated Budget Requirement

- 1.3 The GLA Group (including Transport for London as a Corporation but not its subsidiaries) is subject to the local government finance regime. Previously, the Mayor was required to set consolidated and component budget requirements for the GLA Group and each functional body – representing their gross expenditure net of general income, specific grants and any application of reserves but gross of general government grants. However, the term ‘budget requirement’ has no formal legal status following the amendments made to the GLA Act 1999 under the Localism Act 2011. However for completeness – and to aid comparison with previous years’ budgets – the budget requirement figures are presented in this budget document.
- 1.4 The consolidated budget requirement for the GLA Group for 2012-13 is **£3,159.9m**. The component budget requirements for 2012-13 and indicative forecasts for 2013-14 and 2014-15 are set out in the table below.

Component budget requirements	Approved 2011-12 £m	Approved 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
GLA (Mayor of London and London Assembly)	155.1	172.9	155.3	158.8
Mayor’s Office for Policing and Crime	2,713.0	2,601.2	2,613.2	2,579.5
London Fire and Emergency Planning Authority	409.4	379.8	387.4	363.4
Transport for London	6.0	6.0	6.0	6.0
London Development Agency	0.0	N/A	N/A	N/A
Olympic Park Legacy Company	N/A	0.0	0.0	0.0
Consolidated budget requirement	3,283.5	3,159.9	3,161.9	3,107.7

Note: The Mayor’s Office for Policing and Crime (MOPC) is now used in the budget in place of the Metropolitan Police Authority as the former replaced the latter on 16 January 2012 following the enactment of the relevant clauses in the Police Reform and Social Responsibility Act 2011.

Council tax requirements and the GLA precept

- 1.5 From 2012-13 onwards the Mayor is required to set component and consolidated council tax requirements for each functional body and the GLA Group. The council tax requirement equates to the amount which will be allocated to the GLA and for each functional body from the Mayor’s council tax precept i.e. the former budget requirement net of general government grants. These individual functional body requirements are consolidated to form the consolidated council tax requirement for the GLA Group.

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- 1.6 The Mayor has reduced the Band D council tax for residents of the 32 London boroughs by £3.10 or 1 per cent to £306.72. There is a consequential matching reduction compared to 2011-12 of £3.25 per Band D property for residents in the area of the Common Council of the City of London who do not pay the policing element of the precept. The impact of this and other changes results in a consolidated council tax requirement for 2012-13 of **£935.1 million**.
- 1.7 The component council tax requirements for 2012-13 and indicative forecasts for 2013-14 and 2014-15 are set out in the table below.

Component council tax requirements	Approved 2011-12 £m	Approved 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
GLA (Mayor of London and London Assembly)	91.6	123.1	109.3	114.4
Mayor's Office for Policing and Crime	687.5	695.0	668.3	664.0
London Fire and Emergency Planning Authority	157.7	120.7	151.5	150.7
Transport for London	6.0	6.0	6.0	6.0
London Development Agency	0	N/A	N/A	N/A
Olympic Park Legacy Company	N/A	0.0	0.0	0.0
Collection fund (surplus)/deficit	-8.0	-9.7	0.0	0.0
Consolidated council tax requirement	934.8	935.1	935.1	935.1

- 1.8 The budget reflects the impact of the council taxbase information and collection fund surplus data for the 33 London billing authorities supplied to GLA in January 2012. The approved council tax requirement reflects the allocation of the Council Taxbase buoyancy and reported net Collection Fund surplus across the 33 authorities as well as the Mayor's final decisions on his precept, the information on government grant funding available at the date the budget was set, decisions on prioritisation of GLA projects and the additional support being provided to functional bodies over the spending review period to help reduce future years savings targets.
- 1.9 Due to the uncertainty arising from April 2013 onwards about the impact of the planned localisation of council tax benefit (after allowing for potential reductions in council tax collection rates and taxbases) the allocation methodology for future Council Taxbase buoyancy and collection fund surpluses and/or deficits will be reviewed prior to the setting of the 2013-14 budget. This will be informed by the policy decisions taken by the 32 London boroughs and the Common Council of the City of London during 2012 in respect of their localised council tax support schemes.

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1.10 Council Tax revenue and the other sources of finance are summarised below:

	£m	Per cent
Spending plans	14,474	100
Less:		
Fares, charges and other income	-7,422	51
Specific Government grants (incl. GLA Transport Grant for TfL)	-4,084	28
General Government grants (formula, police and GLA general)	-2,215	15
Use of Reserves (TfL)	248	0
Use of Reserves (other)	-56	0
Net surplus in borough Council Tax collection funds	-10	-
Consolidated Council tax requirement for GLA Group	935	6

1.11 Raising this income from Council Taxpayers requires a band D Council Tax of **£306.72** for residents of the 32 London boroughs. This represents a £3.10 or 1 per cent reduction compared to 2011-12.

1.12 The budget requires a band D Council Tax of **£78.62** in the area of the Common Council of the City of London, which is outside the Metropolitan Police area. There is a consequential reduction to the Band D Council Tax precept of £3.25 (4 per cent) for residents of the City of London compared to 2011-12 as they do not contribute towards the costs of the MOPC. This reflects the impact of the Mayor's decision to again increase the share of his precept allocated to policing.

Government grants

1.13 The budget was prepared having regard to the latest information and intelligence on the Government grant allocations for the GLA and each functional body at the date of its approval.

1.14 The Government has announced that it will provide an unringfenced reward grant to incentivise local authorities to freeze their Council Tax in 2012-13 which will be payable on a one off basis. As the GLA precept is being reduced by 1 per cent it will therefore be eligible to receive this reward grant. The amount of freeze grant which the GLA would be eligible for equates to the estimated additional council tax revenue which would have been received had the police element of the Mayor's 2011-12 precept been increased by 3 per cent and the non police element by 2.75 per cent allowing for the buoyancy in the London wide council taxbase. The freeze grant for 2012-13 will be approximately £27.7 million and has been provisionally allocated to support the 2013-14 GLA budget in **section 2**. It is expected to be held in reserves during 2012-13 pending it being applied to repay and restructure debt in the following year.

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- 1.15 The GLA Group is also expected to receive £23.4 million each year up to and including 2014-15 from the 2011-12 council tax freeze grant scheme. Eligibility for the 2011-12 Freeze Grant over the four year CSR period is unaffected by decisions on Council Tax levels for 2012-13 onwards. For 2012-13 the 2011-12 freeze grant has been added to the baseline formula grant for LFEPA and the MOPC – the former receiving an additional £7m in formula grant and the latter £16.4m (in line with the respective non police and police shares of the 2011-12 GLA council tax). The ongoing 2011-12 freeze grant is also allocated as part of LFEPA's and the MOPC's formula grant 2013-14 and 2014-15 on the same basis in this budget.

Council tax referendum

- 1.16 As part of the final local government finance settlement announced on 31 January 2012 the Government confirmed the council tax referendum thresholds for 2012-13 and these were confirmed by Parliament on 8 February. This reflects the new arrangements introduced in the Localism Act 2011 to replace the current system of council tax capping. This requires the Mayor – and local authorities in general – to hold referendums to approve their proposed council tax increases where these exceed a threshold set by Parliament.
- 1.17 The council tax increase above which the Mayor would be required to hold a referendum in 2012-13 across on the basis of the Government's principles is 4 per cent for its 'adjusted relevant basic amount of council tax' (i.e. including the policing element) and 3.75 per cent for its unadjusted basic amount (equivalent to the precept payable by taxpayers in the Corporation of London excluding the MOPC element). The Mayor is proposing that his precept is reduced compared to the 2011-12 base and therefore neither referendum threshold will be triggered under his final budget for 2012-13.

Future funding uncertainties

- 1.18 There is uncertainty in respect of the level of funding for 2013-14 and 2014-15 because of the impact of the Local Government Resource Review. The Government issued a consultation paper outlining its intentions in July 2011 and issued its conclusions on 19 December 2011 alongside a draft Local Government Finance Bill. Under the changes local authorities (excluding police authorities) will be able to retain all or part of the future growth in their business rates revenues locally from April 2013. The Government has confirmed that LFEPA and the GLA, in respect of their revenue funding, will form part of the rates retention system alongside the 32 London boroughs and the Corporation of London.
- 1.19 Final details on the operational arrangements for the new system – including the share of growth to be apportioned between the GLA, LFEPA, London boroughs and the Corporation of London (and any other bodies which will form part of the retention scheme in London) - are unlikely to be known until mid 2012.

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- 1.20 The Local Government Finance Bill also sets out the Government's proposals to localise council tax benefit support from April 2013. From that date each London borough and the Common Council – subject to consultation with the Mayor and GLA - will determine their own local council tax benefit policies although there will be no change to the existing support arrangements for pensioners. This change will be accompanied by a 10 per cent reduction in council tax benefit support from central government – equivalent to a £500million reduction across England and upwards of £70m in London.
- 1.21 As a precepting authority council tax benefit localisation will affect the GLA's budget as its precept income from London boroughs will be reduced (as council tax support will in future be accounted for as a discount to the council tax base) but offset by a new council tax support grant - albeit the latter will be lower due to the impact of the 10 per cent reduction in government support. The resulting shortfall will either have to be absorbed by the GLA and billing authorities (in proportion to their share of council tax) or recovered through reducing support to working age claimants. This will replace the existing funding arrangements where the costs of council tax benefit are 100 per cent financed by Government subsidy.
- 1.22 There is a risk, as a result of the benefit changes, that council tax collection rates could fall (if boroughs pass on all or part of the reduction to existing claimants who would then face higher council tax payments) or the GLA might bear the impact of the reduction in government support in line with its share of council tax (if boroughs decide to absorb the grant reduction) – which would potentially mean a reduction in revenues for the GLA. Billing authorities are also likely to be given the power to amend their precept payments to the GLA in year where demand for council tax support is higher than budgeted.
- 1.23 The Local Government Finance Bill also includes proposed changes to the discounts offered for second and empty homes alongside other technical reforms to the council tax system. This will affect the council taxbase calculation for billing authorities and thus the revenue the GLA receives from the precept from April 2013.
- 1.24 Given the uncertainties on funding for future years this document focuses on proposals for 2012-13 with indicative estimates provided for 2013-14 and 2014-15. More details of the planning assumptions for future year's budgets and the latest position on the estimated impact of the Comprehensive Spending Review and proposals on the local retention of business rates and council tax benefit localisation across the GLA group are set out in **section 8** of this document.

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Mayor and Assembly components

- 1.25 For the purpose of budget setting under the GLA Act the Mayor of London and London Assembly are 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. The budget for the Mayor comprises the rest of the GLA, and includes expenditure incurred on accommodation in relation to the Assembly's business, and goods and services provided or procured for the Authority in general.
- 1.26 The Government does not apportion the GLA General grant between the Mayor and Assembly functions. It is therefore necessary, as part of the new obligations under the Localism Act 2011, to determine this in order to set separate council tax requirements for both the Mayor (GLA) and Assembly. The approach used for this apportionment is addressed in **sections 2 and 3**.

Further information

- 1.27 This document reflects the statutory budget plans approved by the Mayor and Assembly under sections 85 to 89 of the GLA Act 1999 in February 2012. Subject to remaining within the council tax requirements set the GLA and functional bodies may revise their budget proposals and therefore their published budget or business planning documentation issued subsequently may differ from the figures presented here.
- 1.28 Further information on the 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 budget plans are shown first and the remainder are presented in order of magnitude of the budget and council tax requirements. **Section 9** sets out the consolidated budget and council tax requirements. **Appendix A** summarises the plans of each functional body in relation to the 2012 Olympic and Paralympic Games and Legacy and is included as an additional annex in this year's budget. Please note that figures in the Tables throughout the document may not sum exactly due to rounding.
- 1.29 This document along with the Mayor's capital spending plan and the consultation, draft and final draft budgets issued during the budget development process are available on the GLA website at <http://www.london.gov.uk/who-runs-london/greater-london-authority/budget-2012-13>.
- 1.30 There are also more detailed public documents relating to the budget proposals, including those that have been the subject of individual scrutiny and discussion by the functional bodies. These are available on the GLA's and functional bodies' websites. For further information on these documents, or generally in respect of the budget proposals, please contact:

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Section 2 – Greater London Authority: Mayor of London

Introduction

- 2.1 The Greater London Authority (GLA) is the strategic authority for London and supports the Mayor and Assembly in delivering their respective responsibilities and functions. The GLA's four functional bodies are its principal delivery arms: the Mayor's Office for Policing and Crime (MOPC; overseeing the work of the Metropolitan Police Service - MPS) which took over the responsibilities of the former Metropolitan Police Authority on 16 January 2012; the London Fire and Emergency Planning Authority (LFEPA); Transport for London (TfL); and the Olympic Park Legacy Company (OPLC) which is scheduled to become a Mayoral Development Corporation on 1 April 2012.
- 2.2 The GLA also works with partner organisations – the 32 London boroughs and the Common Council of the City of London, London Councils, Whitehall agencies and a range of other organisations from the private, public and voluntary sectors – to deliver the Mayor's vision to make London the best big city in the world.
- 2.3 The GLA's budget successfully manages to address London's priorities while adapting to a period of spending restraint. It allows these investments without any additional borrowing being required over and above that already committed to finance Crossrail (funded by the dedicated business rate supplement) and any refinancing required in relation to Olympic Park debt inherited from the London Development Agency. Details on the budget proposals for the GLA and the impact of the changes to its functions and responsibilities in 2012-13 were set out in full in the Mayor's Background Statement which comprised Part 1 of his Final Draft Budget presented to the London Assembly on 9 February 2012 – a copy of which is available on the GLA budget homepage.

Government funding

- 2.4 The GLA has reached agreement with the Government as to the terms of the GLA settlement for 2012-13 to 2014-15 and a detailed settlement letter was issued on 6 February 2012. The full impact of the settlement was still being assessed at the date this final budget was approved but the key points of the agreement are:
- Olympic land and assets: the GLA will receive the Sugar House Lane receipt in full and thereafter the first £223 million in subsequent receipts will go to the GLA to enable it – along with grant – to repay Olympic land debt inherited from the LDA; after that there will be a 25:75 split between the GLA and Lottery until the Lottery has been repaid in full; finally there will be a 50:50 split between the GLA and the Exchequer on any remaining receipts;
 - HCA London assets: These will be transferred at nil consideration and Greenwich Peninsula receipts will be split 50:50 between the GLA and DCLG;
 - Residual London Thames Gateway Development Corporation (LTGDC) assets will be transferred to the GLA at nil consideration;
 - DCLG will provide the GLA with an additional £12 million in grant in 2011-12 to cover Olympic debt costs arising for the GLA over this Spending Review period; and

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- DCLG will bring forward at least another £141 million in GLA grant to 2011-12 to improve the GLA's cash flow.
- 2.5 This budget assumes that the GLA will receive £49.8 million in GLA general grant in 2012-13 although this may be adjusted by the Government to reflect new functions currently presented in this section as specific grants. This is £13.5 million lower than in 2011-12 on a cash basis. However, on a like for like basis it represents a £5.5 million (10 per cent) reduction due to the impact of the scheduled £8 million reduction to the transitional funding provided to support the London Waste and Recycling Board in 2011-12 along with other smaller adjustments. In addition it has been assumed that the GLA's new responsibilities will be funded through general grant subject to the impact of the Local Government Resource Review which will alter the way the GLA is funded from April 2013.
- 2.6 The GLA is forecast to receive £27.7 million on a one off basis through the council tax freeze grant in light of the Mayor's decision to reduce his council tax for 2012-13. The 2012-13 council tax freeze grant has been provisionally allocated to support the 2013-14 GLA budget and is expected to be held in reserves in 2012-13. The GLA Group will also receive an estimated £23.4 million in each of the next three financial years (to 2014-15) as a reward for the Mayor's decision to freeze the Council Tax precept in 2011-12. The 2011-12 freeze grant was fully allocated within the core GLA's budget in 2011-12. However in 2012-13 this forms part of the formula grant allocations for MOPC (£16.4m) and LFEPA (£7m) apportioned in line with the police and non police shares of the 2011-12 precept – offset by a matching transfer to the GLA via an uplift to its council tax requirement. The budget assumes that this treatment will remain the case in 2013-14 and 2014-15.
- 2.7 The revenue budget assumes that the GLA will receive around £48.9 million in other revenue specific grants. This includes an estimated £47.0 million in funding for devolved activities (generally former HCA and LDA activities), £1.1 million in Home Office grant in respect of the Communities Against Guns, Gangs and Knives fund (CAGGKF) and £0.8 million through revenue element of the £39m Growing Places Fund grant. The Home Office community safety grant – paid to GLA in 2011-12 - is now reflected in the MOPC budget for 2012-13 as explained below. It is expected that the CAGGKF grant may also be transferred to the MOPC from 2012-13 but this had still to be formerly confirmed at the date this budget was approved.
- 2.8 The assumed levels of Government funding for the GLA in 2012-13 for the purposes of the final budget are summarised below. Some of these specific grants may, however, ultimately be paid through the GLA General Grant depending on the final treatment determined by the Secretary of State. The impact of these final changes will be reflected in the core GLA budget approval by the Mayor. However these changes will not affect the statutory council tax requirements approved by the Mayor – which were agreed unamended by the Assembly - under section 85 to 88 and schedule 6 to the GLA Act.

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Forecast Government grant	2012-13 £m	2013-14 £m	2014-15 £m
Notional Specific grants			
Seaside and country homes (Housing moves)	0.4	-	-
ESF Programmes	3.0	2.9	1.5
ERDF Management and administration	0.9	0.9	0.9
Growing places fund	0.8	0.0	0.0
Devolution Funding (HCA and LDA)	42.7	24.3	42.3
Gangs, guns and knives programme	1.1	1.1	1.1
2011-12 Council tax freeze grant	0.0	0.0	0.0
2012-13 Council tax freeze grant	27.7	0.0	0.0
Sub total specific grants	76.6	29.2	45.8
Baseline GLA functions (core grant)	40.7	37.0	35.2
Ordnance survey top slice	-0.9	-0.9	-0.9
LWARB	1.5	1.5	1.5
Rough sleepers and homelessness initiatives	8.5	8.5	8.5
Sub total GLA general grant	49.8	46.1	44.3
Total	126.4	75.3	90.1

Note: The 2011-12 freeze grant will be paid to MOPC & LFEPA via formula grant from 2012-13. From 2013-14 it is anticipated that the GLA General Grant will be financed via retained business rates revenues.

Transfers of Funding and Functions to Other Functional Bodies

- 2.9 Funding for the community safety grant from the Home Office, which was payable to the GLA in 2011-12, is expected to transfer to the Mayor's Office for Policing and Crime from 2012-13. Funding through this grant stream is expected to be reduced from £10.6 million this year to £5.4 million in 2012-13. The 2012-13 allocation is reflected in the MOPC's budget for 2012-13 in section 4 but is reflected in the GLA's budget in 2011-12 within this document. The entire 2011-12 grant was paid by the GLA to London boroughs to fund their community safety partnerships in recognition of the fact that previously they had received this funding from the Home Office via DCLG. Decisions on the use and distribution of this funding will be made by the MOPC once the Home Office has confirmed the final details for the 2012-13 grant in Spring 2012.
- 2.10 The GLA is also transferring the majority of its community safety functions and programmes to the MOPC – which will be reflected through an adjustment to the council tax requirement (precept share) between the two bodies. The actual transfer sum agreed is £1.8 million in 2012-13, £1.7 million in 2013-14 and £1.1 million in 2014-15. This transferred sum includes £0.6 million in continued support for the four rape crisis centres in north, east, south and west London.
- 2.11 The GLA budget also impacts on the resources available for the OPLC as it will provide £10.6m of funding to support the latter's budget in 2012-12 with a projected £26.6m in 2013-14 and £28.2m. More information on the OPLC's budget proposals are set out in [section 7](#).

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Key deliverables

2.12 The key deliverables for the GLA in 2012-13 include:

- Ensuring a safe, successful, and spectacular Olympic and Paralympic Games that leaves an enduring legacy for London;
- Securing a sustained increase in participation in sport and physical activity amongst Londoners, including by making available/improving sporting facilities and enhancing skills for people involved in sport and sport-related leisure;
- Through the Outer London Fund, strengthening the vibrancy and growth of high streets and their environs;
- Supporting and working with the London Enterprise Partnership (LEP) to invest in the capital, to promote business and growth and to secure training and employment opportunities for Londoners, drawing on the £39million allocation for London from the Growing Places Fund;
- Improving opportunities for young people, including through targeted interventions to engage young people who are at risk of becoming or are not in education, employment or training (NEET), increasing the number of apprenticeships offered and taken up in London, and by supporting the opening of up to ten academies;
- Promoting London to the world by continuing to support a varied programme of events and celebrations, the creative industries and the official promotional organisation for London, London and Partners;
- Investing to ensure those areas affected by the August 2011 disturbances are not only repaired and rebuilt but returned as places that are better than before to live, work and invest in through the Mayor's Regeneration Fund and other initiatives;
- Delivering the revised London Housing Strategy, including improving housing mobility, achieving the Mayor's target of 50,000 affordable homes by the end of 2012, and addressing rough sleeping;
- Working with public and private sector partners to transform the Royal Docks into a first class business and leisure destination with vibrant communities and lasting employment; and working to maximise other regeneration opportunities in East London and beyond to create jobs and homes. In order to deliver this ambition a new Enterprise Zone for the Royal Docks is scheduled to be created from 1 April 2012;
- Delivering programmes that will contribute to the goals set out in the Mayor's environmental strategies, including projects: to contribute to a 60 per cent fall in CO₂ emissions by 2025; to prepare for and mitigate climate change; to reduce waste, and to improve air quality;
- Improving London's Great Outdoors and working to put the village back into the city, including by creating a greener, cleaner capital and enhancing the public realm;

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- With partners and through Team London, rewarding, recognising and promoting volunteering with a focus on three priority areas: cutting crime; improving quality of life; and increasing youth opportunities;
- Delivering a programme of activities and events to engage with London's diverse communities, including support for youth opportunities, community cohesion and civic engagement;
- Organising and conducting successful GLA elections in May 2012 (through the independent body London Elects); and
- Making a success of devolution, including absorbing and then discharging HCA London powers over housing investment and LDA city-wide roles on regeneration and management of European Funding, while helping the MOPC and MDC to be effective from the outset;

Budget and Council tax requirement

- 2.13 The Mayor's forecast **gross revenue expenditure for 2012-13** in respect of GLA functions **is £385.5million**. The largest component relates to the estimated interest of £101.0million on the GLA's borrowing to fund its contribution to Crossrail financed from business rate supplement income with the second highest being the £61.0 million GLA contribution towards the cost of the 2012 Olympic and Paralympic Games which is financed by the £20 Band D Olympic precept.
- 2.14 After deducting fees, charges, investment income, business rate supplement revenues for Crossrail, specific government grants, and the application of the election and general reserves, **the notional budget requirement for 2012-13** for the Mayor **is £165.2 million**. After applying the relevant share of the GLA general **the council tax requirement for the Mayor – before the application of the net collection fund surpluses - is £120.5 million**. **After applying the collection fund surplus** as a centrally held item **the statutory council tax requirement** for the Mayor under the GLA Act as set out in Part 1 **is £110.7 million**.
- 2.15 The GLA budget also includes a revised contingency of around £10.6m which could be applied to support GLA group wide activities but has not been allocated in the 2012-13 budget at this stage. If unapplied this may be transferred into reserves for application in future years. Decisions on the apportionment of this contingency will be taken by the Mayor. An analysis of the year on year movements in the budget and council tax requirement is set out later in this section.

Inflation

- 2.16 No provision has been made for inflation in 2012-13, reflecting the public sector pay freeze, and Directorates will need to contain any non-pay inflation (except for City Hall rents and rates).

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Savings and efficiencies

- 2.17 The budget constraints over the current CSR period and beyond demand that all GLA programmes and projects can be shown to deliver value for money and meet Londoners' and Mayoral priorities. As a result, the Mayor has initiated a project prioritisation process in order to sharpen up delivery of his key priorities, to maximise the impact of the GLA's and its partners' investment and create tangible returns for Londoners. The process will identify potential savings and be used to finalise the GLA's budget over the coming months.
- 2.18 New savings of £2.7m within the residual core GLA budget have been included for 2012-13 of which £2.4m relate to the Mayor's component and £0.3m to the Assembly element. The table below provides further details of these by GLA Directorate in respect of the Mayor's component – details on the Assembly savings are set out in section 3. It should be noted that the savings outlined relate only to the GLA in its pre-devolution form. Additional, and substantial, savings are being achieved on both former LDA and HCA London functions.

GLA (Mayor) Savings and efficiencies	2012-13 £m	2013-14 £m	2014-15 £m
Mayor's private office	0.1	-	-
Corporation Management team	0.2	-	-
External affairs	0.1	-	-
Communities and intelligence	0.3	-	-
Development and Environment	0.2	-	-
Resources	0.5	-	-
Capital financing (no longer funding capital programme from revenue)	0.8	-	-
Museum of London grant reduction	0.2	-	-
Savings to be identified - Mayor	-	3.1	6.2
Total	2.4	3.1	6.2

- 2.19 In the case of the LDA, the vast majority of its functions have been either downsized prior to their transfer to the GLA or discontinued altogether. In the case of HCA London, significant programme and staffing reductions have already taken place. In both cases, reductions are well in excess of the 25 per cent in grant cuts most public bodies are receiving over the Spending Review period.

Summary of Proposed Budget

- 2.20 The key changes in income and expenditure between years for each of the main service areas are set out in the tables below. The first table below provides the Mayor's separate component budget on an objective basis. The second table provides the budget on a subjective basis but also includes the budget for the London Assembly.

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GLA (Mayor) Service/directorate analysis Objective Basis	Revised Budget 2011-12 £m	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Directorate Expenditure				
Mayor's Private Office	3.4	3.3	3.2	3.1
Corporate Management Team	0.7	0.8	0.7	0.6
Elections – staffing	0.6	0.3	0.2	0.2
External Affairs	8.0	8.0	7.4	6.8
Communities & Intelligence	22.6	10.2	9.1	8.3
Development & Environment	15.8	14.2	13.6	13.0
London 2012	1.9	48.7	11.2	10.0
Former HCA/LDA Activities	0.0	41.9	38.1	24.2
Resources	21.8	21.6	20.8	20.5
Sub total Directorate expenditure	74.8	149.0	104.3	86.7
Elections – operations	6.5	12.6	0.0	0.5
London and Partners	16.0	14.0	12.0	12.0
Local Enterprise Partnership	0.0	0.8	0.0	0.0
London Waste & Recycling Board	9.5	1.5	1.5	1.5
Olympic Funding Agreement	60.4	61.0	61.0	61.0
Museum of London	7.8	7.6	7.6	7.6
Other programmes less overprogramming	0.0	8.8	8.8	10.0
Net Contingency	8.9	10.6	5.6	5.6
Net service expenditure	183.9	265.9	200.8	184.9
Interest payable (Crossrail BRS)	57.0	101.0	144.0	190.0
Interest payable (Other)	0.0	9.2	9.2	9.2
Capital financed by revenue/reserves	0.8	0.0	0.0	0.0
Minimum revenue provision	0.0	0.3	12.3	12.4
Total Net expenditure	241.7	376.4	366.3	396.5
Other Income				
Crossrail Business Rate Supplement	-57.0	-101.0	-144.0	-190.0
Council Tax freeze specific grant	-23.4	-27.7	0.0	0.0
Other specific grants	-11.8	-48.9	-29.1	-45.7
Public sector funding package	0.0	-34.9	0.0	0.0
Interest receipts	-1.1	-1.7	-1.3	-1.0
Net revenue expenditure	148.5	162.3	192.0	159.8
Transfer to/from reserves	-1.5	2.9	-43.7	-7.5
Mayor's Budget requirement	147.0	165.2	148.3	152.3
GLA General grant (share)	-58.7	-44.7	-41.3	-39.8
Mayor's Council tax requirement (before application of collection fund surplus)	88.3	120.5	107.0	112.5
Statutory council tax requirement (after application of collection fund surplus)	88.3	110.7	107.0	112.5

Note: Figures may not sum exactly due to rounding

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GLA (Mayor and Assembly) Subjective analysis	Revised Budget 2011-12 £m	Budget 2012-13 £m	Planned Budget 2013-14 £m	Planned Budget 2014-15 £m
Staff costs	36.5	43.0	40.3	40.3
Premises costs	11.1	19.5	18.2	17.3
Supplies and services	61.2	136.2	76.9	61.7
Transfer payments to third parties:				
Olympic funding agreement	60.4	61.0	61.0	61.0
London Waste and Recycling Board	9.5	1.5	1.5	1.5
Museum of London	7.8	7.6	7.6	7.6
London and Partners	16.0	14.0	12.0	12.0
Capital financing costs:				
Capital financing costs - Crossrail	57.0	101.0	144.0	190.0
Capital financing costs – Other	0.0	9.2	9.2	9.2
Capital financing costs – MRP	0.0	0.2	9.5	8.6
Capital financed by revenue and reserves	0.8	0	0.0	0.0
Total revenue expenditure	260.3	393.2	380.2	409.2
Sales fees and charges	-0.5	-0.8	-0.6	-0.6
Rental income	-0.6	-3.1	-2.6	-2.0
Specific grants	-35.2	-76.6	-29.1	-45.8
Public sector funding package	0.0	-34.9	0.0	0.0
Crossrail business rate supplement	-57.0	-101.0	-144.0	-190.0
Interest receivable	-1.1	-1.7	-1.3	-1.0
Other income	-9.4	-5.1	-3.5	-3.5
Total income	-103.8	-223.2	-181.1	-242.9
Net cost of services	156.6	170.0	199.1	166.3
Transfer to/from reserves	-1.5	2.9	-43.7	-7.5
Budget requirement	155.1	172.9	155.4	158.8
Less GLA General Grant	-63.5	-49.8	-46.1	-44.4
GLA Council tax requirement (before application of collection fund surplus)	91.6	123.1	109.3	114.4
Statutory Council tax requirement (after application of collection fund surplus)	91.6	113.3	109.3	114.4

Note: Figures may not sum exactly due to rounding

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New initiatives and service improvements

- 2.21 The devolution agenda means that certain GLA functions need additional funding so that they can operate at the capacity required. The non-programme additional costs arising are primarily, but not exclusively, staffing related and total around £59.5m in 2012-13. The table below provides a detailed breakdown of these additional costs.

New initiatives	2012-13 £m
Staff costs	7.3
Property and regeneration costs	8.4
Supplies and services	34.2
Interest payable	9.2
Corporation tax	3.0
Rental income	-2.6
Total	59.5

Explanation of budget changes

- 2.22 The changes in 2012-13 relative to 2011-12 for the GLA's notional budget requirement and council tax requirement can be summarised as follows:

Changes in the Mayor's spending plans	£m
2011-12 budget requirement	147.0
<i>Changes due to:</i>	
Inflation	0.0
Savings and efficiencies	-2.9
New initiatives and service improvements	59.5
Change in use of reserves	4.4
Contingency available for the Group budget	1.7
Community safety functions transfer to MOPC	-1.8
Other changes including Government funding and financing	-42.7
2012-13 budget requirement	165.2

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Changes in the Mayor's spending plans	£m
2011-12 council tax requirement	88.3
<i>Changes due to:</i>	
Inflation	0.0
Savings and efficiencies	-2.9
New initiatives and service improvements	59.5
Change in use of reserves	4.4
Contingency available for the Group budget	1.7
Community safety functions transfer to MOPC	-1.8
Other changes including Government funding and financing	-28.7
2012-13 council tax requirement (before application of £9.7m collection fund surplus)	120.5

Determination of Council Tax Requirement for Mayor and Assembly

- 2.23 As explained in [section 1](#) under the Localism Act 2011 the GLA will be required to determine a separate council tax requirement for both the Mayor and the Assembly from 2012-13 onwards. This means that the GLA's general grant funding – which is currently deducted from the budget requirement to generate the aggregate GLA council tax figure – must be notionally apportioned between the GLA and Assembly.
- 2.24 The apportionment of the general grant is influenced by a number of factors taking into account the respective responsibilities of both entities and the development of the use of the general grant since the GLA was created in 2000-01. A comparison of the position in 2000 has been undertaken and has shown that there is no material difference in the apportionment of grant between the Mayor and Assembly compared to the position in 2011-12.
- 2.25 It has been determined that the most appropriate basis for apportionment would be to reflect the baseline funding position set in the 2010 Spending Review - before taking into account the changes in functions arising from the Localism Act 2011 – and apportion the General Grant using the respective budget requirements for 2011-12. In 2011-12, in respect of existing functions, it has been estimated the Mayor's budget requirement was £68.8 million and the Assembly's requirement was £8.0 million resulting in a combined figure of £76.8 million. On this basis the Mayor would account for an estimated 89.6 per cent and the Assembly, 10.4 per cent, of the baseline functions of the GLA.
- 2.26 The GLA's general grant for 2012-13 has been assumed for the purposes of setting the Mayor's budget to be £49.8 million. The precise amount – allowing for potential specific grant transfers – may be subject to change although the council tax requirement for the Mayor and Assembly would be unaffected. Applying the agreed proportionate shares (89.6 per cent to the GLA) would therefore allocate £5.1m of the general grant to the Assembly and £44.7m to the GLA. The same methodology and apportionment is also used for the forecast grant levels for 2013-14 and 2014-15 of £46.1m and £44.4m respectively but in practice the allocations will be updated to reflect the grant settlements and respective responsibilities in those financial years once confirmed.

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- 2.27 Deducting the respective grant shares for the Mayor and Assembly having regard to their respective 2012-13 budget requirements of £165.2 million (section 2) and £7.7million (section 3) results in the indicative council tax requirements set out in the table overleaf.

Indicative Calculation	Budget	Plan	Plan
Mayor and Assembly Council tax requirements	2012-13	2013-14	2014-15
	£m	£m	£m
Mayor's Budget Requirement	165.2	148.3	152.3
Less share of GLA general grant (89.6 per cent)	-44.7	-41.3	-39.8
Mayor's Council tax requirement	120.5	107.0	112.5
Assembly's Budget Requirement	7.7	7.1	6.5
Less share of GLA general grant (10.4 per cent)	-5.1	-4.8	-4.6
Assembly's Council tax requirement	2.6	2.3	1.9
Council tax requirement for Mayor and Assembly combined before the application of the collection fund surplus	123.1	109.3	114.4
Application of the centrally held collection fund surplus	-9.7	0.0	0.0
Council tax requirement for statutory purposes under the GLA Act	113.3	109.3	114.4

- 2.28 The indicative council tax requirement for the Mayor in 2012-13 before the application of the collection fund surplus is therefore £120.5 million, £2.6 million for the Assembly and in aggregate for the entire GLA - £123.1 million. The Assembly's requirement equates to 85p per Band D council tax payer and the Mayor's to £40.30 (£20.30 excluding the Olympic precept). The statutory council tax requirement (after applying the centrally held collection fund surplus to the Mayor's element) under the GLA Act is £113.3m (comprising £110.8 million for the Mayor and £2.6million for the Assembly allowing for rounding).

GLA Contribution to the Funding of Crossrail

- 2.29 The funding arrangements for Crossrail provide for the Mayor to borrow £3.5bn towards its costs between 2010-11 and 2014-15 of which £800m was borrowed early in 2010-11 and £700m is scheduled to be borrowed in 2011-12 (of which £600m has been drawn down to date via a bond issuance). The debt is due to be taken out by the Mayor according to the following profile which was reapproved as part of TfL's settlement in the Comprehensive Spending Review.

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

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- 2.30 The financing and repayment of this £3.5 billion of borrowing is being funded through a supplement on non-domestic ratepayers in London. Under the powers granted to the GLA in the Business Rate Supplements Act 2009 this may be levied at a rate of no more than 2p in the pound and only on properties with rateable values above £50,000. The Mayor confirmed in January 2010 that the Crossrail Business Rate Supplement (BRS) would be levied at a rate of 2p on non-domestic hereditaments with a rateable value above £55,000. This policy was maintained for both 2010-11 and 2011-12.
- 2.31 A further £600 million – representing the amount estimated to be generated by the Crossrail BRS exceeding the GLA's financing costs during the construction period – will be used as direct financing towards Crossrail's construction costs. Approximately £119 million is scheduled to be paid to TfL through the direct BRS contribution in 2012-13. As a result the total GLA contribution for 2012-13 is budgeted to be £819 million (£700 million financed by borrowing in addition to the £119 million direct contribution).
- 2.32 The Mayor approved the final policies for the Crossrail BRS for 2012-13 on 17 January 2012 and these are unchanged from those for 2010-11 and 2011-12. Under legislation the reliefs policies will apply on the same basis and at the same rate as for National Non Domestic Rates. The 2012-13 GLA budget reflects the effect of the expected BRS cash flows. The GLA has budgeted for an expected £101 million in interest costs on its borrowing for 2012-13 in respect of its Crossrail contributions.
- 2.33 All BRS income received is held in a dedicated ring fenced account and is only used to finance the Crossrail project. The option of a bond issuance to raise the additional sums required to support Crossrail was utilised in July 2011, rather than through borrowing from the traditional Public Works Loan Board route. It is estimated that the lower financing costs compared to PWLB rates at that date will save the business rate payer around £65 million over the life time of the BRS which exceeds the entire forecast tax take in 2011-12 from the 20 outer London boroughs combined.
- 2.34 The Mayor's community infrastructure levy (CIL) to finance Crossrail will be introduced in April 2012. It is estimated that the CIL will raise up to £300 million to finance the project although at this stage it is not possible to predict with certainty the revenues likely to be raised in its first year.
- 2.35 The CIL will be collected on the Mayor's behalf by the 33 London collecting authorities (i.e. the 32 London boroughs and the Corporation of London). CIL revenues – which will be paid to Transport for London – are not reflected in the budget at this stage having regard to this uncertainty around the size of the revenue stream but there will be no financial impact on the council tax or budget requirement for the Mayor as levy receipts from the 33 London collecting authorities will match contributions paid to TfL.

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Olympic Precept

- 2.36 The second most significant single area of revenue expenditure by the GLA apart from Crossrail remains that for the financial agreement to support the 2012 Olympic and Paralympic Games (£61.0 million in 2012-13) to be raised through a Council Tax precept of £20 a year for a Band D household. This higher amount collected via the £20 precept compared to the draft budget reflects the impact of the 1 percent buoyancy in the London wide council tax base for 2012-13. The precept commenced in 2006-07 and is expected to continue up to 2016-17 when the GLA's agreed funding commitment towards the Games financed by the London council taxpayer is forecast to be met.

Capital Programme

- 2.37 The GLA's Capital Programme (including Crossrail contributions) is set to increase from £875 million in the 2011-12 original capital plan to £1.69 billion in 2012-13 as a result of the Devolution arrangements – primarily due to the additional capital grant funding for HCA activities from DCLG outlined above. The capital programme is set out in more detail the Mayor's capital spending plan for 2012-13 which has been published separately.
- 2.38 In financing the Capital Programme over the medium term the GLA will seek to optimise decisions on future borrowing to minimise costs, having made prudent estimates of the profile of the capital receipts that are planned to be realised. These will be addressed in the GLA's treasury management strategy.

Equalities Impact

- 2.39 The proposals for the Mayoral component budget are not expected to result in an adverse equalities impact. Each of the staffing reduction proposals planned will be subject to an equalities impact assessment in the normal way following input from the GLA's Human Resources team. The non-staff savings being proposed represent administrative efficiencies - for example a reduction in the foreign travel budget - which will not have an adverse equalities impact. Similarly, the additional resources required as a result of the devolution programme seek to bolster equalities considerations - for example the incorporation of Diversity Works into the GLA's work programme - rather than detract from them.

Reserves

- 2.40 This budget assumes the GLA's general reserves balance will be £52.1m at 31 March 2012 comprising in the main surpluses relating to the transfer of the LDA including transition funding. The reserves level is estimated in this budget to increase to £61.2m by 31 March 2013 (including the 2012-13 council tax freeze grant of £27.7m) under the budget proposals for 2012-13 and fall to £5.7m by the end of 2014-15. However as a result of the final GLA general grant settlement the actual reserves position will be different. The Mayor will agree amendments required to the GLA reserves position in light of the forecast outturn for 2011-12 and the GLA settlement when the revised GLA budget for 2012-13 is agreed.

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- 2.41 The general reserve will be used to support projects transferring from the LDA in 2012-13. In addition the GLA is forecast to hold £32.7m of earmarked reserves at 31 March 2012 and £26.5m at 31 March 2013 – which includes the £0.7m Assembly Development and Resettlement Reserve. The expected movements in reserves over the planning period are set out in the table below:

Movement in GLA reserves During Financial Year	Outturn 2010-11 £m	Forecast 2011-12 £m	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Opening balances	38.8	52.8	84.8	87.7	44.0
Transfers to/from:					
Election Reserve	5.0	-2.2	-7.8	4.8	-0.8
Other earmarked reserves	8.8	-13.8	1.6	0.1	0.3
General reserves	0.2	48.0	9.1	-48.6	-7.0
Closing balances	52.8	84.8	87.7	44.0	36.5

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

Total GLA reserves at end of financial year	Outturn 2010-11 £m	Forecast 2011-12 £m	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Elections Reserve	15.3	13.1	5.2	9.9	14.2
Other Earmarked reserves	33.4	19.6	21.3	21.4	16.6
General reserves	4.1	52.1	61.2	12.7	5.7
Total	52.8	84.8	87.7	44.0	36.5

- 2.42 A significant uneven area of expenditure over the period is the cost of GLA elections. This accounts for one of the more significant year-on-year changes in the level of net revenue expenditure and is managed through the use of reserves. The GLA has historically transferred sums into an Elections Reserve in non election years to meet the cost of the GLA elections and possible by-elections with the actual costs incurred being met by drawing on this reserve. The Elections Reserve as at 31 March 2012 is estimated to be £13.1m and will be reduced by £7.9m during 2012-13 in order to fund the 2012 Mayoral and Assembly Elections. The forecast balance on Elections reserve at the end of March 2013 is £5.2m.
- 2.43 In addition to the general reserves, the 2012-13 budget proposals include a GLA group wide contingency provision of £10.6m. The mechanism for allocating this contingency will be determined by the Mayor.

Section 3 – Greater London Authority: London Assembly

- 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 or Assembly Members, 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.

Role of the Assembly

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

Key deliverables for the Assembly

- 3.3 The Assembly Secretariat has seven objectives to guide its work:
- To support the Assembly and its committees to enable them effectively to hold the Mayor to account, including the establishment in early 2012 of the Assembly's Police and Crime Committee to scrutinise the work of the Mayor's Office for Policing and Crime;
 - To support the Assembly and its committees to conduct effective investigations into issues of importance to Londoners;
 - To support Assembly Members in relation to their representative and constituency roles;
 - To raise the profile of the work of the Assembly and enhance its positive reputation among Londoners;
 - To support the effective governance of the GLA, including support for the work of the Monitoring Officer;
 - To support the Assembly in carrying out its statutory duties towards London TravelWatch; and
 - To support the Greater London Returning Officer in the effective planning and management of the Mayoral and London Assembly elections.

Budget requirement

- 3.4 The Assembly's budget requirement for 2012-13 is **£7.7m**. This is £0.25m or 3 per cent lower than that in 2011-12 on a like for like basis.

Section 3 – Greater London Authority: London Assembly

Summary of Proposed Budget

- 3.5 The proposed income and expenditure for 2012-13 and future years are set out in the table below on an objective basis – the subjective budget for the Assembly is presented alongside the Mayor's subjective budget (page 15) in section 2:

Assembly Service (objective) analysis	Budget 2011-12 £m	Forecast outturn 2011-12 £m	Budget 2012-13 £m	Budget Plan 2013-14 £m	Budget Plan 2014-15 £m
Assembly Members	1.7	1.7	1.7	1.7	1.7
Member Services	2.4	2.4	2.3	2.3	2.3
Scrutiny & Investigations	1.1	1.1	1.2	1.2	1.2
Committee Services	0.5	0.5	0.5	0.5	0.5
External Relations	0.3	0.3	0.3	0.3	0.3
Director/Business Support	0.5	0.5	0.5	0.5	0.5
Elections & Special Projects	0.1	0.1	0.0	0.0	0.0
London TravelWatch	1.4	1.4	1.2	1.2	1.2
Savings to be identified	-	-	-	-0.6	-1.2
Net service expenditure	8.0	8.0	7.7	7.1	6.5
Interest receipts	-	-	-	-	-
Net revenue expenditure	8.0	8.0	7.7	7.1	6.5
Transfer to/ from reserves	-	-	-	-	-
Budget requirement	8.0	8.0	7.7	7.1	6.5
GLA General grant (share)	-4.7	-4.7	-5.1	-4.8	-4.6
Council tax requirement	3.3	3.3	2.6	2.3	1.9

Note: The forecast plan for 2012-13 represents the estimated full year cost of functions covered by the budget proposals for the Assembly and includes additional support for its new scrutiny functions in respect of the MOPC. The level of the General GLA Grant and its phasing over the period 2013-14 to 2014-15 is not formerly confirmed and will be affected by the impact of the Local Government Resource Review. Therefore the exact level of resources available to fund the London Assembly's activities (as also applies for the Mayor of London's element of the GLA budget) remains uncertain.

Council tax requirement

- 3.6 As set out in section 2, deducting the respective GLA general grant shares for the Mayor and Assembly having regard to their respective 2012-13 budget requirements results in an indicative council tax requirement for the Assembly of £2.6m in 2012-13. The Assembly's requirement equates to 85p per Band D council tax payer.

Section 3 – Greater London Authority: London Assembly

Explanation of budget changes

- 3.7 The changes in 2012-13 relative to 2011-12 can be summarised as follows:

Changes in the Assembly's spending plans	2012-13 £m
2011-12 budget requirement	8.0
<i>Changes due to:</i>	
Inflation	0.0
Savings and efficiencies	-0.3
2012-13 Budget requirement	7.7

Changes in the Assembly's spending plans	2012-13 £m
2011-12 notional council tax requirement	3.3
<i>Changes due to:</i>	
Inflation	0.0
Savings and efficiencies	-0.3
Other (including changes in financing)	-0.4
2012-13 council tax requirement	2.6

Inflation

- 3.8 No provision has been made for inflation in 2012-13, as there is a public sector pay freeze and the Assembly will need to contain any non-pay inflation.

Savings and efficiencies

- 3.9 The Assembly budget incorporates savings of £0.3m in 2012-13. The Mayor has decided not to seek further savings beyond those already identified by the Assembly for 2012-13. The Mayor will look to the Assembly to make additional savings in 2013-14 and 2014-15 to reflect the expected level of reduction in the GLA General Grant. These additional savings have been included in the Assembly budget projections for 2013-14 and 2014-15.

Savings and efficiencies - Assembly	2012-13 £m	2013-14 £m	2014-15 £m
Savings identified	0.3	-	-
Savings to be identified – Assembly	-	0.6	1.2
Total	0.3	0.6	1.2

Equalities Impact

- 3.10 The Assembly's budget proposals have been compiled with equalities issues as a key consideration. The additional posts arising from the work of the Police and Crime Committee will have the scrutiny of community safety equalities issues as one of their key roles.

Section 3 – Greater London Authority: London Assembly

- 3.11 Similarly, London TravelWatch is ensuring that the efficiencies it has been asked to implement are achieved without adverse equalities impacts. All other Assembly proposals are related to administrative efficiencies and do not have an adverse equalities impact.

Reserves

- 3.12 The GLA's budget includes an earmarked Assembly development and resettlement reserve of £0.7m as at the beginning of 2012-13. This will be partially utilised in 2012-13 as a result of the Assembly elections in May 2012.

Section 4 – Mayor’s Office for Policing and Crime

- 4.1 The Mayor’s Office for Policing and Crime (MOPC) was created on 16 January 2012 in place of the former Metropolitan Police Authority. It oversees the work of and approves the budget for the Metropolitan Police Service (MPS) and is a functional body of the GLA. The primary role of the Metropolitan Police Service is to cut crime and the fear of crime in London. Further, in its national and international duties, to keep the Queen’s peace, it has to ensure that the service is ‘Here for London’. In focusing on core policing outcomes, the Commissioner of the MPS has set out three clear aims:
- to cut crime;
 - to cut costs; and
 - to continue to develop the culture of the MPS.
- 4.2 In achieving these aims the Commissioner has committed to Total Policing – a total war on crime, total support of victims and total professionalism from MPS staff. This approach focuses on crime prevention, on targeting offenders, on supporting victims and on building on the support and trust of law abiding Londoners.
- 4.3 In policing the changing needs of the capital the MPS faces challenging times and a very real shift in its operating environment. It is mobilising the UK’s largest ever peacetime safety and security operation to deliver a successful Olympic and Paralympic Games in 2012. At the same time the MPS is working to shape a future policing model that reflects significantly reduced budgets and the emerging demands on its services. In doing this, core functions and structures are being reviewed to enable the delivery of key objectives, protect operational capacity and ensure it has the ability to provide rapid deployment of capacity to meet the new challenges of public order policing.
- 4.4 To deliver this change the MPS is focused on reducing the costs of inanimate objects and non-staff costs quickly and delivering an effective business and operational model at least cost through process improvements. In this context, the Mayor has required that budget plans be prepared on the basis that officer numbers are maintained at the current budgeted level.

Comprehensive Spending Review and 2012-13 Local Government Finance Settlement

- 4.5 The Comprehensive Spending Review in October 2010 confirmed that the Government intended to implement a 20 per cent real terms reduction (or 12 per cent in cash terms) in the grant funding provided to police authorities in England and Wales by 2014-15 compared with the 2010-11 base position (after adjusting for the in year cuts to Home Office specific grants made in 2010-11). Overall this would reduce police funding nationally from £9.7 billion to £8.5 billion.
- 4.6 On 31 January 2012 the Government announced the final local government finance settlement and the Home Office police grant allocations for individual police authorities for 2012-13. The Local Government Finance and Police Grant reports setting out the settlement allocations were approved by the House of Commons on 8 February.

Section 4 – Mayor’s Office for Policing and Crime

- 4.7 The MOPC’s final general grant allocation for 2012-13 is £1,906.2m (comprising £854.6m in DCLG formula grant primarily financed from business rates and £1,051.6m in Home Office police grant funded from general taxation). The formula grant allocation for 2012-13 includes £16.4m of the GLA’s £23.4m council tax freeze grant for 2011-12 which has been apportioned between MOPC and LFEPA in line with the respective police and non police shares of the precept in 2011-12. This represents a reduction compared to 2011-12 of £135.8m (6.7 per cent) on a like for like basis (i.e. after discounting the impact of the council tax freeze grant uplift). This is the same percentage reduction in general grant applied to all English police forces.
- 4.8 The Home Office Counter-Terrorism and Dedicated Security Post grant allocations had still to be formally confirmed for 2012-13 at the date this budget was set although it reflects the latest intelligence on these at that time. The MOPC has also been allocated £101.3m through the Neighbourhood Policing (PCSO) specific grant that is paid on an unringfenced basis and an additional one off £90m special grant for 2012-13 due address the additional pressures the Metropolitan Police faces in 2012 due to the Olympics and Diamond Jubilee.
- 4.9 The budget is based on indicative announcements already made on police grant for 2013-14 and 2014-15 and assumes that the reduction in formula grant for the MOPC in those years will be the same as the forecast national percentage average. In 2013-14 the Neighbourhood Policing (PCSO) specific grant will end and be transferred into formula grant. This will have the effect of increasing the total general grant in cash terms compared to 2012-13, although there will be a like for like reduction of 3 per cent allowing for the funding change.

Key Deliverables

- 4.10 In the light of the reduction in grant funding from the Government, the MPS has set the following key corporate objectives and deliverables for 2012-13:

Safety

- To reduce victimisation by: identifying, managing and protecting vulnerable individuals and groups; improving support to victims and witnesses; and prioritising repeat victims and service users and problem solving to prevent escalation;
- To target the most harmful offenders by: implementing harm and risk based offender management; seizing assets from criminals; and with our partners improving criminal justice outcomes;
- To reduce crime with particular reference to problem locations by: prioritising and pro-actively managing hotspots and major events; and preventing and designing out crime through partnership problem solving ; and
- To prevent terrorism and violent extremism by: stopping people becoming or supporting terrorists; stopping terrorist attacks; strengthening our overall protection against such attacks; and mitigating the impact of terrorist attacks where we cannot stop them.

Confidence

- To improve the quality of our engagement with the public by: understanding and responding to public priorities; engaging in community problem solving to reduce crime; and communicating effectively across London and informing communities about crime and policing issues;
- To improve individual access to police services by: enhancing our customer contact and information channels; and effectively directing users through the right contact channel;
- To improve response policing and the satisfaction of service users by: improving the quality of our emergency and non-emergency response; and improving our service standards and users satisfaction in all customer contact; and
- To improve the quality of individual interactions with the public by: delivering a consistent high quality individual service and improving each user experience; and providing a visible and accessible professional police presence in our communities.

Olympics

- With partners to prepare for and deliver, as far as is practical, a safe and secure Olympic and Paralympic games by: designing and implementing National Olympic Security Co-ordination; ensuring effective MPS engagement and representation within the Security Programme; and implementing a strategy and plans for policing London that ensures a safe and secure and cost effective Games;
- To minimise, as far as is practical, the impact on policing London during Games time by ensuring the MPS is able to resource the Olympic plan effectively with sufficient staff without undue impact on core policing business; and
- To ensure that opportunities for legacy and learning are seized and acted upon by: delivering the MPS Thames Gateway Programme; and maximising organisational learning from delivering a safe and secure Games.

Value for Money

- To deliver efficient and effective support services at the lowest possible unit cost by: enhancing our business processes to improve service delivery; reducing the unit cost of service delivery; and developing the Met’s Corporate Governance processes;
- To reduce the cost of assets and services by: improving estate utilisation; providing flexible, good value technology; continuing to drive efficiencies through effective Procurement; and responsible and sustainable management of resources;
- To make the most productive use of our operational people and do all that we can to maintain operational capacity by: improving the recruitment, skills and professional capability of our people; improving operational deployment; realigning resource use to meet demand; accelerating operational efficiencies; and delivering quality, secure and accessible police information.

Further information on the assumptions around Olympics relating funding and expenditure by MOPC are set out in Appendix A.

Section 4 – Mayor’s Office for Policing and Crime

Budget and Council tax requirements

- 4.12 The Mayor’s Office for Policing and Crime’s **gross expenditure** in 2012-13 is forecast to be **£3,566.4m**. After deducting fees, charges, specific grants, other income and use of reserves, **the budget requirement is £2,601.2m** and **the council tax requirement** (after deducting general grants) **is £695.0m**. The **council tax requirement is around £7.5m higher than that for 2011-12** (a £31.8m increase in resources provided by the Mayor through the council tax precept to the MOPC offset by a £7.9m reduction in the contribution made from the surplus on borough collection funds and the £16.4million uplift in formula grant due to the addition of the notional police share of the GLA’s 2011-12 council tax freeze grant).

New initiatives and service improvements

- 4.13 New initiatives and service improvements add £92.4m to the 2012-13 budget. Of this £33.2m relates to the Mayor’s commitment to maintain police officer numbers at existing levels. The table below represents the new initiatives and growth proposed compared to the previously approved plan which was set out in the Policing London Business Plan for 2011-12. It excludes the impact of the community safety funding transfers from the GLA which affect the core MOPC budget.

New initiatives/growth	2012-13 £m	2013-14 £m	2014-15 £m
Inanimates			
2010/11 underspend below target level of £11m	3.4	-	-
IT Contractual Inflation	2.0	2.0	2.0
IT Systems	-	-	5.0
Total Inanimates	5.4	2.0	7.0
Operational capability			
Diamond Jubilee	14.9	-	-
Major Change Programme Training reprofile of savings and staff changes	3.8	1.0	0.9
Public order	2.8	2.6	2.6
Revised Income Projections	0.9	0.9	0.9
Total Operational capability	22.4	4.5	4.5
Process Improvement/Outsourcing			
Early Departures	15.0	15.0	30.0
Changes to training delivery	0.4	2.6	2.6
Terms and Conditions (Police Staff)	8.3	12.3	12.3
IT Systems - Growth	5.3	7.9	7.9
Improving Police Information (Borough Intelligence Unit portal)	1.4	1.4	1.4
Multi Agency Safeguard Hub	1.0	1.0	1.0
Total Process Improvement/Outsourcing	31.4	40.2	55.2
Mayoral commitment to maintain Police Officer numbers at or around existing levels	33.2	71.9	95.5
Total additional initiatives and growth	92.4	118.6	162.1

Section 4 – Mayor’s Office for Policing and Crime

Savings and efficiencies

- 4.14 The budget includes additional cashable savings and efficiencies totalling £59.8m in 2012-13 compared to the current policing plan. These are set out in the table below which reflects the additional savings and efficiencies proposed compared to the previously approved plan which was set out in the Annual Policing Plan for 2011-12. This includes information to enable the effect of savings proposals on operational capacity to be assessed.

MOPC Savings and Efficiencies	2012-13	2013-14	2014-15
	£m	£m	£m
Inanimates			
Capital Financing Costs	-7.1	-11.1	-7.9
MPS contribution to NPIA	-4.0	-5.0	-5.0
Employer's National Insurance contributions	-2.0	-2.0	-2.0
Capping of pay increases to 1 percent from 2013-14	0.0	0.0	-18.5
Increase in Loan Charges Grant*	-0.8	-0.4	-
Police Officers – contributions towards Association of Train Operating Companies (ATOC) costs	-	-8.1	-10.6
Total Inanimates	-13.9	-26.6	-25.5
Operational capability			
Territorial Policing Development	-4.3	-40.1	-64.0
Territorial Policing efficiencies / restructuring	-1.5	-2.0	-12.5
Specialist Crime Directorate realignment	-4.7	-6.4	-4.5
Central Operations efficiencies / restructuring	-2.0	-7.3	-7.2
Madeline McCann Investigation - additional income	-1.5	-1.5	-1.5
Total Operational capability	-14.0	-57.3	-89.7
Process Improvement/Outsourcing			
Winsor review	-1.0	-1.0	-1.0
Review of Specific Grants	-10.0	-10.0	-10.0
Specialist Crime Directorate process changes	-2.9	-4.7	-6.4
Finance and Resources Modernisation	-1.7	-3.6	-3.6
Professional Service Provider	-1.3	-5.3	-5.3
Uniform Costs	-1.0	-1.0	-1.0
Deputy Commissioner's Portfolio efficiencies / restructuring	-1.0	-1.8	-3.0
IT Systems	-0.9	-1.5	-5.5
Resources efficiencies/restructuring	-0.5	-0.5	-0.5
Police Vacancy Factor	0.0	-6.9	-6.9
Police Overtime	-10.0	-10.0	-10.0
Service Improvement	-2.4	0.0	0.0
Next generation of Major Change Programme	-	-10.0	-20.0
Directorate of Public Affairs efficiencies/restructuring	-	-1.0	-1.0
Total Process Improvement/Outsourcing	-32.7	-57.3	-74.2
Total Additional Savings and Efficiencies	-60.6	-141.2	-207.9
Reduction due to changes in external grant funding above *	0.8	0.4	-
Total savings and efficiencies	-59.8	-140.8	-207.9

Note: Figures may not sum exactly due to rounding

Section 4 – Mayor’s Office for Policing and Crime

Inflation

- 4.15 Inflation is budgeted to add £2m to the MOPC’s costs in 2012-13. This reflects the impact of changes in contract prices, includes additional amounts for contractual non-pay inflation and assumes a pay freeze for officers and staff in line with Government policy.

Net growth in existing services and programmes

- 4.16 The net growth in existing services and programmes in the 2012-13 budget compared to the 2011 London Policing Plan is £1.8m.

Explanation of budget changes

- 4.17 A summary illustrating the key changes in 2012-13 to the 2011-12 budget and council tax requirements are set out below. These represent the aggregate movements compared to the approved figures in the Policing London Business Plan issued in March 2011.

Changes in the Police Authority's budget requirement	2012-13 £m
2011-12 Budget requirement	2,713.0
<i>Changes due to:</i>	
Inflation	2.0
Net growth in existing services and programmes	9.8
New initiatives and service improvements	80.1
Savings and efficiencies	-59.8
Changes in specific grants	-155.5
Transfer from Reserves	12.4
Community safety functions transfer to MOPC (indicative)	7.2
Other adjustments (collection fund surplus removal of £8m)	-8.0
2012-13 Budget requirement	2,601.2

Changes in the Police Authority's council tax requirement	2012-13 £m
2011-12 Council tax requirement	687.5
<i>Changes due to:</i>	
Inflation	2.0
Net growth in existing services and programmes	9.8
New initiatives and service improvements	80.1
Savings and efficiencies	-59.8
Changes in specific grants	-155.5
Changes in general grants (Home office police and DCLG formula grant)	119.3
Transfer from Reserves	12.4
Community safety functions transfer to MOPC (indicative)	7.2
Other adjustments (collection fund surplus removal of £8m)	-8.0
2012-13 Council tax requirement	695.0

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- 4.18 The table below compares the MOPCs proposed budget for 2012-13 and indicative plans for future years on an objective basis.

MOPC Service analysis	Revised Budget 2011-12 £m	Forecast 2011-12 £m	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Business Groups:					
Territorial Policing	1,438.8	1,455.9	1,385.1	1,335.5	1,301.1
Specialist Crime Directorate	442.3	437.2	425.4	418.6	418.8
Specialist Operations	270.5	270.8	265.5	260.0	253.8
Central Operations	221.3	218.5	220.3	214.7	214.8
Olympics	46.5	41.6	106.6	0.0	0.0
Resources Directorate	353.7	351.3	361.5	340.6	338.1
Directorate of Information	210.0	210.9	210.0	212.6	213.6
Directorate of Public Affairs	6.9	6.9	6.9	5.9	5.9
Deputy Commissioner’s Portfolio	98.1	95.5	91.7	90.3	88.9
Total Business Groups	3,088.1	3,088.6	3,072.9	2,878.2	2,835.0
Discretionary Pensions Costs	33.1	33.1	33.1	33.1	33.1
Centrally held budgets	111.0	104.4	90.5	120.5	201.0
Capital financing costs	53.5	47.6	56.5	59.7	62.9
Interest receipts	-0.8	-0.8	-0.8	-0.8	-0.8
Specific grants *	-495.3	-488.3	-649.2	-340.0	-333.4
Savings to be identified	0.0	0.0	-0.0	-148.4	-232.5
Total Corporate Budgets	-298.5	-304.0	-469.9	-275.9	-269.7
Metropolitan Police Authority/ Mayor’s Office for Police and Crime	12.7	12.0	21.7	16.2	15.6
Net revenue expenditure	2,802.3	2,796.6	2,624.7	2,618.6	2,580.9
Transfers to/from reserves	-89.3	-83.6	-23.5	-5.4	-1.4
Budget requirement	2,713.0	2,713.0	2,601.2	2,613.2	2,579.5
Less formula/police grant	-2,025.5	-2,025.5	-1,906.2	-1,944.9	-1,915.5
Council tax requirement	687.5	687.5	695.0	668.3	664.0

Note: Figures may not sum exactly due to rounding.

Changes in general and specific grants

- 4.19 The budget includes a net year on year growth in general and specific grants of £41.6m in 2012-13 (including the £5.4m community safety grant transferred being transferred from the GLA to MOPC and the £16.4m of former council tax freeze grant allocated to the MOPC formula grant allocation for 2012-13 onwards). The other changes are due to additional one-off Government funding and funding provided for the 2012 Olympic and Paralympic Games and related security costs offset by the £136m reduction in general Government grant. The budget also includes an additional £90m in specific grant income provided by the Home Office for 2012-13 in order to support specific pressures facing the MPS in 2012 including the Diamond Jubilee and Olympics.

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- 4.20 The MOPC figures for 2012-13 onwards in the table above include £1.8m to be transferred from the GLA in respect of its community safety functions and programmes. It is financed through a corresponding uplift to the MOPC’s council tax requirement and a reduction in the GLA’s. An updated transfer estimate will be reflected in the Mayor’s draft consolidated budget. The transferred sum reduces to £1.7m in 2013-14 and £1.1m in 2014-15.
- 4.21 The table also includes in the MOPC line, the estimated £5.4m which the MOPC is expected to receive via the Home Office community safety specific grant from 2012-13. In 2011-12 the grant was paid to the GLA via the local services support grant and distributed entirely to London boroughs in proportion to their 2010-11 allocations. This grant continues to be reflected within the GLA’s budget in section 2 for 2011-12 only (£10.4m).
- 4.22 It will be for the MOPC to determine how the Community safety grant funding is distributed. No grant figures are included for 2013-14 or 2014-15 (either as expenditure or income) as the Home Office has still to confirm whether this funding stream will continue beyond 2012-13.
- 4.23 The table below contains the presentation of the budget on a subjective basis.

MOPC Subjective analysis	Budget 2011-12 £m	Forecast 2011-12 £m	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Total Pay and Overtime	2,729.7	2,709.2	2,708.1	2,639.8	2,647.5
Total Running Expenses	776.6	792.7	761.6	666.3	695.9
Capital Financing Costs	53.5	47.6	56.4	59.7	62.9
TOTAL EXPENDITURE	3,559.8	3,549.5	3,526.1	3,365.8	3,406.3
Income					
Interest Receipts	-0.8	-0.8	-0.8	-0.8	-0.8
Other Income	-294.4	-296.9	-291.7	-292.8	-292.8
Specific Grants	-495.4	-488.3	-649.2	-340.0	-333.4
TOTAL INCOME	-790.6	-786.0	-941.7	-633.6	-627.0
Discretionary pension costs	33.1	33.1	33.1	33.1	33.1
Community safety staff and programmes transferred from GLA	N/A	N/A	1.8	1.7	1.1
Community safety Home Office grant transferred from GLA	N/A	N/A	5.4	0.0	0.0
Savings to be identified	0.0	0.0	0.0	-148.4	-232.5
NET EXPENDITURE	2,802.3	2,796.6	2,624.7	2,618.6	2,580.9
Transfer to/ from reserves	-89.3	-83.6	-23.5	-5.4	-1.4
Budget Requirement	2,713.0	2,713.0	2,601.2	2,613.2	2,579.5
Less formula/police grant	-2,025.5	-2,025.5	-1,906.2	-1,944.9	-1,915.5
Council tax requirement	687.5	687.5	695.0	668.3	664.0

Note: Figures may not sum exactly due to rounding

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Delivering a balanced budget

- 4.24 The MPA considered budget proposals at its November 2011 meeting and identified a budget gap of £85.5m after taking into account the additional £30million to be provided via the precept (excluding the community safety function transfer from the GLA) and the Mayor’s commitment to maintain police officer numbers at existing levels.
- 4.25 The Mayor has committed to allow the MPS to have sufficient resources to maintain police officer numbers at higher levels than when he came into office. The budgeted police officer establishment is forecast to be 32,320 at 31 March 2012 which is higher than the 31,398 in post in April 2008.
- 4.26 Following the draft budget submission additional work was undertaken. Further savings were identified, along with additional pressures, for example relating to public order and the latest position on the Winsor review recommendations. The net impact of these changes increased the 2012-13 budget shortfall to £94.5million and also increased budget gaps in future years to £151.8million in 2013-14 and £232million in 2014-15. The Mayor has ensured that the MOPC’s budget shortfall for 2012-13 is covered by additional grant from the Government (£90million) together with a small additional contribution from MPS reserves of £4.5million. Work continues at the MOPC to develop further savings options and to respond to the financial pressures for 2013-14 and 2014-15. As a result of the beneficial impact of the increase in the council tax base for 2012-13 on the council tax requirement for the MOPC the level of savings required in future years has reduced marginally in 2013-14 from £151.8million to £148.4million.

Equalities duties

- 4.27 The planning framework for 2012-15 helps to ensure that equalities and diversity implications are properly reflected in budget and business plans having regard to the MOPC and MPS’s Diversity and Equalities strategy. Throughout the planning process Business Groups have been encouraged to consider the impact they have on internal and external communities and therefore develop activities that reflects the Service’s commitment to equality and diversity issues. An Equality Impact Assessment on the final Policing London Business Plan 2012-15, based on an assessment against its corporate objectives and against key equalities and diversity issues will also be undertaken.

Reserves

- 4.28 There is no statutory guidance on police authority reserves, and there never has been an accepted case for introducing a statutory minimum level of reserves, even in exceptional circumstances. CIPFA guidance issued in November 2008 confirms that authorities, on the advice of their Treasurer, should make their own judgements on such matters. The MOPC budget estimates include a general reserves and emergency contingency fund of 1.5 per cent of net budgeted expenditure by the end of 2012-13. Total estimated reserves for the MOPC/MPS over the period to March 2013 are summarised below. The reserves estimates for 2013-14 and 2014-15 had still to be determined at the date this budget was set.

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MOPC Reserves Movement During Year	Outturn 2010-11	Forecast 2011-12	Budget 2012-13
	£m	£m	£m
Opening balances	256.4	269.6	132.2
Transfers to/from:			
Earmarked reserves	13.2	-124.4	-16.9
General reserves	0.0	-13.0	-11.0
Closing balances	269.6	132.2	104.3

- 4.29 Total estimated reserves for the MOPC/MPS over the period are summarised below.

MOPC reserves End of financial year	Outturn 2010-11	Forecast 2011-12	Budget 2012-13
	£m	£m	£m
Emergency Contingencies Fund	23.1	23.1	23.1
Earmarked reserves	124.0	61.3	49.7
General reserves	47.5	34.5	23.5
Budget Pressures	75.0	13.3	8.0
Total	269.6	132.2	104.3

Note: The budget pressures reserve is being used to facilitate the re-organisation of the MPS/MOPC

August 2011 disturbances

- 4.30 The forecast for the additional costs of policing the recent London disturbances (Operation Kirkin) and the subsequent investigation (Operation Withern) was estimated in February 2012 to be £78million although the final sums are subject to confirmation. In addition the estimated claims received under the RDA up to February 2012 was £225million (£17million of uninsured claims and £208million of insured claims) with an additional £91million of claims related to non-RDA activity such as consequential losses. The cost is however expected to rise as some claims at present only include provisional amounts.
- 4.31 The MPS was informed by the Home Office in early 2012 that 85 per cent (estimated at £52.7million in February 2012) of the cost of Operation Kirkin will be funded and that further consideration will be given to funding the remaining 15% (estimated at £9.3million in February 2012) of Kirkin costs and the Withern (£28million over 2011-12 and 2012-13) costs. The Home Office also agreed in January 2012 to make an initial payment of up to £100million in respect of RDA costs and consideration will be given to further payments when further information on claims become available.
- 4.32 The current planning assumption is that costs from insured claims and additional policing costs will be met in full by the Government. To the extent that any of the costs of the policing operation and the insured RDA claims fall to be met by the MOPC, the financial flexibility for dealing with future budget gaps will be significantly reduced.

Section 5 – London Fire and Emergency Planning Authority

- 5.1 The London Fire and Emergency Planning Authority (LFEPA) is responsible for fire and rescue services in London and it supports the London boroughs in their emergency planning role. LFEPA has achieved significant fire reduction improvements through the strategies in its London Safety Plan.
- 5.2 The fourth London Safety Plan (LSP 4) for 2010-11 to 2012-13 was approved by LFEPA in March 2010. The two key elements of the Plan are to maintain the service's current focus and to further improve the safety of London and Londoners. This budget ensures that LFEPA is able to continue to deliver the Authority's priorities in the Safety Plan in 2012-13. A fifth London Safety Plan is in development which will be in place for the start of the 2013-14 financial year. This plan will set out the Authority's proposals for maintaining operational cover and resilience in a challenging environment.
- 5.3 The Comprehensive Spending Review confirmed that the Government intended to implement a 25 percent real terms reduction in the grant funding provided to fire authorities in England by 2014-15 compared to the 2010-11 base position. This was to be back-loaded to the second half of the Spending Review period (2013-14 and 2014-15).
- 5.4 In making savings the Government also encouraged fire authorities to focus on the following seven areas:
- Flexible staffing arrangements;
 - Improved sickness management;
 - Pay restraint and recruitment freezes;
 - Shared services/back office functions;
 - Improved procurement;
 - Sharing Chief Officers and other senior staff; and
 - Voluntary amalgamations between Fire and Rescue Authorities.
- 5.5 LFEPA has implemented a number of initiatives within these areas and introduced new working patterns for over 4,000 staff in May 2011. The Human Resources strategy agreed by the Authority in January 2011 identifies actions to address both short and long term sickness and changes that will deliver cashable savings and enable the organisation to provide key services while reducing its cost base. Shared services arrangements are being put in place for a number of back office functions, including democratic services and payroll provision and LFEPA has recently decided to outsource its training function.

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- 5.6 On 31 January 2012 the Government announced the final local government finance settlement and confirmed the general grant allocations for individual fire authorities for 2012-13. The Local Government Finance and Police Grant reports setting out the settlement allocations were approved by the House of Commons on 8 February. These allocations are unchanged from the indicative figures for 2012-13 published alongside the final local government finance settlement for 2011-12 except that it now includes £7m of the £23.4m council tax freeze grant for 2011-12 which has been apportioned between MOPC and LFEPA in line with the respective police and non police shares of the precept in 2011-12. The budget assumes this share of the freeze grant will continued to be allocated to LFEPA in 2013-14 and 2014-15.
- 5.7 LFEPA's formula grant allocation for 2012-13 is £259.1m which represents a £0.4m or 0.2% increase on a like for like basis compared to 2011-12 (i.e. after discounting the impact of the council tax freeze grant uplift which has been offset within this budget via a matching redistribution of council tax precept revenues to the GLA). LFEPA is no longer at the grant funding floor as a result of changes made to the national fire distribution formula introduced in 2011-12. This is reflected in that fact that it will receive a better settlement in comparative terms than the average for English fire authorities (a 0.7% like for like reduction) and other metropolitan fire authorities (a 3% reduction year on year) in 2012-13.
- 5.8 LFEPA's formula grant allocation for 2011-12 included a £550,000 baseline adjustment for the funding provided to London boroughs in relation to their resilience work. LFEPA will continue to support London's local authorities in this work in 2012-13 by providing the mechanisms by which the capital's 33 local authorities respond collectively to regional events, managing the work of the Local Authorities' Panel and through undertaking regional planning work and training in support of boroughs. This work will also include supporting local authority Olympic work: supporting infrastructure such as the London Local Authority Olympic Co-ordination Centre and maintaining the Local Authority Gold Arrangements. The aggregate Fire and Rescue revenue specific grant has been confirmed as £7.7m for 2012-13.
- 5.9 Further information on the assumptions around Olympics relating funding and expenditure are set out in Appendix A.

Key Deliverables

- 5.10 LFEPA's headline targets have two components. The first is the level of reduction that can reasonably be achieved by maintaining the current focus with the resources it has. The second is a 'stretch target'. The stretch targets are more challenging and are likely to require substantial changes to the way LFEPA delivers its services, but will further improve the safety of London and Londoners if they can be achieved. There are no stretch targets for fire deaths or home safety visits as these are to be delivered over 10 years. The headline targets LFEPA set for the period to 2012-13 are to:
- reduce fires in the home by 2 per cent (without stretch) and by 6 per cent (with stretch);

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- reduce fires in non-domestic buildings by 10 per cent (without stretch) and by 19 per cent (with stretch);
- reduce fire deaths by 8 per cent;
- deliver 230,000 home fire safety visits, targeting those most at risk (so that by 2012-13 LFEPA will have completed over 395,000 home fire safety visits in total);
- reduce fires of rubbish (with deliberate or unknown motive) by 38 per cent (without stretch) and by 43 per cent (with stretch);
- reduce false alarms from automatic fire alarm systems in non-domestic buildings by 10 per cent (without stretch) and by 22 per cent (with stretch); and
- reduce shut in lift incidents attended by 14 per cent (without stretch) and by 23 per cent (with stretch).

5.11 The fourth London Safety Plan is based on six aims and strategic objectives set out below.

- **Prevention** - engaging with London's communities to inform and educate people in how to reduce the risk of fires and other emergencies. The objectives are:
 - To reduce fires and the impact they have; and
 - To target people most at risk.
- **Protection** - to influence and regulate the built environment to protect people, property and the environment from harm. The objectives are:
 - To regulate buildings and other places to protect people from fire; and
 - To influence planners, designers and decision makers to improve safety for Londoners.
- **Response** - planning and preparing for emergencies that may happen and making high quality, effective and resilient responses to them. The objectives are:
 - To improve and deliver plans, developed with partners to address identified risks; and
 - To use resources in a flexible and efficient way arriving at incidents as quickly as possible.
- **Resources** - managing risk by using resources flexibly and efficiently and continuously improving the way public money is used. The objectives are:
 - To minimise costs and provide value for money for Londoners, working with others; and
 - To manage performance and continuously improve service delivery.
- **People** - working together to deliver high quality services and to create a safe and positive environment for everyone. The objectives are:
 - To develop a positive and healthy culture with strong and effective leadership;
 - To embed ownership, responsibility and accountability at all levels of the organisation; and
 - To make sure staff have the right knowledge and skills to do their jobs.

Section 5 – London Fire and Emergency Planning Authority

- **Principles** - operating in accordance with values and ensuring that safety, sustainability, partnership and diversity run through all activities. The objectives are:
 - To work with others to keep people in London safe;
 - To increase the diversity of the workforce to ensure high quality services across London;
 - To continue to act in a more sustainable way; and
 - To continuously review working practices in order to keep the workforce safe.

5.12 The London Safety Plan also includes a range of key initiatives to further enhance and improve London's fire and rescue service that are also represented in these budget proposals and some of those which will be implemented from 2012-13 are:

- To create five technical rescue centres strategically located across London which will be where fire engines and rescue equipment are grouped together to ensure LFEPA can maintain the highly specialised skills of staff to provide effective rescues;
- To deliver key priority projects including the Olympic and Paralympic Games. More details of LFEPA's role in the 2012 Olympic Games are set out at Appendix A;
- To implement the outsourcing of its training function; and
- To continue to look at ways in which LFEPA can deliver excellent services for less.

Budget and council tax requirements

5.13 The Fire Authority's **gross expenditure for 2012-13** is estimated to be **£448.1m**. After deducting fees, charges and other income and the application of reserves, **the budget requirement for 2012-13 is £379.8m** and **the approved council tax requirement is £120.7m**. The council tax requirement is £37m lower than that for 2011-12 primarily reflecting the rebalancing of the precept with the MOPC and impact of the £7m uplift in the LFEPA formula grant due to the council tax freeze grant transfer from GLA (which is offset in this budget by a reallocation of precept revenues to the GLA).

Explanation of budget changes

5.14 The changes in 2012-13 relative to 2011-12 for both the budget and council tax requirement are set out below.

Changes in the Fire Authority's spending plans	2012-13 £m
2011-12 budget requirement	409.4
<i>Changes due to:</i>	
Inflation	8.4
Net committed savings in existing services and programmes	-1.1
New Savings and efficiencies	-21.1
Changes in specific grants	0.0
Change in use of reserves	-15.8
2012-13 budget requirement	379.8

Section 5 – London Fire and Emergency Planning Authority

Changes in the Fire Authority's spending plans	2012-13 £m
2011-12 council tax requirement	157.7
<i>Changes due to:</i>	
Inflation	-
Committed savings in existing services and programmes	-
New initiatives and service improvements	-
New Savings and efficiencies	-
Change in formula grant (council tax freeze grant)	-7.0
Change in use of reserves	-30.0
2012-13 council tax requirement	120.7

- 5.15 The tables below compares income and expenditure by service area between 2011-12 and 2012-13 and future years on a service analysis (objective) and subjective basis.

Service analysis	Revised Budget 2011-12 £m	Forecast 2011-12 £m	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Community safety	37.7	37.4	35.4	36.2	37.2
Fire fighting and rescue	357.8	356.7	355.0	361.3	371.0
Fire-fighter pensions	17.4	18.2	17.9	18.7	19.3
Emergency planning	0.9	1.0	1.0	1.0	1.0
Central services	1.8	1.8	2.0	2.0	2.0
Savings to be agreed	0.0	0.0	0.0	-29.1	-64.0
Net service expenditure	415.6	415.1	411.3	390.1	366.5
Capital financing costs	11.5	11.1	11.0	11.0	10.9
External interest receipts	-0.8	-1.0	-1.6	-2.8	-3.1
Specific grants	-10.8	-12.4	-10.9	-10.9	-10.9
Net revenue expenditure	415.5	412.8	409.8	387.4	363.4
Transfer to/(from) general reserves	-6.1	-3.4	-30.0	0.0	0.0
Budget requirement	409.4	409.4	379.8	387.4	363.4
Less: Formula Grant	-251.7	-251.7	-259.1	-235.9	-212.7
Council tax requirement	157.7	157.7	120.7	151.5	150.7

Note: Figures may not sum exactly due to rounding

Section 5 – London Fire and Emergency Planning Authority

Subjective analysis	Revised Budget 2011-12 £m	Forecast Outturn 2011-12 £m	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Operational staff	277.9	273.2	273.9	273.5	273.4
Other staff	53.3	58.3	52.5	51.5	51.5
Employee related	8.3	9.4	6.2	6.2	6.2
Pensions	18.1	18.1	17.9	18.7	19.3
Premises	31.1	31.2	30.5	32.7	33.7
Transport	27.4	26.7	25.2	23.3	24.7
Supplies and services	24.4	24.1	23.4	23.7	24.0
Third party payments	0.5	0.5	0.5	0.5	0.5
New initiatives	0.0	0.0	0.0	0.0	0.0
Savings to be allocated	-	0.0	0.0	-29.8	-64.0
Capital financing costs	11.4	11.1	11.0	11.0	10.9
Central contingency against inflation	0.3	-1.6	7.0	15.6	24.4
Total revenue expenditure	452.7	451.0	448.1	426.8	404.7
Total income	-37.0	-38.2	-38.3	-40.2	-41.3
Net revenue expenditure	415.6	412.8	409.8	386.6	363.4
Use of reserves	-6.2	-3.4	-30.0	0.0	0.0
Budget Requirement	409.4	409.4	379.8	386.6	363.4
Less: Formula Grant	-251.7	-251.7	-259.1	-235.9	-212.7
Council tax requirement	157.7	157.7	120.7	151.5	150.7

Inflation

- 5.16 Inflation is budgeted to be £8.4m in 2012-13. This includes the cost of known incremental pay progression and a provision for general price inflation on other non-staffing budgets.

Committed savings and growth in existing services and programmes

- 5.17 The full year effect of 2011-12 budget decisions and those items of expenditure which are unavoidable or to which the Authority is contractually committed reduces LFEPA's budget for 2012-13 and future years by £1.1m. The specific new initiatives planned are summarised below.

New initiatives	2012-13 £m	2013-14 £m	2014-15 £m
Gas Tight Suits replacement	0.4	0.8	0.0
Property PFI requirement	0.0	0.1	0.1
Security guard service contract increase	0.0	0.0	0.0
Application and Server Infrastructure - hardware & software	0.2	0.2	0.2
Software licences and hardware support renewal	0.1	0.1	0.1
Total new initiatives	0.7	1.2	0.4

Section 5 – London Fire and Emergency Planning Authority

Savings and efficiencies

- 5.18 The budget includes savings and efficiencies of £21.1m in 2012-13, which represents 5 per cent of net revenue expenditure. These are summarised in the table below and include significant back office savings and efficiencies. These savings and efficiencies will help ensure that the front line service is maintained and improved to further reduce deaths and injuries from fire.

Savings and efficiencies	2012-13 £m	2013-14 £m	2014-15 £m
Procurement efficiencies	2.9	2.2	2.2
Cost avoidance	6.2	2.3	2.3
Establishment efficiencies	9.7	5.0	5.0
Income	2.3	1.6	1.6
Total savings and efficiencies	21.1	11.1	11.1

Operational officer numbers

- 5.19 As a result of LFEPA's initiatives, which are designed to enhance front line services delivered to the public, the number of fire-fighters is forecast to decrease by 12 (full time equivalents) by the end of 2012-13. The impact of the proposed initiatives is currently under discussion and may lead to further changes to the establishment in future years. These changes are designed to: carry forward LFEPA's continuing commitment to modernisation; achieve a professionally focused and supported fire and rescue service in London; and deliver value for money.

Equalities Duty

- 5.20 LFEPA has prepared an equality impact analysis to inform its budget plan which concludes that the savings proposals set out therein will have minimal impact on the Authority's ability to deliver services to diverse communities. It will seek to mitigate proposed reductions in specific areas by changes in working practices and the utilisation of partnership and third sector contacts.

Environmental Impact

- 5.21 The savings proposals have been reviewed for sustainability and environmental implications with consideration of the Mayor's strategies to promote improvement of the environment.

Reserves

- 5.22 LFEPA's reserves are projected to be £61.9m at March 2012 based on the current projected £2.8m underspend for 2011-12 and allowing for the expected drawdown of earmarked and general reserves to support the current year's budget. The Authority's policy is to maintain a general reserve of 2.5 per cent of the net requirement (£10.3m based upon the current forecast net revenue expenditure for 2011-12).

Section 5 – London Fire and Emergency Planning Authority

- 5.23 Having considered the needs of the fire service against the delivery of the Mayor's wider priorities, it is proposed to align LFEPA's reserves position closer to its target level. Therefore, £30m of the Authority's general reserves are to be drawn down in 2012-13 to support its budget.
- 5.24 Taking this change into account LFEPA is forecast to hold reserves at 31 March 2013 of £24.3m. This includes £11.9m of general reserves, which is £1.6m above the 2.5% minimum target and £12.4m of earmarked reserves. The use of reserves in future years budgets will be kept under close review and will be considered as part of the Authority's future budget plans.
- 5.25 The first table below shows LFEPA's estimated movement in reserves and balances over the next three years. The second table shows the estimated total earmarked and general reserves at the end of 2011-12 and 2012-13.

Movement in LFEPA reserves	Budget 2011-12 £m	Forecast 2011-12 £m	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Opening balances	53.5	66.7	61.9	24.3	24.3
Transfers to/from:					
Earmarked reserves	-	-1.5	-7.6	0.0	0.0
General reserves	-19.3	-3.3	-30.0	0.0	0.0
Closing balances	34.2	61.9	24.3	24.3	24.3

Breakdown of LFEPA reserves at end of financial year	Forecast 2011-12 £m	Budget 2012-13 £m
Earmarked Reserves:		
Firefighters' Pensions	1.8	0.7
PFI	0.6	0.6
Hydrants	1.3	1.3
Compensation	1.8	1.8
Maintenance & Minor Works	0.0	0.0
Sustainability	0.2	0.2
Salix	2.0	2.0
London Resilience	4.5	0.0
National Operational Guidance Programme	6.0	4.0
Pension Early Release Costs	1.8	1.8
Sub total earmarked reserves	20.0	12.4
General reserves	41.9	11.9
Total Reserves	61.9	24.3

Section 6 – Transport for London

- 6.1 Despite Transport for London (TfL) facing a significant reduction in its funding by 2014-15, the 2010 Spending Review secured vital investment for London's transport infrastructure and TfL's frontline services. The upgrade of the Tube and Crossrail continue as planned. London's bus network is protected. The Barclays Cycle Hire scheme will be extended. The South London line extension to Clapham Junction will be delivered.
- 6.2 TfL's Business Plan, published in March 2011 and covering the four years to 2014-15, set out its plans to modernise London's transport system, supporting the Capital's position as a world-class city and it remains on target to deliver all the milestones set out therein. The budget proposals set out in this consultation document reaffirms the Mayor's ongoing commitment to TfL's investment programme and in that context provides stability and continuity for customers, business groups and other stakeholders.
- 6.3 The Tube upgrades and Crossrail represent the backbone of TfL's investment programme. Once complete, the Tube upgrade programme will deliver a 30 per cent increase in capacity, and Crossrail will increase London's rail capacity by 10 per cent. The Tube is carrying record passenger numbers, and the figure is set to continue rising. The investment programme includes vital renewal works and upgrades to existing assets (trains, stations, track, civil infrastructure, lifts and escalators), which is key to increasing capacity and improving reliability.
- 6.4 Major works to increase capacity at key stations such as Victoria, Tottenham Court Road and Bond Street are now under way. In addition, a project to increase capacity and provide step-free access at Vauxhall has been brought forward to the current Business Plan period, with completion now planned for 2015, allowing the work to be undertaken at lower cost and supporting local development.
- 6.5 Construction of the cable car river crossing, which will now be known as the 'Emirates Air Line', linking the Greenwich Peninsula with the Royal Docks, has begun and will complete in 2012. Additional capacity is being provided on the busiest section of the Tramlink network between central Croydon and Beckenham Junction and Elmers End termini. Work has already started on the new South London Line to Clapham Junction, which will complete London's orbital railway and is due to open in 2012.

Meeting the challenges of TfL's CSR funding settlement

- 6.6 TfL's Business Plan to 2014-15 approved in March 2011 already contains significant savings and efficiencies. Since the Business Plan was published in March 2011, TfL has carried out its third annual Continuous Savings Exercise, and has made excellent progress towards meeting its £7.6bn net cumulative savings target to 2017-18. Around £5bn of these efficiencies result from measures that have already been implemented and are delivering savings in current and future years. Project Horizon, a fundamental review of TfL's back office and corporate functions designed to protect investment and front line services is, subject to consultation, went live in January 2012.

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- 6.7 Other key highlights within the savings programme include:
- a renegotiation of major contracts delivering front line services, including Congestion Charging and highway maintenance;
 - Commercial procurement savings on projects;
 - London Underground capital programme savings through improved contract arrangements, simplified technical standards and process improvements;
 - Bus network contract price savings, while maintaining current overall levels of bus service provision;
 - Carrying out maintenance in a more efficient manner and negotiating better maintenance contracts; and
 - Initiatives to increase secondary revenue on London Overground and London Underground.

Key deliverables

- 6.8 The key deliverables in the Budget for 2012-13 are set out below.

London Underground (LU) and Tube Lines

By 2014-15, London Underground (LU) is expected to carry around 110 million more passengers a year than at present, while reducing delays on the network by 18 per cent. During the Business Plan period, to 2014-15, LU will improve the service offered while carrying record customer numbers, as well as continuing the on-going renewal of core-assets and the key upgrades of the sub-surface Railway and Northern line. At the same time, the foundations will be laid for the Deep Tube Programme, which will replace the trains and signalling on the Bakerloo, Piccadilly, Central and Waterloo & City lines.

Tube upgrades:

- **Sub-surface railway upgrade** – The largest of TfL's Tube investment programmes continues on target. Since the last Business Plan was published, 14 new walk-through, air-conditioned trains have been delivered. A key milestone for the upgrade has been achieved with the signing of the contract to replace the current life-expired signalling with a modern computer-controlled signalling system that will enable more frequent trains and faster journeys;
- **Jubilee line upgrade** – Following the successful implementation of the first of two new timetables, LU is on target for the second incremental timetable, which will be introduced in early 2012, ahead of the Olympic Games. This will increase service frequencies by 33 per cent compared with 2010. The lessons learnt from the Jubilee line are now being applied to successfully upgrade the Northern line by 2014, and resources are now transferring between the lines to support the main delivery phase of the Northern line upgrade; and
- **Victoria line upgrade** – With the roll-out of the new Victoria line trains complete, new timetables will be introduced in stages. The first peak capacity increase will be introduced in spring 2012 and the full upgrade timetable will be introduced on the line in 2013, resulting in a 21 per cent increase in capacity compared with 2010. By the end of the Business Plan period, cooling schemes will be in operation at Oxford Circus and Green Park stations, reducing temperatures and making travel more comfortable for customers.

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

- **Paddington** (Hammersmith & City line) station – The new station entrance, ticket hall and gateline to serve Paddington (Hammersmith & City line) station will open in 2013 ahead of schedule. The project will provide step-free access, reduce congestion throughout the station and support the enhanced service on the Circle and Hammersmith & City lines;
- **Bank station** – A new entrance to the Waterloo & City line at Bank will open in partnership with the third-party Walbrook Square development. Subject to the developer's programme, construction is expected to begin in 2012. By March 2015, the site will have been handed over to TfL for fitting out;
- **Vauxhall station** – TfL is advancing the scheme, previously proposed to complete in 2018, to reduce congestion substantially and deliver step-free access at Vauxhall station. Vauxhall is a key interchange between London Underground, National Rail and buses and serves a rapidly-developing London Plan opportunity area. Accelerating the project reduces the construction cost to TfL and supports local developments, and integrates better with existing improvements to the Network Rail station. TfL aims to complete the scheme in 2015;
- **Station congestion relief** – TfL is continuing work on three major congestion relief schemes currently under construction that deliver outside of the Business Plan period. Tunnelling to create new passageways that will relieve congestion at **Bond Street** will begin in 2013, where the whole scheme will complete in 2017;
- At **Tottenham Court Road**, partial opening of the new Plaza ticket hall is scheduled for March 2015, which will substantially improve access to the Northern line;
- At **Victoria station**, the new northern Hall ticket entrance will open in 2016, relieving the daily overcrowding at the existing station; and

Investment in order to increase secondary revenues – Self-financing investment in TfL assets, such as LU car parks and station retail units, intended to increase the commercial revenues generated from those assets, with a target financial payback of no longer than 8 years.

London Rail

By 2014-15, London Rail will carry around 38 million more passengers a year compared to current levels – an increase of around 17 per cent. On the DLR, passenger numbers will increase by around 20 million to 104 million by 2014-15. On London Overground, demand will reach almost 120 million by 2014-15, up by 15 million on current levels and effectively doubling since the introduction of the East London line in 2010, while Tramlink passengers will increase by around three million reaching more than 31 million a year in 2014-15.

- **Croydon Tramlink** – In order to meet recent demand, Tramlink is planning to run more services by purchasing six additional trams and increasing service frequency on the busiest route between central Croydon and the Beckenham Junction and Elmers End termini. An infrastructure project will be carried out through to 2012 to modify the track and tramstops to allow the new trams to run on the network;

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- **Cable car** – A new cable car river crossing, which will now be known as the ‘Emirates Air Line’, is being constructed to connect the Greenwich Peninsula with the Royal Docks. The service will make it easier for pedestrians and cyclists to cross the Thames in east London and will provide direct access between the O2 arena and ExCeL. The service will open in 2012 and is expected to carry around two million passengers per year, with crossings taking around five minutes; and
- **New South London line** – Works on the new link to complete the London Overground’s orbital route are under way and will complete in 2012. The service will provide a new route from Dalston to Clapham Junction via Surrey Quays. This will enable passengers to access key locations in inner and outer London as well as the national rail network without having to transfer in the centre of the Capital.

Surface Transport

Surface Transport provides and manages a broad range of sustainable transport services and choices, including buses, cycling and walking. By 2014-15, Surface Transport is expected to carry around 52 million more passengers on its bus network than the current levels. This is alongside supporting the 500,000 cycling journeys and six million walking trips taking place each day and carrying 30 per cent of London’s road traffic on the TfL road network.

During the Business Plan period, the bus network will remain under regular review to ensure it continues to respond to changes in travel requirements. Surface Transport will also continue to improve the coordination of road works and effectively manage and develop all of London’s 6,000 traffic signals. This work will contribute to smoothing traffic flow, improving journey time reliability and reducing congestion.

- **New Bus for London** – Following successful testing in 2011, work continues to bring the next eight prototype vehicles into operational service in early 2012;
- **Lane rental scheme** – The DfT and TfL went out to consultation on regulations that would allow the introduction of a lane rental scheme for roadworks. This would enable TfL to charge companies for digging up the busiest roads at peak times on the Transport for London Road Network (TLRN), according to the time they take up road space. The scheme will therefore incentivise companies to work more efficiently and at less disruptive times. Subject to approval of the scheme by the Secretary of State for Transport, TfL is aiming to have a scheme in place on the TLRN by spring 2012;
- **Barclays Cycle Hire** – By March 2012, the scheme will be extended eastwards as far as Bow and hundreds more docking points added in central London. TfL is also considering the potential expansion of the scheme westward in 2013 and will be carrying out feasibility works including site identification, site design and borough liaison;
- **Barclays Cycle Superhighways** – Since the publication of the Business Plan, a further two cycle superhighways have been completed. A total of four out of the 12 routes are now complete, providing safer, faster and more direct routes into the city. Of the eight remaining routes, four will be completed in 2013 and a further four by 2015;

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- **Traffic signals** – Split Cycle Offset Optimisation Technique (SCOOT) is a traffic signal control technology, which aims to relieve congestion and smooth traffic flow at traffic junctions. The current programme to install SCOOT at a further 1,000 traffic signal sites is ahead of schedule, with more than 450 sites already completed. The programme is now due to complete by 2013;
- **Safety camera enforcement operations** – Speed and red light cameras that use wet film technology are becoming obsolete and will be replaced by 2015 with a digital alternative. This will maintain the road safety benefits that camera enforcement currently provides;
- **Blackwall Tunnel** – Essential safety works on the northbound Blackwall Tunnel have been completed more than a year ahead of schedule and with fewer weekend closures than originally planned. An over-height vehicle detection lane is also being implemented, which will ensure over-height vehicles are identified and diverted while maintaining two lanes at full flow. Construction will be completed in 2012 and will bring significant journey time savings and smoother traffic flows;
- **Henlys Corner** – Major improvements to the busy Henlys Corner junction are well under way, and will deliver a new signal-controlled pedestrian and cyclist crossing facilities as well as a new junction design to improve traffic flow. Construction is due to complete in 2011;
- **Bounds Green** – The A406 Bounds Green Road to Green Lanes improvement scheme will result in smoother traffic flow, safer crossing facilities and will stimulate regeneration of the area. The work is ahead of schedule and the completion date has been brought forward to spring 2012;
- **A4 Hammersmith Flyover** – the four lane Hammersmith Flyover was constructed in the 1960s. The structure was closed to traffic in December 2011 for safety reasons and partially reopened to light traffic on 13 January 2012. A solution which will allow the flyover to be fully open before the Olympics will be implemented as soon as it is safe to do so;
- **Tottenham Hale Gyratory** – TfL is working with Haringey Council to improve Tottenham Hale's gyratory. This includes changing traffic flow from a one-way to a two-way system, and creating a new public square and bus station outside Tottenham Hale station. Construction will complete in 2014;
- **TLRN capital renewals** – TfL will carry out a package of renewal initiatives on TfL's road network, primarily comprised of essential works on bridges. The proposed works will ensure the continued safe operation of these assets and remove the need for restrictions, while minimising whole life costs. The works include refurbishment of the Grade II listed Chiswick Bridge, reconstruction of the A406 Woodlands Retaining Wall to enable reopening of the footway, and reconstruction of the A406 Power Road bridge (road-over-rail) to avoid traffic restrictions. Works are programmed to start in 2012-13, 2013-14 and 2014-15 respectively;
- **Working with London boroughs** – TfL is working with the London Technical Advisory Group, London Councils and London boroughs on a project to develop a collaborative approach to highways maintenance and management. The project will deliver efficiencies across the capital in highway maintenance and management services, with new contracts commencing in 2013.

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Concessionary travel

- The Mayor will continue to guarantee free bus travel for under 16s and half price bus travel for the unemployed, Employment & Support Allowance claimants and those on income support;
- The Mayor is committed to working with the 32 London boroughs, the Common Council of the City of London and London Councils to ensure funding for the 24 hour Freedom Pass for older and disabled Londoners is protected and the scheme remains affordable to the London Council Taxpayer; and
- The continuation of these schemes will ensure that forty per cent of bus passengers will travel for free or at a substantial concessionary rate.

Crossrail

As well as providing much-needed additional rail capacity, Crossrail has an important role to play in supporting regeneration and the economy, and in creating a skills legacy.

- Crossrail services will begin in phases, with the first new trains coming into passenger service in May 2017 on the existing Network Rail suburban metro services from Shenfield into Liverpool Street station. They will start operating in the central tunnel section at the end of 2018 and in phased stages thereafter on the remainder of the route;
- A total of 21km of new tunnels will be built and the tunnel boring machines are due to start operating in the first half of 2012. Crossrail has already awarded the first main station contract at Paddington. The remainder of the station contracts will be let during the course of the next twelve months;
- More than 85 per cent of excavated material from tunnelling will be removed by rail and river, while construction material from stations and station-related work will generally be removed by road before being transferred to the river. During the project, a total of 7.3 million cubic metres of material will be excavated, more than five million of which will be transported by boat along the Thames for use in landscaping projects. These include a new 1,500 acre Royal Society for the Protection of Birds (RSPB) nature reserve at Wallasea Island in Essex; and
- Construction work started in November 2010 on a Tunnelling and Underground Construction Academy at Aldersbrook sidings near Ilford Town Centre. It will be open in early 2012, and over the lifetime of the project will offer training in underground construction to at least 3,500 people. After Crossrail has been completed, the academy will remain as a lasting legacy for London.

Budget and Council Tax Requirement

- 6.9 TfL's gross expenditure in 2012-13 is now budgeted at **£10.0bn**. This covers operations, capital projects, debt servicing and Group-level contingency and therefore unlike the other functional bodies includes capital spending. Deducting fare income, reserves and other receipts totalling a net £6.3bn, leaving £3.8bn to be met through funding from external sources.

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- 6.10 The bulk of the funding (£3.3 billion in 2012-13) is in the form of the GLA transport grant from Government. In addition, TfL will continue to borrow under the prudential borrowing regime as agreed with Government in the 2010 settlement. TfL is forecasting to borrow £459m in 2012-13 and will have an authorised limit for borrowing of £7.9bn.
- 6.11 TfL's budget and council tax requirements are identical as it is not in receipt of any general government grant. Its council tax requirement (i.e. the amount to be raised from the GLA Council Tax precept) for 2012-13 is £6m – the same level as in 2011-12.

Explanation of budget changes

- 6.12 The key changes in income and expenditure areas between the 2011-12 and 2012-13 budgets - and indicative figures for 2013-14 and 2014-15 reflecting TfL's four year CSR settlement, are set out in the table below.

	2012-13 (vs 2011-12)	2013-14 (vs 2012-13)	2014-15 (vs 2013-14)
Changes to the TfL's spending plans	£m	£m	£m
Budget and council tax requirement:	6	6	6
Changes due to:			
Inflation	90	71	96
Fares, Charges and Other Income	-213	-167	-101
Increases in PPP/PFI payments	-6	1	-4
Net Operational Increases/Decreases	-58	-97	-99
Capital Projects	-151	-45	-162
Debt Servicing, Contingency and Other Items	-5	-35	6
Funding and Working Capital	343	272	265
Budget and council tax requirement	6	6	6

Inflation

- 6.13 Inflation is estimated to increase TfL's net costs in 2012-13 by £90m. This change represents the overall impact of inflation on TfL's finances and comprises two elements:
- The benefit to TfL of higher inflation through the RPI linked component of the increase in fares revenue. The above inflation component of the fares increase is shown separately under fares, charges and other income in the table above.
 - The increase in costs attributable to inflation. Where appropriate, published indices that differ from RPI have been used, such as EC Harris estimates of construction cost inflation.

Fares, charges and ticket/trading revenues

- 6.14 The TfL budget includes Fares on TfL's services for 2012 rising by just above inflation, 5.6 per cent on average, after the Mayor secured £136million in extra grant from the Government. The lower than planned rise in fares will be entirely paid for by the additional funding provided by the Government and comes at no cost to TfL. The assumed fare rise for planning purposes in 2013 and 2014 is RPI plus 2 per cent.

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Savings and efficiencies

- 6.15 TfL's 2011 Business Plan has set a target to deliver more than £7.6bn in net savings and efficiencies to 2017-18. Around £5bn of these efficiencies result from measures that have already been implemented. Approximately £1.1 billion of these are projected to be realised in 2012-13.
- 6.16 TfL has a comprehensive and ambitious savings programme, stemming from successive years of focus on driving down costs and improving efficiency:
- In 2008, the Operating Cost Review, a 'top down' programme that led to more than 60 change projects, targeted savings of £2.4bn to 2017-18;
 - In 2009, TfL introduced an annual efficiencies drive known as the Continuous Savings Exercise. This involved manager-led reviews of target savings (or additional non-fare revenues) of 2.5 per cent without affecting TfL's service to customers. This resulted in the target increasing to £5.2bn over the same period; and
 - In 2010, following the 2010 Spending Review, the Commissioner launched Project Horizon - a fundamental review of TfL's back office and corporate functions. It is designed to protect investment and front line services and deliver a 20 per cent reduction in support staff costs (on top of previous measures), including a 25 per cent cut in director posts. The new organisation went live in early 2012.
- 6.17 Planned savings and efficiencies are summarised by TfL division in the table below. TfL's savings target was set out in its current Business Plan published in Spring 2011 and these figures have been updated to reflect the impact of its third annual continuous savings review which was completed during summer 2011. The table below illustrates the proportion which these efficiency savings represent as a total of TfL's reducible costs. A considerable proportion of TfL's expenditure is committed through PFI and long-term contracts. These items are excluded from reducible expenditure.

Efficiency Targets	2011-12 Forecast £m	2012-13 Budget £m	2013-14 Plan £m	2014-15 Plan £m
London Underground (LU)	528	567	579	635
Surface Transport	258	301	312	340
Corporate and Group Wide	247	247	248	252
London Rail	17	17	18	19
Total Gross Savings	1,050	1,132	1,156	1,245
Reducible costs	5,912	6,062	6,134	6,247
Percentage	17%	19%	19%	20%

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Capital Projects

- 6.18 Total planned capital expenditure by TfL is forecast to be £3.2 billion in 2012-13. This represents an increase of £529m compared to 2011-12 of which around £450m is accounted for by Crossrail works. Further information on the TfL capital spending plan is set out in the Mayor's capital spending plan for 2012-13 published separately.

Funding and Working Capital including Crossrail Contributions

- 6.19 Planned movements include prudential borrowing, utilisation of cash reserves as well as amounts applied to an increased working capital requirement. The Crossrail cash commitment included within the budget represents funding that TfL will pass to Crossrail. Part of this is financed by GLA borrowing agreed with Government in the 2010 Spending Review settlement (included in the Crossrail funding sources line). Further information on the GLA's contribution is set out in Section 2. The phasing of the cash that TfL has committed for Crossrail is in accordance with the sponsors' agreement and is not always matched to the timing of the Crossrail-specific funding sources that TfL anticipates receiving. Including contributions to date, over the course of the construction, TfL will be making a contribution of over £2bn from its own resources.

Debt Servicing, Contingency and Other Items

- 6.20 TfL acquired approximately £1bn of Tube Lines' debt in October 2011, one of the latest steps in winding up the expensive, inefficient and flawed London Underground PPP. The debt acquisition means that TfL has bought back the majority of Tube Lines' overly complex and expensive £1.6bn debt structure, following the acquisition of £0.3bn of Tube Lines debt between August and September 2011. TfL's AA+ rating means the organisation will be able to achieve more competitive borrowing rates than those secured by Tube Lines, delivering significant savings over the long-term. The planned increase in debt servicing reflecting further borrowing is offset by lower expenditure on Group Items.

Analysis of Planned Income and Expenditure by Service

- 6.21 The table below sets out the calculation of the budget and council tax requirement (which for TfL are identical) by reference to the income and expenditure incurred by service. It reflects the above commentary on the budget proposals. It is also consistent with Table 11 within TfL's 'Business Plan Update and GLA Submission' Board paper, presented at the TfL Board on 7 December 2011 and available on the TfL website. Table 11 in that paper shows TfL's operating plan makes a surplus to help fund capital expenditure over the period to 2014-15.

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Service analysis	Budget 2011-12 £m	Forecast 2011-12 £m	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Income					
Traffic income	-3,460	-3,511	-3,762	-4,057	-4,363
Congestion Charge, LEZ, enforcement income	-265	-294	-284	-301	-295
Other income	-307	-290	-329	-360	-398
Interest income	-8	-5	-7	-11	-15
Sub total income	-4,040	-4,100	-4,383	-4,729	-5,071
Operating costs					
London Underground and Tube Lines	2,316	2,215	2,285	2,367	2,409
Surface Transport	2,637	2,633	2,695	2,724	2,800
London Rail	336	334	359	343	355
Corporate Directorates	436	381	554	574	554
Sub total operating costs	5,725	5,563	5,893	6,008	6,118
Capital expenditure					
London Underground and Tube Lines	1,510	1,291	1,478	1,559	1,472
Surface Transport	231	236	209	232	270
London Rail	193	270	78	16	(7)
Corporate Directorates	74	54	125	81	37
Sub total capital expenditure	2,007	1,850	1,890	1,889	1,772
Other					
Property sales	-40	-56	-113	-133	-71
Third-party contributions	-74	-86	-46	-31	-15
Debt servicing	304	487	312	340	365
Group items	54	38	42	-22	-41
Net services expenditure	3,937	3,696	3,594	3,322	3,057
Movements in working capital	93	102	80	7	56
Specific grants (including GLA transport grant)	-3,293	-3,319	-3,337	-2,956	-2,497
Crossrail cash commitment	1,205	1,180	1,904	2,247	2,002
Crossrail funding sources	-1,390	-1,560	-2,058	-2,067	-1,693
Net borrowing other financing and reserves	-546	-93	-177	-547	-919
Budget and council tax requirement	6	6	6	6	6

Note: The figures in the above table may not sum exactly due to rounding. LEZ is the Low Emission Zone.

- 6.22 The following budget sets out the calculation of the budget and council tax requirement (which for TfL are identical) on a subjective basis.

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Subjective analysis	Budget 2011-12 £m	Forecast 2011-12 £m	Budget 2012-13 £m	Budget 2013-14 £m	Budget 2014-15 £m
Income					
Fares Revenue	-3,463	-3,513	-3,762	-4,057	-4,363
Congestion Charging	-142	-152	-146	-148	-144
Enforcement Income	-98	-118	-113	-115	-113
PCO & VCS Fees	-35	-35	-34	-34	-35
Advertising Income	-109	-120	-131	-144	-160
Rental Income	-59	-58	-68	-73	-74
Other Income	-135	-105	-129	-159	-183
Total Income	-4,040	-4,100	-4,383	-4,729	-5,071
Operating Expenditure					
Employee Expenses	1,792	1,797	1,897	1,893	1,924
Premises	266	264	282	293	271
PPP Payments	25	9	18	15	14
PFI Payments	203	199	200	207	211
Bus Contract Payments	1,704	1,695	1,748	1,829	1,924
CCS & Other Road Contracted Services	66	82	109	83	88
Asset Maintenance & Local Authority Payments	700	680	668	693	662
Professional and Management Consultancy Fees	79	86	72	49	50
Management Consultancy Development Fees	158	156	137	127	140
Ticket Commissions	50	45	52	56	61
Customer Information	55	41	42	44	46
National Rail Payments	9	8	9	8	8
Franchise Payments	225	224	244	249	249
Information Technology	252	224	240	240	239
Insurance	48	55	49	50	53
Traction Current	81	80	98	109	111
Other Expenses	-30	-131	-21	14	19
Bad Debt Provision	44	50	49	48	48
Total Operating Expenditure	5,725	5,563	5,893	6,008	6,118
Net Operating Expenditure	1,685	1,464	1,510	1,279	1,047
Capital Expenditure	2,007	1,850	1,890	1,889	1,772
Third Party Contributions	(74)	(86)	(46)	(31)	(15)
Property Sales/Capital receipts	(40)	(56)	(113)	(133)	(71)
Interest and Other Group Items	358	525	353	318	324
Total Net Service Expenditure	3,937	3,696	3,594	3,322	3,057

Note: Figures in the table above may not sum exactly due to rounding. PCO is the Public Carriage Office, CCS is the Congestion charging scheme and VCS is Victoria Coach Station

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Net increases and decreases in operational expenditure

- 6.23 Planned increases and decreases in operational expenditure are detailed in the table below. The budget includes forecast net decreases in operational expenditure of £58m in 2012-13, £97m in 2013-14 and £99m in 2014-15.

Net operational increases and decreases	2012-13	2013-14	2014-15
	(vs 2011-12)	(vs 2012-13)	(vs 2013-14)
	£m	£m	£m
LU operations	-14	1	-3
LU central services	-15	21	-17
LU Investment Programme	-58	-53	4
Better Routes and Places	-25	-2	-45
Bus network	-25	19	30
Road space management – 2012 Games	26	-44	0
DLR – Games 2012	8	-12	0
Group Information Management	-12	-10	-8
Group property and facilities	-12	8	-15
Fares and ticketing	21	10	-12
Other	48	-36	-32
Total	-58	-97	-99

Application of Net Congestion Charging Revenue

- 6.24 It is anticipated that net revenue (after direct operating costs) of £118m will be generated from the Congestion Charge in 2012-13. This is after the removal of the Western Extension of the Congestion Charging zone. An indicative attribution on how this revenue will be applied in line with the Congestion Charging scheme order is shown below.

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	2012-13 £m
Congestion Charging	
Bus network improvements:	
TfL will continue to keep the bus network under regular review. Priorities will be to maintain ease of use, attractive frequencies, adequate capacity, reliability of services and good coverage. A new generation of Countdown will be introduced which will deliver real-time arrival and service information for all routes and stops. Ninety new hybrid buses will have entered service during 2011 with the hybrid fleet forecast to be 300 strong by December 2012. The New Bus for London completes the development stage in 2012-13 with eight prototype buses due to enter passenger service in 2012. The first New Bus entered service in February 2012 on route 38.	96
Borough plans:	
The 32 London boroughs and the Corporation of London control 95 per cent of the Capital's road network, so the successful delivery of innovative projects such as the Barclays Cycle Superhighways will demand close partnership working to achieve the Mayor's priorities.	8
Roads and bridges:	
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.	10
Road safety:	
Investment will continue in road safety measures on TfL and borough roads via Local Implementation Plan (LIP) funding, in conjunction with measures adopted by the police and boroughs. Initiatives to reduce road casualties include engineering schemes at accident hotspots and road safety campaigns.	1
Walking and cycling:	
TfL will continue a programme of improvements for pedestrians, both on its own roads and on borough roads. Investment will be made to promote the benefits of walking, making it easier to plan and undertake journeys on foot, and deliver a safe, comfortable, attractive street environment. Investment will continue in projects designed to create and sustain an environment that enhances the attractiveness of cycling including the Barclays Cycle Hire scheme and Barclays Cycle Superhighways.	3
Congestion Charge net revenue	118

Section 6 – Transport for London

Grant funding

- 6.25 TfL's grant funding from the Department of Transport for 2011-12 to 2014-15 is set out in the table below. This is based on TfL's CSR settlement announced in October 2010 updated to reflect the additional £136m of grant funding over three years announced in the Chancellor's Autumn Statement in November 2011. This additional funding has allowed the Mayor to set a lower fares increase from January 2012 than the RPI + 2 per cent assumed in its Business Plan.

Grant funding	Budget 2011-12 £m	Forecast 2011-12 £m	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
General (revenue) grant	1,943	1,943	1,948	1,840	1,541
Investment grant	861	861	881	904	928
Sub total Core Transport Grant	2,804	2,804	2,829	2,744	2,469
Metronet capital Grant	424	424	352	184	0
Overground Grant	26	26	26	28	28
Other	45	65	129	0	0
Total Grant from DfT	3,299	3,319	3,337	2,956	2,497

Note: Figures may not sum exactly due to rounding

Equalities duties

- 6.26 As part of the process of producing TfL's current Business Plan, an Equality Impact Assessment (EqIA) was undertaken.

Environmental Impact

- 6.27 The current TfL Business Plan which informs the budget proposals sets out, on page 17, how it supports the key goal of the Mayor's Transport Strategy (MTS) to "reduce transport's contribution to climate change and improve its resilience". Page 12 of the document sets out plans to tackle air quality, as part of TfL's medium term strategy goal to improve quality of life.

Reserves

- 6.28 TfL seeks to maintain a General Reserve balance of at least £150m (and a minimum cash balance of £250m), to protect it from the short-term effects of specific risks crystallising and to ensure sufficient liquidity. Should there be a significant call on the General Reserve, provision would be made in future years' budgets to rebuild the reserve to this target level.
- 6.29 Total reserves are forecast to increase in the current year from the opening 2011-12 level of £673m to a closing level of £694m. They are projected then to increase to £883m by the end of 2012-13. The closing balances include a General reserve balance at a constant £154m with the remainder being earmarked reserves. It is considered that this level of reserves is appropriate to meet general requirements. These reserves exclude any sums held in respect of the Crossrail project, as these are reflected in the budget on the basis of TfL's cash commitment.

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6.30 The table below shows the forecast movement in reserves.

Movement in TfL reserves During Year	Budget 2011-12 £m	Forecast 2011-12 £m	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Opening balances	673	673	694	883	567
Transfers to/(from):					
Earmarked reserves	-230	21	189	-316	-355
General reserves	0	0	0	0	0
Closing balances	443	694	883	567	212

6.31 The following tables show the forecast total level of general and earmarked reserves at the end of each year.

Total TfL reserves End of financial year	Budget 2011-12 £m	Forecast 2011-12 £m	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Earmarked reserves	289	540	729	413	58
General reserves	154	154	154	154	154
Total reserves	443	694	883	567	212

Note: These statutory reserves are those that appear from the TfL Group balance sheet and differ from the cash reserves figure that is utilised to finance the Budget and Business Plan and the figure applied in the Summary of expenditure and financing table in Section 9.

Section 7 – Olympic Park Legacy Company

- 7.1 The Olympic Park Legacy Company has been established in the joint ownership of the Mayor and Government as the manager and custodian of the Queen Elizabeth Olympic Park (QEOP) after the 2012 Games. It is responsible for the legacy development and management of the park and venues in line with the London Plan's legacy objective and will be London's single most important regeneration project for the next 25 years.
- 7.2 The Mayor, in agreement with the Government, has established a Mayoral Development Corporation (MDC) using powers granted by the Localism Act 2011. The MDC – the London Legacy Development Corporation or LLDC - will take over the Legacy Company's role, assets, staff and liabilities and a smaller number of assets and liabilities from the London Thames Gateway Development Corporation and Olympic Delivery Authority. The MDC will be established on 1 April 2012 and take on planning functions in October 2012. Unlike the Legacy Company, the MDC will be a functional body within the GLA Group. For purposes of preparing the MDC's budgets and associated material for 2012-13 and beyond, the Legacy Company has been working in the role of shadow MDC in close collaboration with the GLA.
- 7.3 The MDC will own land assets (including the Stadium, ArcelorMittal Orbit, Aquatics Centre, Multi-Use Arena, Press Centre and Broadcast Centre) within the QEOP. It will manage the parkland and venues to optimise value for money, usage and community access and will work with development partners to deliver more than 7,000 homes on sites around the Park and venues. Its strategic aims are:
- to deliver social, economic and environmental benefits for east London;
 - to deliver agreed financial receipts to the public sector; and
 - to optimise sustainability and success of the QEOP and venues.
- 7.4 The funding to be provided to the MDC is assumed in this budget to be in line with the indicative settlement that the Legacy Company has received from the Department for Communities and Local Government for the Spending Review period and the grant to be transferred for post-Games Transformation from the Olympic Public Sector Funding Package.

Key deliverables and objectives

- 7.5 The period to 2014-15 is a critical one for the successful delivery of the Olympic Park legacy. During this period the Legacy Company/MDC will:
- Appoint legacy operators, tenants and estates and facilities managers for the QEOP and venues;
 - Deliver the legacy conversion of Park and venues and initial infrastructure investment;
 - Secure planning permission for Legacy Communities Scheme development;
 - Appoint a development partner for its first phase of development (Chobham Manor) and enable that partner's start on site;
 - Open the QEOP and venues in a phased programme in 2013 and 2014;

Section 7 – Olympic Park Legacy Company

- Deliver a programme of events and visitor attractions to ensure that the Park is a well-used and welcoming destination;
- Take on responsibility for development control and planning policy in the Park and fringe area and publish its first planning policy documents; and
- Deliver programmes to enable local people to connect with and benefit from the re-opening of the Park and venues.

Budget and Council Tax Requirement

7.6 A summary of OPLC's forecast revenue expenditure and its funding is shown in the tables below on an objective and then a subjective basis. The tables includes the Mayor's financial contribution to the Company paid by the GLA.

OPLC budget - Objective	2011-12 Forecast	2012-13 Budget	2013-14 Plan	2014-15 Plan
	£m	£m	£m	£m
Venues	3.7	0.7	1.3	10.6
Park Operations	3.0	3.6	9.3	18.6
Real Estate	1.3	0.8	7.7	9.3
Park and Business Planning	0.8	0.1	0.1	-
Regeneration	0.1	2.3	2.7	2.7
Marketing	0.0	0.6	0.6	0.6
Insurance	0.0	0.6	0.6	0.6
Residual Business Rates	0.0	1.0	2.0	2.3
Olympic Fringe Public Realm	0.3	-	-	-
Operational Readiness	-	5.4	0.8	-
Sub Total Project expenditure	9.2	15.1	25.1	44.7
Administration	9.5	10.6	10.5	10.1
Planning Authority	0.0	0.6	1.2	1.2
Total Expenditure	18.7	26.3	36.8	56.0
Revenue Grants (DCLG - programme)	-	-	-15.5	-17.5
Revenue Grants (DCLG - admin)	-9.5	-10.6	-11.1	-10.7
Revenue Grants (GLA)	-15.0	-5.0	-10.0	-10.0
Olympic Fringe Public Realm (GLA)	-0.3	-	-	-
Operational Readiness (Public sector funding package)	-	-5.4	-0.8	-
Real Estate	-	-	-	-0.4
Venues	-	-	-	-10.7
Park Operations	-	-	-0.7	-4.7
Planning authority administration funding	-	-0.6	-0.6	-0.6
Cost recharge	-	-0.1	-0.1	-0.3
Total Funding	-24.8	-21.7	-38.8	-54.9
Net expenditure	-6.1	4.6	-2.0	1.1
Use of reserves	6.1	-4.6	2.0	-1.1
Budget and council tax requirement	0.0	0.0	0.0	0.0

Section 7 – Olympic Park Legacy Company

OPLC budget - Subjective analysis	Forecast 2011-12 £m	Budget 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
Employee expenses	7.4	8.1	8.5	8.0
Premises costs	0.8	0.8	0.8	0.8
Supplies and services	10.5	17.4	27.5	47.2
Total revenue expenditure	18.7	26.3	36.8	56.0
GLA Funding	-15.0	-5.0	-10.0	-10.0
Government Grant	-9.5	-10.6	-26.6	-28.2
Other income	-0.3	-6.1	-2.2	-16.7
Total income	-24.8	-21.7	-38.8	-54.9
Net revenue expenditure	-6.1	4.6	-2.0	1.1
Use of reserves	6.1	-4.6	2.0	-1.1
Budget and Council Tax Requirement	0.0	0.0	0.0	0.0

- 7.7 It is anticipated that the MDC's expenditure will be fully covered by Government and GLA grant funding so there is a nil budget and council tax requirement in 2012-13 and future years.

New initiatives and service improvements

- 7.8 The MDC will be a new organisation and in the context of the transition from the Legacy Company will see a fundamental shift in its role in 2012-13 – from planning legacy and procuring partners for delivery, to delivering a substantial capital programme, mobilising Park and venue operators and managers and fulfilling new statutory planning functions. OPLC capital spending is set out in the Mayor's capital spending plan published separately. The impact of new initiatives in staffing terms is set out below.

New initiatives	2012-13 Posts (FTE)	2013-14 Posts (FTE)	2014-15 Posts (FTE)
Expansion of capital programme	11.0	-	-
Transfer of London Thames Gateway Development Corporation, ODA and OPLC staff	18.0	-	-
Operational mobilisation	-	2.0	-
Total new initiatives	29.0	2.0	0.0

Savings and efficiencies

- 7.9 The Legacy Company's primary focus for savings and efficiencies is on its staffing and corporate budgets. The MDC's staffing profile will reflect its changing role over time so at the same time as appointing new staff to undertake new functions, it will secure savings. The administration budget assumed as part of the DCLG grant funding settlement was on the expectation that staffing would be reduced by 15 posts over the period to 2014-15. The Legacy Company's current plans anticipate savings of 19 posts. These savings are set out below on a staffing numbers (FTE) basis.

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Savings and efficiencies	2012-13 Posts (FTE)	2013-14 Posts (FTE)	2014-15 Posts (FTE)
Reduction in programme funded set up staff	-5.0	-	-
Reduction in capital administration	-	-4.0	-16.0
Planning team efficiency savings	-	-	-2.0
Total savings and efficiencies	-5.0	4.0	-18.0

Olympic Stadium

- 7.10 The Legacy Company terminated negotiations on granting a lease for the Olympic Stadium to a consortium of West Ham United and the London Borough of Newham in October 2011.
- 7.11 A new process to find users for the Stadium was launched in December 2011 and is expected to be completed during 2012. The Stadium will now be retained as a public asset with guaranteed provision of athletics facilities in order to meet requirements of the 2017 World Athletics Championship. The Legacy Company will also seek leasehold sporting tenants, together with other occupiers and tenants. This ownership model is used successfully in other stadia across the UK and the rest of Europe and is also in keeping with the other venues on the Olympic Park and their management after the Games.
- 7.12 The precise financial implications of these changes will depend on the model adopted and the implications for conversion works to the Stadium. Provision has been made for a possible capital funding gap in the Legacy Company's capital plans. At the same time the legacy uses of the Stadium may generate an operating surplus and this will help to optimise the QEOP's long term commercial sustainability.

Equalities duties

- 7.13 For the Legacy Company as a landholder, developer, masterplanner, park manager, venue owner, events organiser and agent of the Mayor and Government, the equality duty means considering how different communities might benefit from and use the Park and the opportunities it creates over time. A full equalities assessment was undertaken as part of the development of the corporate plan and this will be reviewed and updated.

Environmental Impact

- 7.14 The Legacy Company has identified Environmental Sustainability as one of its priority themes and is developing its corporate sustainability policy and targets. These will have regard to the Mayor's environmental policies, which have already been embedded in procurement of key contracts such as estates and facilities management. The Mayor's strategies are also incorporated into the Sustainability Statement that forms an integral part of the Legacy Communities Scheme planning application. The QEOP will include substantial new areas of green space and habitat, a local combined heat and power plant and smaller-scale energy infrastructure including wind turbines and photovoltaics.

Section 7 – Olympic Park Legacy Company

- 7.15 Budget proposals include provision for work exploring the feasibility of waste-to-energy infrastructure and other site-wide infrastructure that will enable the legacy development to achieve high standards of environmental performance.

Reserves

- 7.16 The OPLC is forecast to hold £6.1m of reserves at 31 March 2012 of which £4.6m are expected to be applied in 2012-13. There is separate provision for programme and project contingency within the capital budget estimates. OPLC only holds earmarked reserves so the figures in the table below illustrate both the total and in year movements.

	Forecast 2011-12 £m	Budget 2012-13 £m	Plan 2013-14	Plan 2014-15
OPLC Reserves				
Opening balances	0.0	6.1	1.5	3.5
Transfers to/from:				
Earmarked reserves	6.1	-4.6	2.0	-1.1
Closing balances	6.1	1.5	3.5	2.4

Section 8 – GLA Group Future Years Funding

- 8.1 There are three principal sources of uncertainty regarding future years' budgets for the GLA Group: the announcement of a full set of outcomes from the Government's Spending Review for the period to 2014-15 for the GLA Group; the potential impact of the Local Government Resource Review; and the effect of the devolutionary changes introduced in the Localism Act 2011 on the GLA Group's finances.

Legislation

- 8.2 The Localism Act and the Police Reform & Social Responsibility Acts both received Royal Assent in autumn 2011. The following provisions in the Acts are relevant to the GLA Group:
- The abolition of the MPA and the creation of a new policing functional body – the Mayor's Office for Policing and Crime (MOPC);
 - The devolution of the Homes and Communities Agency's (HCA) London activities to the GLA;
 - The folding in of the LDA's functions to the GLA; and
 - The granting of a power to the Mayor to establish Mayoral Development Corporations (MDC) – the only MDC currently planned is an Olympic Park Legacy Corporation to succeed the Olympic Park Legacy Company (OPLC).

Local Government Finance Settlement for 2012-13

- 8.3 The provisional local government finance settlement for 2012-13 was published for consultation by the Government on 8 December 2011 and the final settlement – which was unchanged in respect of LFEPA and MOPC's general grant funding – was published on 31 January 2012. The announcement set out the general grant allocations for MOPC (DCLG formula grant and Home Office police grant) and LFEPA (DCLG formula grant) which were unchanged from the indicative allocations issued by the Government in January 2011 albeit that the GLA's £23.4million council tax freeze grant for 2011-12 was added to the 2012-13 formula grant baselines for LFEPA (£7m) and MOPC (£16.4m). The GLA's General Grant for 2012-13 was issued by CLG on 6 February 2012.
- 8.4 TfL has already received a confirmed four year settlement to 2014-15 with an additional £136m of grant announced in the 2011 autumn statement over 3 years to support a reduction in the planned fare increase for 2012 to RPI +0.6 per cent. Specific details on the 2012-13 grant funding position for the GLA and each functional body are set out in sections 2-7 of this document

Current Information on Funding Allocations Announced for the 2012-13 to 2014-15 Financial Years

- 8.5 The table on the following page gives the latest position on the status of the grant settlement information for the remainder of the current CSR period across the GLA Group. It confirms the primary components and sources of each functional body's funding from Central Government and what information has been issued so far for 2012-13 onwards.

Section 8 – GLA Group Future Years Funding

Information on Availability of Government Funding Settlement for the GLA and Each Functional Body Over the Remainder of CSR Period

Functional Body	Sources of Core Central Government Funding	2012-13	2013-14	2014-15
GLA	GLA general grant (DCLG)	Yes	Yes	Yes
MPA / MOPC	Police grant	Yes	Yes	Yes
	Specific grants (including counter-terrorism funding)	Partial	Not yet	Not yet
	Formula grant (DCLG)	Yes	Not yet	Not yet
LFEPa	Formula grant and specific grants (DCLG)	Yes	Not yet	Not yet
TfL	Transport grant (DfT)	Yes	Yes	Yes
Olympic Park Legacy Corporation	Via GLA General grant	Yes*	Yes*	Yes*

Local Government Resource Review and Local Government Finance Bill

- 8.6 The Government's Local Government Resource Review commenced in early 2011 and is considering fundamental changes to the formula grant system alongside mechanisms which could allow local authorities to retain part of the future growth in their business rates yield. The Government published its proposed scheme and a draft Local Government Finance Bill on 19 December. The Bill is passing through its legislative stages and is expected to receive Royal Assent by summer 2012.
- 8.7 The Government confirmed as part of its final proposals that it intends to roll in the revenue elements of the GLA's and LFEPa's (formula) general grant from the outset of the business rates retention scheme in April 2013. This means that the GLA and LFEPa will be able to benefit from the future growth in business rates revenues in the capital alongside the 32 London boroughs and the Corporation of London. The MOPC will continue to receive its funding on the same basis as at present until 2014-15.
- 8.8 To establish a fair starting point for Local Authorities the Government will use the 2012-13 formula grant shares for each authority as the basis for determining the baseline for the first year of the rate retention system but will apply a further adjustment to ensure that the profiled reductions in grant for 2014-15 for each sector (police, fire, local authorities and GLA) are secured. The Government will then apply a further adjustment to fund police grant and other initiatives (e.g. the New Homes Bonus) to determine each authority's 'locally retained share' of the business rates baseline.

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- 8.9 The Government will then compare each authority's baseline grant (including their formula grant plus their 2011-12 council tax freeze grant) with their locally retained business rates share. Authorities whose baseline grant exceeds their locally retained business rates share will be deemed 'top up' authorities and authorities whose business rates exceeds their grant will be tariff authorities. Tariff authorities will pay over the 'excess' business rates income (set in year 1) i.e. their 'tariff' to the Government who will then distribute this to the top up authorities to ensure that no authority loses out in the first year of the scheme.
- 8.10 Tariffs and top ups will be updated annually for RPI (in line with the increase in the NNDR multiplier) and adjusted to ensure that an authority's retained rates income is not affected by each five yearly revaluation. Tariff authorities have greater incentives within the system (and greater risks should rates revenues fall) whereas top up authorities have some certainty in that their top up will be increased by RPI each year. The GLA could be a tariff or top up authority depending on its share of growth – around one third of London boroughs are expected to be tariff authorities but the majority of boroughs as well as LFEPA are likely to be top ups
- 8.11 In practice the proposed system means local authorities will only benefit from additional rates revenues due to physical growth (e.g. new buildings) or agglomeration benefits (e.g. areas seeing collective increases in rental values between revaluations due to the wider economic benefits of new investment) – and any RPI uplift on that growth annually.
- 8.12 All physical growth in business rate revenues will therefore be retained locally, thereby creating an economic incentive for Local Authorities to grow their taxbase. However authorities experiencing substantial growth or high tariff authorities with greater potential for revenue growth would be subject to a levy on any 'disproportionate' growth. This levy will be used primarily to provide a safety net to protect authorities experiencing a sharp decline in business rates revenues.
- 8.13 The Government will discuss the proposed arrangements in the capital with the GLA and London boroughs before determining what share of future growth should be allocated to each tier i.e. each borough's and the GLA Group's locally retained business rates. The effect of this change is that GLA general grant would effectively be abolished – and both the GLA's and LFEPA's core revenue funding would come almost entirely from business rates revenues in London.
- 8.14 The Finance Bill also confirmed the Government's intention to permit tax increment financing schemes, its plan to localise council tax support (council tax benefit) from April 2013 and changes to the system of council tax discounts. The sections below address the specific funding position for each functional body over the CSR period and the potential impact of the changes to the council tax system.

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Mayor's Office for Policing and Crime

- 8.15 The Home Office's settlement in the 2010 Spending Review envisaged that police funding would decline by around 20 per cent in real terms (12 per cent in cash terms) between 2010-11 and 2014-15. However, the precise profiling of these reductions and the damping arrangements which will apply for the final two years are not yet known. The grant reductions for the MOPC presented in this consultation paper are in line with the expected profile but are indicative.
- 8.16 The Home Office has announced indicative police grant allocations for 2013-14 (£1,102m) and 2014-15 (£1,084m) but no figures have been provided for the formula grant element (£838m in 2012-13) from DCLG (which is primarily financed by business rates) or precise details on future specific grant funding. However, the Home Office has confirmed that the Neighbourhood Policing fund 'PCSO' grant (£101m) will end in 2013-14 and will be transferred into police grant. It therefore forms part of the indicative £1,102m police grant allocation for 2013-14.
- 8.17 The Government has confirmed that police authorities will operate outside the new business rates retention system. The Home Office has also indicated that there will be a fundamental review of police funding prior to the 2015-16 settlement which could result in policing being funded entirely via direct Home Office grant rather than being partly financed from business rates income through formula grant. It intends to consult on these new arrangements in due course.

London Fire and Emergency Planning Authority

- 8.18 LFEPA receives all of its core funding from DCLG either through formula grant (£252m in 2012-13) or the much smaller fire revenue specific grant. The 2010 Spending Review envisaged that funding via formula grant for fire authorities would decline by up to 25 per cent in real terms between 2010-11 and 2014-15. However, at this stage DCLG have not formally confirmed the fire formula grant control totals for 2013-14 and 2014-15 and they may be affected by a further tightening of the spending envelope and potential decisions about the transfer of the existing fire revenue specific grant (worth an estimated £7.7m to LFEPA in 2012-13) into formula grant.
- 8.19 LFEPA's formula grant was reduced by £8.5m (3.3 per cent) on a like for like basis in 2011-12 compared to 2010-11 but will increase by £0.4m (0.2 per cent) in 2012-13. The net impact is a reduction of around 3 per cent in cash terms over the two years. Data published by DCLG alongside the Local Government Resource Review consultation in August 2011 suggested a further 12.5 per cent reduction to be made by 2014-15 for fire authorities with around two thirds of this occurring in 2013-14.

Section 8 – GLA Group Future Years Funding

- 8.20 If this were the case LFEPA's grant reductions in the last two years of the settlement would be in the region of £20m in 2013-14 and £11m in 2014-15 on a like for like basis. The indicative figures included in this budget have regard to these forecasts but assume a higher decline in 2014-15 which would deliver a reduction over the entire four year CSR period in line with the average for English fire authorities. This analysis is predicated on the basis that the Government will apply these CSR control totals and the existing national formula grant system is retained for all fire authorities. However on 19 December the Government confirmed that LFEPA – along with other single purpose fire authorities – will form part of the new business rates retention system from April 2013. As a result the annual movement in LFEPA's grant income from 2013-14 onwards will be linked to the growth in business rates revenues in London rather than being determined through a national fire funding formula supported by a damping mechanism.
- 8.21 Precise details on how rates retention will impact on LFEPA's future funding – and those of other fire authorities - will be determined during 2012. The expectation is that the Government will seek to deliver the agreed CSR profile of grant reductions for fire authorities to 2014-15 irrespective of the structure of the business rates retention system. As this demonstrates, however, there is a significant degree of uncertainty therefore around LFEPA's actual level of grant funding for 2013-14 and 2014-15.

GLA General Grant and Residual LDA /New HCA Funding

- 8.22 Negotiations on the 2012-13 GLA settlement have now concluded and reflect the impact of the devolutionary changes introduced in the Localism Act. The Government issued the GLA's grant letter for 2012-13 on 6 February 2012 but the full impact of the settlement had not been assessed at the date the Mayor's statutory budget was published. As indicated above the Government has also confirmed that it intends to roll in the revenue elements of the GLA general grant from the outset of the business rates retention scheme in April 2013. Its locally retained share and tariff or top up status will be determined following consultation with DCLG, London Councils, London boroughs and the Common Council of the City of London.

Transport for London

- 8.23 TfL is the only functional body which has been awarded a four year settlement through to 2014-15. This was revised in November 2011 in the Autumn Statement when it was awarded an additional £136m in grant over three years to enable TfL to only increase fares by just above inflation - 5.6 per cent on average - rather than RPI +2 per cent which had been the original planning assumption for 2012.

Section 8 – GLA Group Future Years Funding

Council tax benefit localisation and Technical Reforms to Council Tax

- 8.24 In August 2010 the Government issued a consultation paper inviting on its plans to localise decision making on the award of council tax benefit (CTB). Its final proposals were published in December 2011 and are reflected in the Local Government Finance Bill.
- 8.25 A summary of the Government's proposed new arrangements for council tax support are set out below:
- Council tax benefit will be localised from April 2013. Government funding for council tax benefit will be reduced across England and Wales by around £480m or 10% (to £4.4billion per annum) from that date. This equates to an equivalent pro rata reduction of around £70m in London. There are over 800,000 households in London in receipt of council tax benefit. Of these over 500,000 are of working age – the majority of whom are in receipt of 100 per cent council tax benefit;
 - Rather than being funded on the basis of actual claims/caseloads via Department for Work and Pensions subsidy (i.e. demand led) as at present the Government will provide an unringfenced specific grant to each local administering authority (i.e. the 32 London boroughs and the Common Council in London) and preceptors (including the GLA) in proportion to their share of council tax;
 - The distribution arrangements for the grant will be determined by a separate consultation later in 2012. The Government could simply apply a 10 per cent cut to each authority's 2012-13 actual subsidy levels but may introduce a needs based formula which has regard both to existing claimant data and the relevant size of protected claimant groups (e.g. the number of pensioners) in each area;
 - Pensioner households will not be affected - and will continue to receive guaranteed council tax benefit on the same basis as at present. Subject to complying with equalities and related legislation London boroughs and the Corporation of London will - in principle - be able to determine their own local policies for other claimant groups. They will, however, be required to consult with the GLA and the Mayor (as a precepting authority) and other local stakeholders during summer/autumn 2012 before confirming their final schemes;
 - As the grant is unringfenced local authorities will be free to use any grant not allocated to council tax benefit claimants to support other services and/or reduce overall council tax levels. Boroughs will also be free – if they so wish – to offer a higher level of support than the grant they receive.

Section 8 – GLA Group Future Years Funding

- Billing authorities will be able to share the risks and costs associated with localising council tax with their precepting authorities - including the GLA Group in London through the existing arrangements for sharing collection fund surpluses or deficits. Such deficits might arise where council tax collection rates fall because a less generous CTB scheme is being offered or where a borough pays out more in benefit than it receives in CTB support grant (either due to its own policy decisions or because eligible claimant numbers rise significantly year on year).
- 8.26 The GLA Group's share of council tax in each London borough varies from only 9 per cent in the City of London to around 45 per cent in Wandsworth and Westminster with an average share of 21 percent across London as a whole. The effect of the changes – if implemented, will mean that the GLA will receive council tax support grant to offset the reduction in council tax income from the ending of the subsidy regime in proportion to its local tax share in each borough.
- 8.27 Based on current subsidy levels the GLA share of the new grant is estimated to be around £160m from 2013-14 – however the reduction in council tax income (as a result of the lower council taxbase in each borough due to the new treatment of council tax support as a discount) will be dependent on the local policies set by each billing authority and the resulting impact on council tax collection rates. This represents a significant risk to the GLA as it will share in any resulting shortfalls but will have no direct control over the policies set by the 33 London billing authorities. Pending confirmation of the precise details of the scheme and distribution of the grant no adjustment has been made to the assumed council tax requirements for 2013-14 and 2014-15 in this draft budget. The GLA will work closely with the 33 London billing authorities and London Councils in relation to the implementation of the new arrangements in the capital.
- 8.28 The Government has also consulted on technical reforms to council tax which will allow billing authorities – including London boroughs – greater flexibility in relation to the discounts and exemptions they offer in relation to second and empty homes. This may include allowing authorities to impose higher levels of council tax on long term empty homes – subject to protection being put in place for certain vulnerable groups. These change will also affect the council tax base and thus potentially the GLA's council tax requirement.

Future years' budget plans

- 8.29 As a result of the uncertainties outlined above, it is only feasible at this stage to present firm GLA Group budget plans for 2012-13 (and even then the grant levels are still not fully confirmed for the MOPC or the GLA at the date this draft budget was published).

Section 8 – GLA Group Future Years Funding

- 8.30 The Government has also indicated that it may revise the spending review control totals for 2013-14 and 2014-15 to reflect the impact of the 1 per cent public sector pay limit announced in the 2011 Autumn Statement. The budget plans shown for 2013-14 and 2014-15 are therefore indicative. The Chancellor also confirmed in the Autumn Statement that Government spending would be reduced by 0.9 per cent in both 2015-16 and 2016-17 albeit with greater protection provided for the NHS and schools.
- 8.31 Details of the indicative future year's budgets for the GLA and each functional body are set out in the relevant sections of this consultation document. As indicated above these do not – at this stage – address the potential impact of the Resource Review and council tax support changes.

Section 9 – Council Tax Precept and Component Budget Information

Consolidated budget requirement

- 9.1 The budget estimates set out in Sections 2 to 7 provide for a consolidated budget requirement for 2012-13 of **£3,159.9m** (£3,283.5m in 2011-12).

Budget requirements	2011-12 £m	2012-13 £m	2013-14 £m	2014-15 £m
Greater London Authority (Mayor of London and London Assembly)	155.1	172.9	155.3	158.8
Mayor's Office for Policing and Crime	2,713.0	2,601.2	2,613.2	2,579.5
London Fire and Emergency Planning Authority	409.4	379.8	387.4	363.4
Transport for London	6.0	6.0	6.0	6.0
London Development Agency	0.0	N/A	N/A	N/A
Olympic Park Legacy Company	N/A	0.0	0.0	0.0
Total	3,283.5	3,159.9	3,161.9	3107.7

General Government funding

- 9.2 General government grant funding through formula grant, Home Office police grant and GLA general grant is summarised below. These are the grants which have historically been deducted from the budget requirement to determine the council tax requirement. Following the making of the commencement order for the relevant parts of the Localism Act 2011 by Ministers these will be treated on the same basis as all other government grants for the purposes of local authority budget calculations. The table below is therefore presented for completeness. As explained it excludes all specific grants including the £3.3billion GLA transport grant payable to TfL in 2012-13 and counter terrorism, Olympic security and neighbourhood policing funding for MOPC.

General Government grants	2011-12 £m	2012-13 £m	2013-14 £m	2014-15 £m
Formula Grant (MPA)	897.8	854.6	842.6	831.4
Formula Grant (LFEPA)	251.7	259.1	235.9	212.7
Police Grant (MPA)	1,127.7	1,051.6	1,102.3	1,084.1
General GLA Grant (GLA)	63.4	49.8	46.1	44.4
Total	2,340.7	2,215.1	2,226.9	2,172.6

Note: Formula grant allocations for 2013-14 and 2014-15 are indicative estimates for planning purposes and have regard to the expected profile of reductions set out in the 2010 Spending Review.

- 9.3 The difference between the consolidated budget requirement and Government funding, after taking account of any surpluses on borough collection funds, represents the amount to be raised from Council Taxpayers by issuing precepts on the City and the London boroughs (i.e. the council tax requirement). The final budget reflects the impact of the actual taxbase and collection fund surplus data supplied by the 33 London billing authorities at the end of January 2012.

Section 9 – Council Tax Precept and Component Budget Information

Council Tax Requirement for police services

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

Council Tax for police services	2011-12 £m	2012-13 £m	2013-14 £m	2014-15 £m
MPA budget requirement	2,713.0	2,601.2	2,613.2	2,579.5
General Government funding	-2,025.5	-1,906.2	-1,944.9	-1,915.5
Amount for police services	687.5	695.0	668.3	664.0

- 9.5 This is equivalent to a band D Council Tax of **£228.10** for 2012-13 in the 32 London boroughs in respect of policing functions (£227.95 in 2011-12).

Council Tax Requirement for other services

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

Council Tax for other services	2011-12 £m	2012-13 £m	2013-14 £m	2014-15 £m
GLA, LFEPA, OPLC and TfL budget requirements	570.5	558.7	548.7	528.2
General Government funding	-315.2	-308.9	-282.0	-257.1
Share of borough net collection fund surplus	-8.0	-9.7	0.0	0.0
Amount for other services	247.3	240.1	266.7	271.1

Note: Figures for 2013-14 and 2014-15 are indicative estimates only.

- 9.7 This is equivalent to a band D Council Tax of **£78.62** for 2012-13 in the City and of London and represents the non police element of the precept paid by residents of a Band D property in the 32 London boroughs (£81.87 in 2011-12).

Funding analysis by Functional Body

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

Section 9 – Council Tax Precept and Component Budget Information

Budget Requirement

	Gross expenditure	Specific grants	Other income	Net expenditure	Reserves	Notional Budget requirement
	£m	£m	£m	£m	£m	£m
Mayor's Office for Policing and Crime	3,566.4	-649.2	-292.4	2,624.7	-23.5	2,601.2
Greater London Authority (Mayor and Assembly)	393.2	-76.6	-146.6	170.0	2.9	172.9
London Fire and Emergency Planning Authority	448.1	-10.9	-27.3	409.8	-30.0	379.8
Transport for London	10,040.0	-3,337.0	-6,945.0	-242.0	248.0	6.0
Olympic Park Legacy Company	26.3	-10.6	-11.1	4.6	-4.6	NIL
Total Other Services	10,907.6	-3,435.1	-7,130.0	342.4	216.3	558.7
Total GLA Group	14,474.0	-4,084.3	-7,422.4	2,967.1	192.8	3,159.9

Council Tax Requirement

	Budget requirement	Police Grant	General GLA Grant	Formula grant (RSG/NDR)	Council Tax Requirement	Band D Amount
	£m	£m	£m	£m	£m	£
Mayor's Office for Policing and Crime	2,601.2	-1,051.6	0.0	-854.6	695.0	228.10
Greater London Authority (Mayor and Assembly)	172.9	0.0	-49.8	0.0	123.1	40.30
London Fire and Emergency Planning Authority	379.8	0.0	0.0	-259.1	120.7	39.54
Transport for London	6.0	0.0	0.0	0.0	6.0	1.97
Olympic Park Legacy Company	NIL	0.0	0.0	0.0	0.0	0.0
Net Collection fund (surplus)/deficit	-9.7				-9.7	-3.19
Total Other Services	549.0	0.0	-49.8	-259.1	240.1	78.62
Total GLA Group	3,150.2	-1,051.6	-49.8	-1,113.7	935.1	306.72

2011-12 Council Tax: £309.82

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

Section 9 – Council Tax Precept and Component Budget Information

- 9.9 The resulting component council tax requirements for 2012-13 and indicative forecasts for 2013-14 and 2014-15 are set out in the table below.

Component council tax requirements	Approved 2011-12 £m	Proposed 2012-13 £m	Plan 2013-14 £m	Plan 2014-15 £m
GLA (Mayor of London and London Assembly)	91.6	123.1	109.3	114.4
Mayor's Office for Policing and Crime	687.5	695.0	668.3	664.0
London Fire and Emergency Planning Authority	157.7	120.7	151.5	150.7
Transport for London	6.0	6.0	6.0	6.0
London Development Agency	0	N/A	N/A	N/A
Olympic Park Legacy Company	N/A	0.0	0.0	0.0
Collection fund (surplus)/deficit	-8.0	-9.7	0.0	0.0
Consolidated council tax requirement	934.8	935.1	935.1	935.1

2012-13 Council tax levels

- 9.10 The total GLA precept has been reduced by £3.10 per Band D property. The change attributable to each constituent body is set out below:

Change in Band D amounts	2012-13	2011-12	Annual increase/ decrease	Weekly increase/ decrease
Metropolitan Police Authority	£228.10	£227.95	£0.15	1p
Greater London Authority	£40.30	£30.33	£9.97	+19p
London Fire and Emergency Planning Authority	£39.54	£52.20	-£12.66	-25p
Transport for London	£1.97	£1.99	-£0.02	0p
London Development Agency	N/A	£0.00	£0.00	0p
Olympic Park Legacy Company	£0.00	N/A	£0.00	0p
Collection fund surplus	-£3.19	-£2.65	-£0.54	-1p
Total Other Services	£78.62	£81.87	-£3.25	-6p
Total GLA Group	£306.72	£309.82	-£3.10	-6p

Section 9 – Council Tax Precept and Component Budget Information

9.11 The amounts of council tax for different valuation bands are shown below:

For London boroughs (excluding the City of London)

Band	2012-13	2011-12	Annual decrease	Weekly decrease
Band A	£204.48	£206.55	-£2.07	-4p
Band B	£238.56	£240.97	-£2.41	-5p
Band C	£272.64	£275.40	-£2.76	-5p
Band D	£306.72	£309.82	-£3.10	-6p
Band E	£374.88	£378.67	-£3.79	-7p
Band F	£443.04	£447.52	-£4.48	-9p
Band G	£511.20	£516.37	-£5.17	-10p
Band H	£613.44	£619.64	-£6.20	-12p

For the City of London

Band	2012-13	2011-12	Annual decrease	Weekly decrease
Band A	£52.41	£54.58	-£2.17	-4p
Band B	£61.15	£63.68	-£2.53	-5p
Band C	£69.88	£72.77	-£2.89	-6p
Band D	£78.62	£81.87	-£3.25	-6p
Band E	£96.09	£100.06	-£3.97	-8p
Band F	£113.56	£118.26	-£4.70	-9p
Band G	£131.03	£136.45	-£5.42	-10p
Band H	£157.24	£163.74	-£6.50	-13p

2012 Olympic and Paralympic Games

9.12 All of the above figures include the GLA's financial contribution to the Public Sector Funding Agreement and the band D amount remains at £20. There are no net additional amounts in the component budgets requirements from the MPA, LFEPA, TfL or LDA.

Olympics: each council tax band	Annual amount	Weekly amount	Weekly change
Band A	£13.33	26p	0p
Band B	£15.56	30p	0p
Band C	£17.78	34p	0p
Band D	£20.00	38p	0p
Band E	£24.44	47p	0p
Band F	£28.89	56p	0p
Band G	£33.33	64p	0p
Band H	£40.00	77p	0p

Section 9 – Council Tax Precept and Component Budget Information

Component Budget Calculations Under Sections 85 to 89 of the GLA Act

- 9.13 On the basis of the information set out in this document the Mayor's consolidated council tax requirement for the GLA and the functional bodies in 2012-13 is £935,088,089 . This is after applying the GLA's share of the net surplus on the collection funds of the 33 London billing authorities (£9,725,041) which falls within the component budget for the Mayor of London for the purpose of these statutory calculations under sections 85 to 88 of the GLA Act. This draft consolidated council tax requirement is made up as follows:

<i>Constituent body</i>	<i>Component council tax requirement</i>
Mayor of London	£110,716,402
London Assembly	£2,600,000
Mayor's Office for Policing and Crime	£695,056,775
London Fire and Emergency Planning Authority	£120,714,912
Transport for London	£6,000,000
Total Consolidated Council Tax Requirement	£935,088,089

- 9.14 The component budget calculations for 2012-13 are set out on the following pages. The OPLC is not a functional body of the GLA and its Budget is therefore not a component part of the GLA's Consolidated Budget for the purposes of sections 85 to 88 of the GLA Act. Its budget is provided for comparative purposes only as if it were a functional body at the date the 2012-13 budget was set but it does not form part of the statutory budget calculations for this financial year.

Section 9 – Council Tax Precept and Component Budget Information

Greater London Authority: Mayor of London (“Mayor”) final component budget

Line	Sum	Description
(1)	£374,822,873	estimated expenditure of the Mayor for the year calculated in accordance with s85(4)(a) of the GLA Act
(2)	£10,600,000	estimated allowance for contingencies for the Mayor under s85(4)(b) of the GLA Act
(3)	£2,946,343	estimated reserves to be raised for meeting future expenditure of the Mayor under s85(4)(c) of the GLA Act
(4)	-	estimate of reserves to meet a revenue account deficit of the Mayor under s85(4)(d) of the GLA Act
(5)	£388,369,216	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the Mayor (lines (1) + (2) + (3) + (4) above)
(6)	-£156,325,041	estimate of the Mayor’s income not in respect of government grant calculated in accordance with s85(5)(a) of the GLA Act including the GLA share of the collection fund surplus for the 33 London council tax billing authorities
(7)	-£76,627,773	estimate of the Mayor’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(8)	-£44,700,000	estimate of the Mayor’s income in respect of redistributed non domestic rates, revenue support grant, police grant and GLA general grant calculated in accordance with s85(5)(a) of the GLA Act
(9)	-	estimate of Mayor’s reserves to be used in meeting amounts in lines (1) and (2) above under s85(5)(b) of the GLA Act
(10)	-£277,652,814	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Mayor (lines (6) + (7) + (8) + (9))
(11)	£110,716,402	the component council tax requirement for the Mayor (being the amount by which the aggregate at (5) above exceeds the aggregate at (10) above calculated in accordance with section 85(6) of the GLA Act)

The final component council tax requirement for the Mayor for 2012-13 is £110,716,402

Section 9 – Council Tax Precept and Component Budget Information

Greater London Authority: London Assembly (“Assembly”) final component budget

Line	Sum	Description
(12)	£7,700,000	estimated expenditure of the Assembly for the year calculated in accordance with s85(4)(a) of the GLA Act
(13)	£0	estimated allowance for contingencies for the Assembly under s85(4)(b) of the GLA Act
(14)	£0	estimated reserves to be raised for meeting future expenditure of the Assembly under s85(4)(c) of the GLA Act
(15)	£0	estimate of reserves to meet a revenue account deficit of the Assembly under s85(4)(d) of the GLA Act
(16)	£7,700,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the Assembly (lines (12) + (13) + (14) + (15) above)
(17)	£0	estimate of the Assembly's income not in respect of government grant calculated in accordance with s85(5)(a) of the GLA Act
(18)	£0	estimate of the Assembly's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(19)	-£5,100,000	estimate of the Assembly's income in respect of redistributed non domestic rates, revenue support grant, police grant and GLA general grant calculated in accordance with s85(5)(a) of the GLA Act
(20)	£0	estimate of Assembly's reserves to be used in meeting amounts in lines (12) and (13) above under s85(5)(b) of the GLA Act
(21)	-£5,100,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Assembly (lines (17) + (18) + (19) + (20))
(22)	£2,600,000	the component council tax requirement for the Assembly (being the amount by which the aggregate at (16) above exceeds the aggregate at (21) above calculated in accordance with section 85(6) of the GLA Act)

The final component council tax requirement for the Assembly for 2012-13 is £2,600,000.

Section 9 – Council Tax Precept and Component Budget Information

Mayor's Office for Policing and Crime ("MOPC") final component budget

Line	Sum	Description
(23)	£3,566,350,227	estimated expenditure of the MOPC calculated in accordance with s85(4)(a) of the GLA Act
(24)	-	estimated allowance for contingencies for the MOPC under s85(4)(b) of the GLA Act
(25)	-	estimated reserves to be raised for meeting future expenditure of the MOPC under s85(4)(c) of the GLA Act
(26)	-	estimate of reserves to meet a revenue account deficit of the MOPC under s85(4)(d) of the GLA Act
(27)	£3,566,350,227	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the MOPC (lines (23) + (24) + (25) + (26) above)
(28)	-£292,400,000	estimate of the MOPC's income not in respect of government grant calculated in accordance with s85(5)(a) of the GLA Act
(29)	-£649,200,000	estimate of the MOPC's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(30)	-£1,906,152,452	estimate of the MOPC's income in respect of redistributed non domestic rates, revenue support grant, police grant and GLA general grant calculated in accordance with s85(5)(a) of the GLA Act
(31)	-£23,541,000	estimate of MOPC's reserves to be used in meeting amounts in lines (23) and (24) above under s85(5)(b) of the GLA Act
(32)	-£2,871,293,452	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the MOPC (lines (28) + (29) + (30) + (31))
(33)	£695,056,775	the component council tax requirement for MOPC (being the amount by which the aggregate at (27) above exceeds the aggregate at (32) above calculated in accordance with section 85(6) of the GLA Act)

**The final component council tax requirement for the MOPC for 2012-13 is
£695,056,775**

Section 9 – Council Tax Precept and Component Budget Information

London Fire and Emergency Planning Authority (“LFEPA”) final component budget

Line	Sum	Description
(34)	£448,100,000	estimated expenditure of LFEPA for the year calculated in accordance with s85(4)(a) of the GLA Act
(35)	£0	Estimated allowance for contingencies for LFEPA under s85(4)(b) of the GLA Act
(36)	£0	estimated reserves to be raised for meeting future expenditure of LFEPA under s85(4)(c) of the GLA Act
(37)	£0	estimate of reserves to meet a revenue account deficit of LFEPA under s85(4)(d) of the GLA Act
(38)	£448,100,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for LFEPA (lines (34) + (35) + (36) + (37) above)
(39)	-£27,400,000	estimate of LFEPA’s income not in respect of government grant calculated in accordance with s85(5)(a) of the GLA Act
(40)	-£10,900,000	estimate of LFEPA’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(41)	-£259,085,088	estimate of LFEPA’s income in respect of redistributed non domestic rates, revenue support grant, police grant and GLA general grant calculated in accordance with s85(5)(a) of the GLA Act
(42)	-£30,000,000	estimate of LFEPA’s reserves to be used in meeting amounts in lines (34) and (35) above under s85(5)(b) of the GLA Act
(43)	-£327,385,088	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LFEPA (lines (39) + (40) + (41) + (42) above)
(44)	£120,714,912	the component council tax requirement for LFEPA (being the amount by which the aggregate at (38) above exceeds the aggregate at (43) above calculated in accordance with section 85(6) of the GLA Act)

The final component council tax requirement for LFEPA for 2012-13 is £120,714,912.

Section 9 – Council Tax Precept and Component Budget Information

Transport for London (“TfL”) final component budget

Line	Sum	Description
(45)	£10,040,000,000	estimated expenditure of TfL for the year calculated in accordance with s85(4)(a) of the GLA Act
(46)	£0	estimated allowance for contingencies for TfL under s85(4)(b) of the GLA Act
(47)	£248,000,000	estimated reserves to be raised for meeting future expenditure of TfL under s85(4)(c) of the GLA Act
(48)	£0	estimate of reserves to meet a revenue account deficit of TfL under s85(4)(d) of the GLA Act
(49)	£10,288,000,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the TfL (lines (45) + (46) + (47) + (48) above)
(50)	-£6,945,000,000	estimate of TfL’s income not in respect of government grant calculated in accordance with s85(5)(a) of the GLA Act
(51)	-£3,337,000,000	estimate of TfL’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(52)	£0	estimate of TfL’s income in respect of redistributed non domestic rates, revenue support grant, police grant and GLA general grant calculated in accordance with s85(5)(a) of the GLA Act
(53)	£0	estimate of TfL’s reserves to be used in meeting amounts in lines (45) and (46) above under s85(5)(b) of the GLA Act
(54)	-£10,282,000,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for TfL (lines (50) + (51) + (52) + (53) above)
(55)	£6,000,000	the component council tax requirement for TfL (being the amount by which the aggregate at (49) above exceeds the aggregate at (54) above calculated in accordance with section 85(6) of the GLA Act)

The final component council tax requirement for TfL for 2012-13 is £6,000,000.

Section 9 – Council Tax Precept and Component Budget Information

Greater London Authority (“GLA”) final consolidated council tax requirement calculation incorporating the component council tax requirements for the Greater London Authority (Mayor), Greater London Authority (Assembly), the Mayor’s Office for Policing and Crime (MOPC), the London Fire and Emergency Planning Authority and Transport for London

Line		Description
(55)	£935,088,089	the sum of the component council tax requirements for the GLA (Mayor and Assembly) (the sum of the amounts in lines (11) + (22) + (33) + (44) + (55) calculated in accordance with section 85(8) of the GLA Act

The final statutory consolidated council tax requirement for the GLA for 2012-13 is **£935,088,089**.

Section 9 – Council Tax Precept and Component Budget Information

The notional component council tax requirement calculation for OPLC – were it to be a functional body of the GLA under the GLA Act at the date of the 2012-13 Budget was approved – is set out below for comparative purposes only. In April 2012 it is anticipated that the OPLC will be redesignated as a Mayoral Development Corporation to be known as the London Legacy Development Corporation (and will therefore formally become part of the GLA Group for statutory budget setting purposes).

Olympic Park Legacy Company (“OPLC”) notional final component budget

Line	Sum	Description
(56)	£26,300,000	estimated expenditure of OPLC for the year calculated in accordance with s85(4)(a) of the GLA Act
(57)	£0	estimated allowance for contingencies for OPLC under s85(4)(b) of the GLA Act
(58)	£0	estimated reserves to be raised for meeting future expenditure of OPLC under s85(4)(c) of the GLA Act
(59)	£0	estimate of reserves to meet a revenue account deficit of OPLC under s85(4)(d) of the GLA Act
(60)	£26,300,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the OPLC (lines (56) + (57) + (58) + (59) above)
(61)	-£11,100,000	estimate of the OPLC’s income not in respect of government grant calculated in accordance with s85(5)(a) of the GLA Act
(62)	-£10,600,000	estimate of the OPLC’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(63)	£0	estimate of the OPLC’s income in respect of redistributed non domestic rates, revenue support grant, police grant and GLA general grant calculated in accordance with s85(5)(a) of the GLA Act
(64)	-£4,600,000	estimate of OPLC’s reserves to be used in meeting amounts in lines (56) and (57) above under s85(5)(b) of the GLA Act
(65)	-£26,300,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for OPLC (lines (61) + (62) + (63) + (64) above)
(66)	£0	the component council tax requirement for OPLC (being the amount by which the aggregate at (41) above exceeds the aggregate at (44) above calculated in accordance with section 85(6) of the GLA Act)

The notional final component council tax requirement for the OPLC for 2012-13 is £0.

Section 9 – Council Tax Precept and Component Budget Information

Summary of final consolidated budget for 2012-13 (Statutory Calculation excluding Olympic Park Legacy Company)

£	GLA: Mayor	GLA: Assembly	MOPC	LFEPA	TfL	Total
Estimated expenditure	£374,822,873	£7,700,000	£3,566,350,227	£448,100,000	£10,040,000,000	£14,436,973,100
Estimated allowance for contingencies	£10,600,000	-	-	-	-	£10,600,000
Estimated reserves to be raised for meeting future expenditure	£2,946,343	-	-	-	-	£2,946,343
Estimate of reserves to meet a revenue account deficit	-	-	-	-	£248,000,000	£248,000,000
Estimated total expenditure	£388,369,216	£7,700,000	£3,566,350,227	£448,100,000	£10,288,000,000	£14,698,519,443
Estimate of income not in respect of government grant (including the net collection fund surplus for the Mayor)	-£156,325,041	-	-£292,400,000	-£27,400,000	-£6,945,000,000	-£7,421,125,041
Estimate of special & specific government grant income	-£76,627,773	-	-£649,200,000	-£10,900,000	-£3,337,000,000	-£4,073,727,773
Estimate of redistributed non-domestic rates, revenue support grant, police grant or general GLA grant income	-£44,700,000	-£5,100,000	-£1,906,152,452	-£259,085,088	-	-£2,215,037,540
Estimate of reserves to be used	-	-	-£23,541,000	-£30,000,000	-	-£53,541,000
Estimated total income	-£277,652,814	-£5,100,000	-£2,871,293,452	-£327,385,088	-£10,282,000,000	-£13,763,431,354
Council tax requirement	£110,716,402	£2,600,000	£695,056,775	£120,714,912	£6,000,000	£935,088,089

Section 9 – Council Tax Precept and Component Budget Information

Aggregate GLA Group budget for 2012-13 including OPLC (for illustrative purposes)

£	GLA: Mayor	GLA: Assembly	MOPC	LFEPA	TfL	OPLC	Total
Estimated expenditure	£374,822,873	£7,700,000	£3,566,350,227	£448,100,000	£10,040,000,000	£26,300,000	£14,463,273,100
Estimated allowance for contingencies	£10,600,000	-	-	-	-	-	£10,600,000
Estimated reserves to be raised for meeting future expenditure	£2,946,343	-	-	-	-	-	£2,946,343
Estimate of reserves to meet a revenue account deficit	-	-	-	-	£248,000,000	-	£248,000,000
Estimated total expenditure	£388,369,216	£7,700,000	£3,566,350,227	£448,100,000	£10,288,000,000	£26,300,000	£14,724,819,443
Estimate of income not in respect of government grant (including the collection fund surplus)	-£156,325,041	-	-£292,400,000	-£27,400,000	-£6,945,000,000	-£11,100,000	-£7,432,225,041
Estimate of special & specific government grant income	-£76,627,773	-	-£649,200,000	-£10,900,000	-£3,337,000,000	-£10,600,000	-£4,084,327,773
Estimate of redistributed non-domestic rates, revenue support grant, police grant or general GLA grant income	-£44,700,000	-£5,100,000	-£1,906,152,452	-£259,085,088	-	-	-£2,215,037,540
Estimate of reserves to be used	-	-	-£23,541,000	-£30,000,000	-	-£4,600,000	-£58,141,000
Estimated total income	-£277,652,814	-£5,100,000	-£2,871,293,452	-£327,385,088	-£10,282,000,000	-£26,300,000	-£13,789,731,354
Council tax requirement	£110,716,402	£2,600,000	£695,056,775	£120,714,912	£6,000,000	-	£935,088,089

Appendix A: 2012 Olympic and Paralympic Games and Legacy

2012 OLYMPIC AND PARALYMPIC GAMES AND LEGACY

This separate Appendix is included for the 2012-13 consolidated budget only and sets out the activities which the GLA and each functional body are undertaking in relation to the 2012 Olympic and Paralympic Games and its legacy.

GREATER LONDON AUTHORITY: MAYOR OF LONDON

The Mayor's role with respect to the London 2012 Games is split broadly into three categories of work: supervising the overall Games programme, and in particular ensuring that his obligations under the Host City Contract are met; co-ordinating London's City Operations programme; and co-ordinating a range of work in different fields to secure the best possible legacy and benefits from the Games for London. This work is co-ordinated by the GLA's London 2012 Directorate. The following elements of this work have particular implications for the budget and resources of the GLA.

Council tax precept

The Mayor has committed to raise up to £625m from London Council Taxpayers as a contribution to a public sector funding package for the 2012 Olympic Games and Paralympic Games. The Mayor's component budget includes the estimated sum of £60.4m to be raised in 2012-13 (before any increase due to the GLA taxbase).

The present forecast, based on a continuing marginal increase in the Council Tax base is that £625m would be raised by a Band D amount of £20 for 10 years and approximately £8 in year 11 in 2016-17. It is estimated that the Olympic precept will be applied as follows in 2012-13:

Application of the Games precept	2012-13 Estimate £m
Look & Feel - a programme outside of the venues to create the best possible Games experience for everyone including athletes, spectators, visitors and Londoners.	13.8
Borough grant funding - for boroughs' additional expenditure related to the operational arrangements for staging the games	15.1
GLA Olympic Programmes - comprising the establishment and running of a non-accredited media centre; accessibility improvements to the South Bank; the London Ambassadors Programme to train 8,000 Londoners to assist London during Games time; and borough programme assurance.	7.0
Olympic Delivery Authority - contribution to the ODA's budget for developing and building the new venues and infrastructure for the Games	25.1
Total Olympic precept income	61.0

City Operations

The Mayor is driving the City Operations programme for London, which seeks both to co-ordinate public services in London during the Games and to extend an outstanding Games experience out of the London 2012 venues and across the rest of the capital. Many of the programmes described in the table above – under the headings of the Look & Feel programme, borough grant funding and other GLA Olympic programmes – are part of the wider City Operations programme. Other initiatives include the Live Sites programme and a range of cultural events, performances, guided walks and information services designed to offer Londoners and visitors the richest possible experience in summer 2012.

East London Legacy

The Mayor's London Plan states that "to deliver fundamental economic, social and environmental change within east London, and to close the deprivation gap between the Olympic host boroughs, and the rest of London...will be London's single most important regeneration project for the next 25 years". The ambition to close the deprivation gap between the Olympic host boroughs and the rest of London is known as 'convergence', and the London Plan further commits that "the GLA and its functional bodies will take account of this ambition in the development and implementation of all strategies, plans and business plans".

The Mayor plans to make a contribution of £5.0m in 2012-13 towards the running costs of what will by then be the Mayoral Development Corporation. This is expenditure that the LDA was committed to incurring as grant funding for OPLC in 2012-13 towards legacy development had it continued in existence. This expenditure is included under 'Former HCA/LDA Activities' in the GLA service/directorate analysis table in section 2.

The Mayor's component budget also makes provision for the costs of financing outstanding LDA Olympic debt of £349m which will transfer to the GLA on 1 April 2012. A total of £15.0m is included for 2012-13 and £57.0m over the period to 2014-15. There is also provision for estimated expenditure of £33.8m in 2012-13 in the Mayor's Capital Spending Plan for liabilities transferring from the LDA for compulsory purchase order obligations relating to the Olympic land assembly programme. It is estimated that total costs will be £68.8m over the period to 2014-15 for the CPO cases remaining to be settled.

The Mayor has also granted a total of £3.25m to the Legacy Company/MDC over years 2011-12 and 2012-13 to complete the Olympic Fringe public realm improvements programme which was begun by the LDA. This is reflected in the GLA's draft capital spending plan.

Employment and Skills

In July 2011, the Mayor transferred to the GLA from the LDA a programme of work focused on capturing the employment and skills benefits of the Games for London. This programme delivers £14m (£6.8m in 2012-13) of investment through to the end of 2013-14, and is aimed at ensuring that Londoners – and particularly workless Londoners – have the skills and opportunity to take advantage of job opportunities associated with the preparation, delivery and legacy of the London 2012 Games, and are assisted into long-term sustained employment once Games-related roles have come to an end. They are delivered under contract by three core delivery partners.

Appendix A: 2012 Olympic and Paralympic Games and Legacy

In addition to the above, the GLA plans to spend an estimated £1.9m next year on work associated with the London 2012 Olympic and Paralympic Games to ensure that, in preparing for the Games, the Mayor's strategies and priorities are delivered to create lasting benefits for communities and businesses both in east London and right across the capital.

MAYOR'S OFFICE FOR POLICING AND CRIME

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

The Metropolitan Police is playing a leading role in delivering a safe, secure and resilient operation to support the London 2012 Olympic and Paralympic Games, with an Assistant Commissioner performing the role of National Olympic Security Coordinator (NOSC). Working with the Home Office Olympic Security Directorate (OSD), other police forces, partner agencies and the community, the NOSC and the MPS are delivering projects commissioned through the Olympic Safety and Security Plan (OSSP). The Games will require the UK's largest ever peacetime safety and security operation – and the Metropolitan Police has been planning for several years, drawing on the experiences of previous host countries and its own considerable event policing experience to ensure that it keeps London safe.

The MPS will ensure that it continues to police the rest of London effectively during Games time and focus on core policing business, in addition to Olympic-related demand. The national Olympic Intelligence Centre (OIC) will work closely with the National Olympic Co-ordination Centre (NOCC), established in New Scotland Yard, to ensure that the NOSC and senior partners have the latest intelligence, and can respond to threats to the security of the Games. An expanded Met Intelligence Bureau (MIB) will provide the same service specifically for London, and feed issues into the OIC.

The Metropolitan Police is mindful of the need to ensure value for money, not just in terms of overall levels of resourcing but also during its procurement of Olympic related goods and services and developing, designing and delivery of additional facilities.

The MPS is addressing legacy in two ways. The first surrounds the geographic legacy of the Olympic Park with the ambition to create a safe, low crime neighbourhood with high social cohesion and engagement with the police. It will continue to work with the Olympic Park Legacy Company which holds responsibility for post-Games development including regeneration and opportunities for the new and emerging local community. The second part of the Olympic Legacy surrounds organisational learning from delivering a safe and secure Games, which will be coordinated by the OPLC.

Estimated total Metropolitan Police Service costs on Olympic-related security and activities between 2010-11 and 2012-13 are estimated at £195.0m with revenue costs amounting to £171 m and capital costs of around £24.0m. Around £107m of this is due to be incurred in 2012-13.

Appendix A: 2012 Olympic and Paralympic Games and Legacy

The Metropolitan Police's business plan includes the following activities for 2012-13:

- Design and implement the National Olympic Security Co-ordination pan agency led by the MPS in the office of the National Olympic Security Co-ordinator;
- Ensure effective MPS engagement and representation within the Olympic Safety and Security programme (OSSP) during the planning stages for the Games through the Olympic Policing Co-ordination team;
- Implement a strategy and plans for the policing of London in Games time that ensures a safe and secure, and cost-effective, Olympics;
- Ensure the MPS is able to resource the Olympic plan effectively with sufficient staff including specialists as required, without undue impact on core policing business;
- Deliver the MPS Thames Gateway Programme, including capitalising on the geographic legacy of the Olympic Park; and
- Maximise organisational learning from delivering a safe and secure Games.

Indicative expenditure between 2010-11 and 2013-13 broken down between revenue and capital is as follows:

MOPC Revenue Costs	2010-11 Actual £m	2011-12 Forecast £m	2012-13 £m
Police officer pay	12.9	20.1	21.1
Police staff pay	5.4	7.7	8.2
Police officer overtime	0.6	1.2	24.8
Employee related expenditure	1.4	3.7	6.4
Total pay and overtime	20.3	32.7	60.5
Premises costs	0.5	0.6	6.7
Transport costs	0.5	1.1	14.9
Supplies and services	1.7	7.2	24.6
Total Running expenses	2.7	8.9	46.2
Total	23.0	41.6	106.7

MOPC Capital Costs	2010-11 Actual £m	2011-12 Forecast £m	2012-13 £m
IT	12.6	7.4	-
Buildings	2.7	0.4	0.2
Vehicles/Transport	0.2	0.2	-
Total	15.5	8.0	0.2

Note that the above figures represent the best estimate of the London 2012 Olympic and Paralympic Games expenditure by the MPA. The MPA will continue to develop its plans up to and through the Games period.

LONDON FIRE AND EMERGENCY PLANNING AUTHORITY

The London Fire Brigade has a vital role in ensuring delivery of a safe and secure Olympic and Paralympic Games in 2012. LFEPA's specific grant for the Olympics for 2011-12 and 2012-13 will be £3.6m of which £1.4m is scheduled to be spent in 2011-12 and £2.2m in 2012-13. This is a reduction of £0.8m from the funding required in the business case submitted to DCLG. LFEPA has tailored its plans to ensure it achieves its Olympic objectives within this reduced funding envelope.

TRANSPORT FOR LONDON

Transport planning for the London 2012 Olympic and Paralympic Games is now in its advanced stages. TfL's aim is to support a spectacular event while keeping London moving. Following some £6.5bn of investment, new transport infrastructure serving Stratford, the Olympic Park and London as a whole is either already complete, or will open by early 2012, delivering a substantial transport legacy.

The Docklands Light Railway (DLR) extension to Stratford International, in the heart of the Olympic Park, opened in August 2011 and work on the east route between Custom House and Beckton is also complete, enabling three-car trains to serve ExCeL London (an important Games venue). Both support the regeneration of important development sites along the route. Within London, TfL is delivering the Olympic Route Network (ORN) and Paralympic Route Network (PRN), the network of roads that connect competition venues along which athletes, officials, media and those working for the Games travel. This includes traffic infrastructure, enforcement regimes, control of roadworks and vehicle removal services.

The Metropolitan Police Service (MPS) Safer Transport Command (STC), which TfL funds, will provide key on-street enforcement and compliance activity on the ORN and PRN, to ensure smooth access between venues. British Transport Police and STC resources will be deployed to key transport hubs, and initiatives are under way to reduce crime and disorder further and to tackle opportunist criminal activity in the lead up to and throughout the Games. TfL will also be preparing the road network for certain events, such as the marathons and road cycling.

The aim is for 100 per cent of spectators to get to the Games by public transport, walking or cycling. To help achieve this, TfL is enhancing greenway routes for cyclists and pedestrians, linking the Olympic Park and River Zone venues. 'Legible London', a wayfinding information system, is being rolled out across the Olympic Park and other Olympic and Paralympic venues. The bus network will also have extra capacity on key routes.

In addition, in order to manage the background demand for travel during the Games, TfL is working to influence people's behaviour by providing travel advice to business, marketing and communications, and travel information. All of these will contribute to a behavioural legacy of sustainable transport from which future generations will benefit.

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

Appendix A: 2012 Olympic and Paralympic Games and Legacy

TfL will shortly publish an Olympic and Paralympic Transport Legacy Action Plan describing both the long-term benefits of Games-time operational initiatives, and the additional infrastructure improvements which – building on the investment made in the lead-up to 2012 – will support continued regeneration in growth in east London after the Games.

The schemes are split into two parts:

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

Pre-existing TfL-funded Schemes	2011-12 £m	2012-13 £m
East London Line extension	-	-
Extensions/improvements in capacity on DLR	1	-
Improvements to the A13	24	-
Total	25	-

Additional ODA/LOCOG-funded Schemes	2011-12 £m	2012-13 £m
North London Railway signalling and infrastructure works	14	-
Conversion of North London Line to DLR operation	4	-
DLR additional railcars	-	-
DLR East Route infrastructure	-	-
DLR West Route signalling	-	-
Stratford Regional upgrade	1	-
Enhancement of London Cycle network	-	-
Enhancement of walking routes	1	-
Olympic Route Network junctions and carriageways	18	30
Piers infrastructure	2	-
Total	40	30

OLYMPIC PARK LEGACY COMPANY (OPLC)

The OPLC's primary function is manage and develop the Olympic Park after the Games. Its activities in relation to the Games are addressed in its budgetary information presented within sections 7 (revenue). These sections also describe the Mayor's plans to re-form OPLC as a Mayoral Development Corporation, with enhanced powers and a wider boundary.

Other formats and languages

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Chinese

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Hindi

यदि आप इस दस्तावेज की प्रति अपनी
भाषा में चाहते हैं, तो कृपया निम्नलिखित
नंबर पर फोन करें अथवा नीचे दिये गये
पते पर संपर्क करें

Vietnamese

Nếu bạn muốn có văn bản tài liệu
này bằng ngôn ngữ của mình, hãy
liên hệ theo số điện thoại hoặc địa
chỉ dưới đây.

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি
(কপি) চান, তা হলে নীচের ফোন নম্বরে
বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος
εγγράφου στη δική σας γλώσσα, παρακαλείστε να
επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυ-
δρομικά στην παρακάτω διεύθυνση.

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں
چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر
پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Turkish

Bu belgenin kendi dilinizde
hazırlanmış bir nüshasını
edinmek için, lütfen aşağıdaki
telefon numarasını arayınız
veya adrese başvurunuz.

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى
الاتصال برقم الهاتف أو مراسلة العنوان
أدناه

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ
ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫੋਨ ਕਰੋ ਜਾਂ ਹੇਠ
ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં
જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર
ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

