

March 2015

The Greater London Authority Consolidated Budget and Component Budgets for 2015-16



MAYOR OF LONDON

**Greater London Authority
March 2015**

Published by
Greater London Authority
City Hall
The Queen's Walk
More London
London SE1 2AA

www.london.gov.uk
enquiries 020 7983 4100
minicom 020 7983 4458

	Page
Section 1 - Introduction and Overview	2
Section 2 - Greater London Authority (GLA): Mayor of London	8
Section 3 - GLA: London Assembly	20
Section 4 - Mayor's Office for Policing and Crime (MOPAC)	23
Section 5 - London Fire and Emergency Planning Authority (LFEPA).....	28
Section 6 - Transport for London (TfL)	34
Section 7 - London Legacy Development Corporation (LLDC).....	41
Section 8 – Government Grant, Council Tax and Retained Business Rates Forecasts	47
Section 9 – Statutory component and consolidated budgets 2015-16.....	56
Greater London Authority: Mayor of London component	67
Greater London Authority: London Assembly component.....	68
Mayor's Office for Policing and Crime.....	69
London Fire and Emergency Planning Authority	70
Transport for London.....	71
London Legacy Development Corporation	72
Statutory Consolidated Council Tax Requirement	73
Summary of Consolidated Statutory Budget Calculations by Functional Body	74

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

If you have access to the Internet, we would recommend that you visit <http://www.london.gov.uk/mayor-assembly/gla/spending-money-wisely/budget-expenditure-charges> to obtain an electronic copy of the report. If you do wish to print it, please use recycled paper

Section 1 – Introduction

Introduction

- 1.1 The Greater London Authority (GLA) is the strategic authority for London and supports the Mayor and the London Assembly in delivering their respective responsibilities and functions. The GLA's four functional bodies are its principal delivery arms: the Mayor's Office for Policing and Crime (MOPAC; overseeing the work of the Metropolitan Police Service - MPS); the London Fire and Emergency Planning Authority (LFEPA); Transport for London (TfL); and the London Legacy Development Corporation (LLDC). This document sets out the Mayor's approved revenue budget for 2015-16 for the GLA, London Assembly and each functional body.
- 1.2 This section sets out a summary of the key deliverables in the Budget, a summary of the overall proposals and the structure of the rest of the Document.

Key deliverables

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

Section 1 – Introduction

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

Overall Gross Revenue Expenditure of the GLA Group

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

Total Gross Revenue and Capital Expenditure	2014-15 ³ £m	2015-16 £m	Change £m	Change %
Revenue:				
GLA Mayor ¹	434.9	393.8	-41.1	-9%
GLA Assembly	7.6	7.6	0.0	0%
Mayor's Office for Policing and Crime (MOPAC)	3,254.9	3,166.6	-88.3	-3%
London Fire and Emergency Planning Authority (LFEPA)	428.2	423.7	-4.5	-1%
Transport for London (TfL)	6,752.3	7,066.1	313.8	5%
London Legacy Development Corporation (LLDC)	44.4	37.3	-7.1	-16%
Total Revenue (GLA Group Services)	10,922.3	11,095.1	172.8	2%
Add business rates retention tariff payment to DCLG to support local government services outside London	349.0	355.7	6.7	2%
Total Revenue (including tariff payment)	11,271.3	11,450.8	179.5	2%

Notes

1. GLA revenue expenditure for 2015-16 includes funding applied to support LLDC of £23.3m and any collection fund surplus or deficit adjustments for council tax and retained business rates
2. GLA capital expenditure includes contributions to TfL for Crossrail and the Northern Line extension.
3. Revenue figures for 2014-15 are the revised budgets and the capital figures are the forecast outturn.
4. Figures are the gross expenditure for statutory purposes and do not adjust for intra group transfers.

- 1.5 The overall increase in revenue expenditure is, after allowing for savings and efficiencies, made in response to changes in Government funding across the group offset by additional expenditure on the operation of the transport network by TfL.
- 1.6 After allowing for fares, charges, other income and use of reserves, budgeted **gross revenue expenditure of £11,450.8 million for 2015-16** (including rates retention tariff payments of £355.7m) translates into **net expenditure to be financed from government grants, retained business rates and the council tax precept of £5,027.0 million.**

Section 1 – Introduction

Capital Programme

- 1.7 The GLA's Capital Programme is set to increase from a revised budget of £5,584.6 million in 2014-15 original capital plan to £5,256.4 million in 2015-16. The net decrease in the Group's capital expenditure reflects primarily the tailing off of the GLA's contribution to the Crossrail project and the phasing of the development of Queen Elizabeth Olympic Park offset by additional investment in transport infrastructure by TfL. The capital programme is set out in more detail in the Mayor's capital spending plan for 2015-16 which has been published separately on the Mayor's budget homepage: <http://www.london.gov.uk/mayor-assembly/gla/spending-money-wisely/budget-expenditure-charges/the-mayors-budget-for-2015-16>.

Council Tax Precept

- 1.8 The GLA's precept is the amount of council tax the Mayor has to raise from London's 33 billing authorities (the 32 London boroughs and the Common Council of the City of London) to balance the GLA Group's revenue expenditure, after allowing for revenue grants from the Government and retained business rates.
- 1.9 **The Mayor has approved a reduction in the Band D precept** paid by residents of the 32 London Boroughs from £299.00 to **£295.00 – a decrease of £4.00 or 1.3 per cent**. The 2016-17 indicative budget assumes a further £19 reduction to £276, which equates to a 10 per cent reduction in the precept over the Mayor's second term. This forecast 2016-17 precept includes an element of £12 arising from the GLA's contribution to the cost of the Olympics of £625 million now being secure. The proposed 2015-16 precept for the Common Council of the City of London which is outside the Metropolitan Police district is £86.13 – an increase of £1.65 or 1.95 per cent compared to 2014-15. More detailed information about the precept and its calculation are included in Appendix G.
- 1.10 The consolidated council tax requirement (i.e. total forecast council tax precept income) for 2015-16 is **£800.7 million**. Details of the component council tax requirements for each member of the GLA Group for 2015-16, and planned figures for 2016-17, are set out below. The principal reason for the planned decrease in the Mayor's requirement in 2016-17 arises from the planned £19 reduction in the precept in that year.

Component council tax requirements	Approved 2014-15 £m	Proposed 2015-16 £m	Plan 2016-17 £m
GLA (Mayor)	73.8	92.7	41.3
GLA (Assembly)	2.5	2.6	2.6
MOPAC	564.2	566.5	566.5
LFEPA	138.2	138.2	138.2
TfL	6.0	6.0	6.0
LLDC	0.0	0.0	0.0
Net Billing authority Collection fund surpluses	2.2	-5.3	-5.6
Consolidated council tax requirement	786.9	800.7	749.0

Section 1 – Introduction

- 1.11 The final budget reflects the impact of the council taxbase and retained business rates forecasts for 2015-16 as well as the collection fund surplus in respect of council tax and collection fund deficit in retained business rates submitted by the 33 London billing authorities at the end of January.
- 1.12 The council taxbase has increased by around 3 per cent compared to 2014-15 and the collection fund surplus in respect of council tax is £30.96 million. The forecast surplus in respect of council tax is double the figure used in last year's budget which itself was the largest surplus declared since the creation of the GLA by some margin. The forecast collection fund deficit for retained business rates at the end of 2014-15 is £25.63 million. The forecast gross income from billing authorities is £1,391.9 million which after deducting the fixed tariff payment of £355.7 million and an estimated levy on growth of £9.2 million payable to the Secretary of State results in retained rates income of £1,036.2 million. This figure includes an estimated £39.5 million in section 31 grant income in relation to the funding provided for the costs of the 2 per cent cap on the NNDR multiplier in 2015-16 and the additional discretionary rate reliefs announced in the 2014 Autumn Statement.
- 1.13 Forecast Council Tax precept income (the 'consolidated council tax requirement') and the other sources of finance for 2015-16 including government grants and fare revenues are summarised below:

	£m	Per cent
Spending plans	11,450.8	100%
<i>Less:</i>		
Fares and traffic income	4,667.1	41%
Home Office Police General and Formula Grant	1,794.2	16%
Other general income	1,341.1	12%
Retained Business Rates and related section 31 grants	1,044.7	9%
GLA Transport Grant (general element)	675.0	6%
Home Office Specific Grants	480.6	4%
Business rates income used to fund tariff payment to DCLG	355.7	3%
Revenue support grant	173.7	2%
Use of Reserves	59.8	1%
Other Specific Government Grants	52.9	0%
Net Billing authority Collection fund surplus for council tax	31.0	0%
Net Billing authority Collection fund deficit for retained rates	-25.6	0%
Consolidated Council tax requirement for GLA Group	800.7	7%

Section 1 – Introduction

Rates Retention and Revenue Support Grant

- 1.14 Section 9 sets out a summary and detailed breakdown of the revenue expenditure, Government grants and retained rates allocations made by the Mayor. Section 8 summarises the technical assumptions underpinning the planned funding allocations.

Equalities

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

Further information

- 1.16 This document reflects the statutory budget plans approved by the Mayor and Assembly under sections 85 to 89 of the GLA Act 1999 on 23 February 2015. Subject to remaining within the agreed council tax requirements, the GLA and functional bodies may revise their budget and therefore their published budget or business planning documentation issued subsequently may differ from the figures presented here. The financing requirements and the Mayor's allocation of revenue support grant, retained business rates and council tax requirements to the GLA and functional bodies are however fixed.
- 1.17 Further information on the budget 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 8 sets out the future years funding position for the GLA and each functional body in respect of government grant, retained business rates and other sources. Section 9 sets out the consolidated budget and council tax requirements as approved in line with statutory requirements. Please note that figures in the tables throughout the document may not sum exactly due to rounding.
- 1.18 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/mayor-assembly/gla/spending-money-wisely/budget-expenditure-charges/the-mayors-budget-for-2015-16>.

Section 1 – Introduction

1.19 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 either email GLAbudget@london.gov.uk or contact the following individuals directly:

Doug Wilson (for GLA)..... e-mail: doug.wilson@london.gov.uk
Martin Mitchell (for MOPAC, LFEPA & TfL)..... e-mail: martin.mitchell@london.gov.uk
Ray Smith (for LLDC) e-mail: ray.smith@london.gov.uk

Section 2 – Greater London Authority Mayor of London

Introduction

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

Key deliverables

- 2.3 The major GLA programmes supporting the Mayor's ambitions for 2015-16 and beyond are, as follows:
- through the Mayor's Regeneration Fund and a focus on London's high streets, local economies will be strengthened;
 - increase the supply of affordable homes, delivering 100,000 over two Mayoral terms, and identify new and better approaches to increasing housing supply;
 - give talented young Londoners the opportunity to contribute to London's success by creating 250,000 apprenticeships by 2016;
 - drive up standards in London's schools, boosting attainment and giving every child the platform they need to succeed;
 - retrofit more of London's homes and public workplaces, saving carbon and cutting bills;
 - make London greener and cleaner by supporting the planting and management of the capital's trees and the improvement of green spaces identified in the All London Green Grid – the capital's green infrastructure;
 - launching Licence Life – the granting of a junior electricity supply licence by OFGEM to enable the GLA to become an operational licenced energy supplier;
 - work to continue to improve London's air quality through developing plans for the Ultra Low Emission Zone and through the Mayor's Air Quality Fund;
 - work with stakeholders to deliver more local energy generation projects for a lower cost, more secure and lower carbon energy supply for London;

Section 2 – Greater London Authority Mayor of London

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

Gross revenue expenditure

- 2.4 The Mayor's budgeted gross revenue expenditure for the GLA in 2015-16 is £749.5 million. After netting off the forecast £355.7 million tariff payment payable to DCLG in respect of business rates retention the **gross revenue expenditure on GLA services is approved by the Mayor to be £393.8 million in 2015-16** – £41.1 million or 10 per cent lower than 2014-15.

Net revenue expenditure and council tax requirement

- 2.5 After deducting fees, charges, investment income, business rate supplement revenues for Crossrail, and use of election and general reserves, **net expenditure for 2015-16 for the Mayor is budgeted at £229.4 million**. After deducting income from government grants, retained business rates, and the collection fund surplus forecast for council tax offset by the retained business rates forecast deficit **the council tax requirement for the Mayor is proposed as £87.3 million**.

Summary of GLA budget

- 2.6 The tables overleaf summarises the GLA Budget at an objective and subjective level.

Section 2 – Greater London Authority Mayor of London

Explanation of budget changes

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

Changes in the proposed council tax requirement for the GLA (Mayor) component budget	£m
2014-15 council tax requirement	76.0
<i>Changes due to:</i>	
Inflation	0.0
Savings	-6.5
Efficiencies	-1.7
New initiatives and service improvements	3.5
Change in use of reserves	-26.2
Change in government grants	23.5
Change in retained business rates	20.8
Other changes	-2.1
2015-16 statutory council tax requirement	87.3

Inflation

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

Savings and efficiencies

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

Section 2 – Greater London Authority Mayor of London

Mayor - Objective analysis

GLA Service/directorate analysis	Revised budget 2014-15 £m	Forecast Outturn 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Directorate Expenditure				
Development, Enterprise & Environment	31.6	20.3	15.4	10.6
External Affairs	6.4	6.6	6.4	6.2
Communities & Intelligence	38.2	34.9	22.1	26.2
Housing & Land	25.9	23.0	21.3	21.0
Resources	35.4	33.3	14.0	24.9
Corporate Management Team	1.1	1.1	1.1	1.1
Mayor's Office	4.2	4.2	4.2	4.2
Elections	0.8	0.6	6.5	10.5
Sub-total Directorate expenditure	143.6	124.0	91.0	104.7
Olympic Funding Agreement	61.0	61.0	61.0	27.4
London Waste & Recycling Board	1.5	1.5	0.0	0.0
Museum of London	7.6	7.6	7.6	7.6
London and Partners	11.7	11.7	11.7	10.7
LLDC	46.6	46.6	23.3	20.7
Contingency	4.5	4.5	4.5	3.7
Net service expenditure	276.5	256.9	199.1	174.8
Financing costs – Crossrail	121.0	121.0	118.1	115.3
Financing costs and MRP – non Crossrail	19.4	17.5	17.2	17.5
Business rates retention tariff payment	349.0	349.0	355.7	364.0
Business rates retention levy payment	4.5	4.5	9.0	13.8
Total net expenditure	770.4	748.9	699.1	685.4
Income				
Crossrail Business Rate Supplement	121.0	121.0	118.1	115.3
Business rates income to fund tariff to CLG	349.0	349.0	355.7	364.0
Interest receipts	2.2	5.2	10.4	12.0
Net revenue expenditure	298.2	273.7	215.0	194.1
Transfer to/(from) reserves	-87.8	-63.2	14.4	-40.6
Mayor's Financing requirement	210.5	210.5	229.4	153.5
Council tax freeze specific grants	9.4	9.4	9.5	0.0
Other specific grants	18.0	18.0	5.1	4.6
Retained business rates	57.0	57.0	80.4	101.3
Revenue support grant	52.3	52.3	41.7	6.3
Basic Council tax requirement	73.8	73.8	92.7	41.3
Collection fund surplus council tax	-15.1	-15.1	-31.0	-5.6
Collection fund deficit retained rates	17.3	17.3	25.6	0.0
Statutory Council tax requirement	76.0	76.0	87.3	35.7

Section 2 – Greater London Authority Mayor of London

	Revised Budget 2014-15	Forecast Outturn 2014-15	Budget 2015-16	Plan 2016-17
	£m	£m	£m	£m
Subjective analysis				
Staff costs	37.1	39.9	35.5	35.8
Premises costs	18.0	17.1	16.2	15.8
Supplies and services	106.6	83.7	94.2	58.7
Transfer payments to third parties:				
Olympic funding agreement	61.0	61.0	61.0	27.4
London Waste and Recycling Board	1.5	1.5	0.0	0.0
Museum of London	7.6	7.6	7.6	7.6
London and Partners	11.7	11.7	11.7	10.7
LLDC	46.6	46.6	23.3	20.7
Capital financing costs:				
Capital financing costs Crossrail	121.0	121.0	118.1	115.3
Capital financing costs Non Crossrail	7.4	7.0	7.0	7.0
Minimum revenue provision	11.9	11.9	10.2	10.5
Business rates retention tariff and forecast levy payment	353.5	353.5	364.7	377.8
Total revenue expenditure	783.9	762.5	749.5	687.3
Sales fees and charges	0.6	0.5	1.0	1.1
Rental income	2.1	2.4	0.8	0.8
Crossrail Business rate supplement	121.0	121.0	118.1	115.3
Interest receivable	2.2	5.2	10.4	12.0
Business rates income applied to fund tariff	349.0	349.0	355.7	364.0
Other income	10.8	10.8	48.3	0.0
Total income	485.7	488.9	534.5	493.2
Net cost of services	298.2	273.7	215.0	194.1
Transfer to/from reserves	-87.8	-63.2	14.4	-40.6
Financing requirement	210.5	210.5	229.4	153.5
Council tax freeze Specific grants	9.4	9.4	9.5	0.0
Other specific grants	18.0	18.0	5.1	4.6
Retained business rates	57.0	57.0	80.4	101.3
Revenue support grant	52.3	52.3	41.7	6.3
Basic Council tax requirement	73.8	73.8	92.7	41.3
Collection fund surplus Council tax	-15.1	-15.1	-31.0	-5.6
Collection fund surplus Retained rates	17.3	17.3	25.6	0.0
Statutory council tax requirement	76.0	76.0	87.3	35.7

Section 2 – Greater London Authority Mayor of London

New initiatives and service improvements

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

Change in use of reserves

- 2.11 The Budget includes a net change in use of reserves of £26.2 million arising primarily from the phased application of sums received in the multi-year London Settlement and planned movements in the Mayor's Resilience Reserve which supports group wide budget pressures and manages risks in relation to council tax and retained rates income.

Change in Government Grants (Revenue Support and Specific Grants)

- 2.12 The GLA will be allocated approximately £56.2 million in government grants in 2015-16 by the Mayor – a reduction of £23.5 million compared to 2014-15.

- 2.13 The largest element of the GLA's government funding is general revenue support grant of £41.7 million which is around £10.6 million lower in cash terms than the Mayor's revised budget allocation of £52.3 million for 2014-15. However, on a like for like basis the effective reduction is actually £21.0 million once the impact of the baselining of the 2014-15 council tax freeze grant into revenue support grant is taken into account. This reduction reflects the impact of the protection being provided to LFEPA which is primarily delivered in 2015-16 through a reallocation of revenue support grant from the GLA.

- 2.14 The GLA is also due to receive an estimated £9.5 million in 2015-16 from the council tax freeze grant. The receipt of this grant is conditional on the Mayor's precept for the 32 London boroughs being the same as or lower than the corresponding Band D figure for 2014-15 – which is the case. In addition, the GLA is due to receive £5.1 million in ring fenced specific grants – a reduction of £12.9 million compared to 2014-15. This reduction primarily reflects the phasing of Department for Education funding to support school improvement.

Change in Rates Retention Funding

- 2.15 The Mayor is proposing that the GLA will receive £80.4 million in funding via rates retention – and the Assembly £2.0 million. However, of the GLA allocation £25.6 million will be used to finance the forecast collection fund deficit for retained rates for 2014-15 as estimated by billing authorities and reflected in the budget tables. This adjustment reflects the Mayor's decision to manage upsides and downsides in rates retention income centrally in order to maintain certainty in funding for functional bodies.
- 2.16 The effective sum allocated to the GLA for its core services through rates retention is therefore £31.9million. The rates retention funding assumptions and how the volatility in business rates income is managed is set out in more detail in Appendix H.

Section 2 – Greater London Authority Mayor of London

Other adjustments

- 2.17 The approved budget incorporates other adjustments of £2.1 million which reflect revised capital financing costs, interest receipts, collection fund adjustments and other minor changes.

Crossrail Business Rate Supplement and Contribution to Construction Costs

- 2.18 The GLA's revenue budget for 2015-16 includes £118.1 million of capital financing costs associated with the borrowing which has been undertaken to finance the GLA's £4.1 billion contribution to Crossrail. This is financed by a 2p business rates supplement (BRS) on non-domestic properties with a rateable value above £55,000.
- 2.19 Due to the successful borrowing strategy adopted, the GLA has needed to borrow some £150 million less for Crossrail than previously planned. In addition, the average interest rate paid for the borrowing is some 2.4 per cent lower than anticipated, leading to a saving to business ratepayers of just less than £2 billion over the life of the BRS. Subject to the profile of future BRS receipts this saving should allow the GLA's debt to be repaid earlier than previously envisaged.
- 2.20 The final policies for the Crossrail Business Rate Supplement for 2015-16 were confirmed by the Mayor on 30 January and are unchanged from those applying in 2014-15.
- 2.21 The total contribution by the GLA towards the cost of Crossrail in 2015-16 is forecast to be £9 million – as reflected in its capital spending plan and in line with the proposed phasing set out in the Crossrail BRS prospectus. This is financed entirely via BRS revenues being used as a direct revenue contribution towards the Crossrail construction costs. All BRS revenues not used to fund the direct contribution will be applied for debt financing costs and repayment of the GLA's borrowing. Section 8 contains a memorandum illustrating how the forecast income from the BRS of £224 million each year is expected to be applied in 2015-16 and 2016-17 through the ring fenced BRS account.

Contribution to Crossrail from Mayor's Community Infrastructure Levy

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

Section 2 – Greater London Authority Mayor of London

Contributions to Northern Line Extension

- 2.23 The Mayor estimates that £152.7 million will be contributed to finance the cost of the Northern Line Extension to Battersea by the GLA in 2015-16, followed by a further £200.6 million in 2016-17. This is reflected in the Mayor's final capital spending plan. The balance of costs up to the maximum anticipated contribution of around £1 billion is planned to be incurred in later years. Subject to certain conditions being finalised, including the secondary legislation to establish an Enterprise Zone, the GLA intends to finance the bulk of the NLE by borrowing from the European Investment Bank and issuing an index-linked bond.

Contributions to London Legacy Development Corporation

- 2.24 The Mayor's budget will contribute £23.3 million from GLA resources to the LLDC to fund its activities in 2015-16.

Olympic precept

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

Business Rates Retention Tariff and Levy Payments

- 2.27 Under the business rates retention system the GLA is required to make a fixed tariff payment to the Department for Communities and Local Government which is uprated annually. This budget assumes that the tariff payment will increase by 2 per cent or £7 million from £349 million in 2014-15 to £355.7 million in 2015-16 in line with the NNDR multiplier cap announced in the 2014 Autumn Statement. The assumed increase for 2016-17 is 2.3 per cent with the forecast tariff for that year being £364.0 million – although that will be subject to confirmation depending on the September 2015 RPI and any multiplier caps applied by the Government. This assumption will be reviewed in the Mayor's Budget Guidance in the summer.
- 2.28 Under the business rates retention system the GLA is required to pay 27 per cent of any real terms growth secured as a levy payment to the Secretary of State. Based on the forecasts assumed in this Budget it is estimated that the levy payment for 2015-16 will be approximately £9.0 million. These figures reflect the forecasts supplied by the 33 billing authorities at the end of January 2015.

Section 2 – Greater London Authority Mayor of London

London Enterprise Panel (LEP)

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

New Homes Bonus Pooled Funding for 2015-16

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

Old Oak and Park Royal

- 2.33 The High Speed 2 (HS2) and Crossrail station at Old Oak Common provide the impetus for a once in a lifetime regeneration opportunity in that part of West London. The Mayor has decided to establish a Mayoral Development Corporation (MDC) to become the local planning authority for the area, with the ability to raise a Community Infrastructure Levy, and regeneration powers for the area. He undertook a statutory consultation during the Summer of 2015 on the corporation's powers and boundary. The Mayor presented his final proposals to the Assembly on 17 December, 2014.

Section 2 – Greater London Authority Mayor of London

- 2.34 Following consideration of consultation responses, and the Assembly's views, he subsequently decided to designate the area as a mayoral development area and to establish the Old Oak and Park Royal Development Corporation (OPDC), and formally notified the Secretary of State. This MDC will ensure all the benefits of High Speed 2 (HS2) and Crossrail are captured and maximised to deliver much needed jobs and homes in London. In accordance with the legislation the Secretary of State has laid a statutory instrument before Parliament which will create the OPDC on 1 April 2015. A statutory instrument conferring planning functions on it is expected to be laid shortly.
- 2.35 The OPDC will be a new functional body within the GLA Group. As the OPDC will not be established before 1 April 2015, for the purposes of consulting on, and finalising, the Mayor's budget the MDC's proposed expenditure for 2015-16 is included within the GLA's budget. The GLA's 2015-16 budget includes seed-funding for this new functional body. Future years' budgets will treat the OPDC as a full functional body of the GLA.

London Resilience Team

- 2.36 The London Resilience Team transferred from the GLA to LFEPA in early 2015 with a corresponding in year transfer of resources made in respect of the remainder of 2014-15. From 2015-16 onwards GLA's budget has been reduced for the full year effect of this transfer and additional resources of £0.4 million in this and future years over will be reallocated to LFEPA. This will be funded via a reallocation of revenue support grant between the two authorities combined with a small increase in LFEPA's council tax requirement. This uplift to the council tax requirement accounts for the difference of £0.1 million compared to the transfer cost assumed in the draft budget.

Apprenticeships

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

Equalities

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

Section 2 – Greater London Authority Mayor of London

- 2.39 Progress is reported annually in the Mayor's Annual Equality Report, which demonstrates the GLA's compliance with section 149 of the Equalities Act 2010.

Environmental impact

- 2.40 The Mayor's budget takes into account the targets he has set to improve London's environment, including a 60% CO₂ reduction on 1990 levels by 2025, halving transport related NO_x emissions in central London by 2020, reducing those living in areas exceeding the EU limit values for NO₂ by 70 per cent and increasing tree cover by 5% by 2025. His single environment strategy (covering air quality, energy, climate change mitigation and adaptation, noise, biodiversity, water and waste issues), together with the complimentary policies in the London Plan, provides the framework on which the GLA considers the environmental impacts of its activities to ensure investment in regenerating London and supporting its economy is undertaken sustainably.
- 2.41 The GLA will continue to invest in a suite of strategic programmes to improve its environmental performance such as the RE:NEW programme being sufficiently resourced with funding from the European Investment Bank ELENA facility. In addition, the funding arrangements for the successor decentralised energy programme – Energy for London (EfL) – aim to become increasingly self-financing with ERDF contributions and increasingly EfL generated revenues.

Reserves

- 2.42 At 31 March 2014 the GLA's net general reserves balance is expected to total £4.9 million. This balance is forecast to remain constant through to the end of 2016-17. In addition, it is forecast that the GLA will hold £239.2 million of earmarked reserves at 31 March 2015 which are expected to reduce to £213.0 million by March 2017. This reflects the remaining drawdown of the funding provided through the London Settlement along with transfers to and from the Elections Reserve and the Mayor's Resilience Reserve.
- 2.43 Following the introduction of the new local government finance system in April 2013 the Mayor established a resilience reserve to manage upside and downside risks relating to retained business rates and council tax. This reserve is also used to manage the implementation of the Mayor's precept reduction, council taxbase buoyancy, retained business rates surpluses or deficits and the application of general revenue streams provided to the Mayor such as council tax freeze grants. The resilience reserve has been updated to reflect the impact of the confirmed council taxbase and retained rates income forecasts for 2015-16 and the collection fund surplus or deficit forecasts in respect of 2014-15 received from the 33 London billing authorities at the end of January.

Section 2 – Greater London Authority Mayor of London

Movement in GLA reserves during financial year	Outturn 2013-14 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Opening balances	290.1	307.3	244.1	258.5
Transfers to/from:				
Earmarked reserves	17.2	-63.2	14.4	-40.6
General reserves	0.0	0.0	0.0	0.0
Closing balances	307.3	244.1	258.5	217.9

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

Total GLA reserves at end of financial year	Outturn 2013-14 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Earmarked reserves	302.4	239.2	253.6	213.0
General reserves	4.9	4.9	4.9	4.9
Total	307.3	244.1	258.5	217.9

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

Determination of council tax requirement for Mayor and Assembly

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

2.47 Using the methodology adopted in earlier years £4.6 million (£2.1 million via rates retention and £2.5 million via revenue support grant) of the notional former GLA general grant payable for 2015-16 is attributable to the London Assembly.

Section 3 – Greater London Authority: London Assembly

Introduction

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

Key deliverables

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

Gross revenue expenditure and Council Tax Requirement

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

Section 3 – Greater London Authority: London Assembly

Assembly - Objective analysis

Service analysis	Budget	Forecast	Budget	Budget
	2014-15	outturn	2015-16	Plan
	£m	2014-15	£m	2016-17
		£m	£m	£m
Assembly Members	1.8	1.8	1.8	1.8
Member Services	2.1	2.1	2.1	2.1
Scrutiny & Investigations	1.2	1.2	1.5	1.5
Committee Services	0.5	0.5	0.5	0.5
External Relations	0.3	0.3	0.0	0.0
Director/Business Support	0.3	0.3	0.2	0.2
London TravelWatch	1.0	1.0	1.1	1.1
Net revenue expenditure	7.2	7.2	7.2	7.2
Financed by:				
Retained business rates	2.1	2.1	2.1	2.1
Revenue support grant	2.6	2.6	2.5	2.5
Council tax requirement	2.5	2.5	2.6	2.6

Assembly - Subjective analysis

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

Section 3 – Greater London Authority: London Assembly

Explanation of budget changes

- 3.5 An analysis of the year on year movement in council tax requirements is set out below. An explanation of each change is detailed in the paragraphs below.

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

Inflation

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

Savings and efficiencies

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

Changes in Government Grants and Retained Business Rates

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

Equalities

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

Environmental impact

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

Reserves

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

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

Introduction

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

Key deliverables

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

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

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

Gross revenue expenditure

- 4.6 **Gross revenue expenditure by MOPAC is to be reduced by £88.3 million to £3,166.6 million in 2015-16** compared to the revised budget for 2014-15.

Net revenue expenditure and council tax requirement

- 4.7 After deducing other income from fees and charges and the planned use of reserves **MOPAC’s approved net expenditure for 2015-16 before the application of government grants and council tax is £2,841.3 million. The Mayor’s approved council tax requirement for MOPAC is £566.5 million.** The Mayor’s proposed revenue budget for MOPAC is summarised in the table below on an objective basis.

MOPAC - Objective analysis

Objective analysis	Revised Budget 2014-15 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Business Groups:				
Territorial Policing			1,173.5	1,172.3
Specialist Crime and Operations			665.3	664.9
Specialist Operations			255.2	255.2
Met HQ			463.2	397.9
Support Services			162.5	141.9
Total Business Groups			2,719.7	2,632.2
Centrally held items for MOPAC and MPS ¹			54.3	140.5
Discretionary Pensions Costs			36.9	36.9
Capital financing costs			50.5	50.0
Interest receipts			-0.8	-0.8
Total corporate budgets			140.9	226.6
Mayor’s Office for Policing and Crime			44.3	44.3
Savings to be identified			0.0	-189.6
Net revenue expenditure	2,990.6	2,995.0	2,904.9	2,713.5
Transfers to/from reserves	-57.5	-59.8	-63.6	2.3
Net financing requirement	2,933.1	2,935.2	2,841.3	2,715.8
Specific Grants – Council Tax Support	119.7	119.7	119.7	113.0
Specific Grants – Other	365.2	367.3	360.9	347.6
Home Office Police Grant	1,101.1	1,101.1	1,040.1	981.0
Home Office Formula Grant	782.9	782.9	754.1	707.7
Council tax requirement	564.2	564.2	566.5	566.5

1. The allocation of ‘Centrally held items for MOPAC and MPS’ is to be determined by the Deputy Mayor for Policing following a re-assessment of the capital programme

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

4.8 The proposed revenue budget for MOPAC by subjective analysis is summarised below:

MOPAC - Subjective analysis

Subjective analysis	Revised Budget 2014-15 £m	Forecast Outturn 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Total pay and overtime	2,501.1	2,514.8	2,450.7	2,518.9
Total running expenses	656.2	659.0	628.5	551.7
Capital financing costs	59.7	52.4	50.5	50.0
Total expenditure	3,217.0	3,226.2	3,129.7	3,120.6
Income				
Interest Receipts	-0.0	-0.0	-0.8	-0.8
Other Income	-264.3	-266.8	-260.9	-253.6
Total income	-264.3	-266.8	-261.7	-254.4
Discretionary pension costs	37.9	35.6	36.9	36.9
Savings to be identified	0.0	0.0	0.0	-189.6
Net expenditure	2,990.6	2,995.0	2,904.9	2,713.5
Transfers to/from reserves	-57.5	-59.8	-63.6	2.3
Net financing requirement	2,933.1	2,935.2	2,841.3	2,715.8
Specific Grants – Council Tax Support	119.7	119.7	119.7	113.0
Specific Grants – Other	365.2	367.3	360.9	347.6
Home Office Police Grant	1,101.1	1,101.1	1,040.1	981.0
Home Office Formula Grant	782.9	782.9	754.1	707.7
Council tax requirement	564.2	564.2	566.5	566.5

Explanation of budget changes

4.9 An analysis of the year on year movement in the Mayor’s approved council tax requirement for MOPAC is set out below and an explanation of each change is provided in the paragraphs that follow. The table compares the revised budget for 2014-15 with the proposed 2015-16 budget.

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

Changes in the MOPAC’s council tax requirement	£m
2014-15 council tax requirement	564.2
<i>Changes due to:</i>	
Inflation	48.0
Savings	-100.5
Efficiencies	-105.6
New initiatives and net change in existing services	70.0
Changes in Government grants	89.4
Change in use of reserves	3.0
Other adjustments	-2.0
2015-16 council tax requirement	566.5

Inflation

4.11 The Budget includes a provision for inflation of £48.0 million.

Savings and efficiencies

4.12 The Budget incorporates planned savings of £100.5m and efficiencies of £105.6m. These include reductions in pay budgets, a decrease in central resilience budgets and reductions in supplies and services.

New initiatives and net change in existing services

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

Change in use of reserves

4.14 MOPAC’s change in use of reserves in 2015-16 will be £3.0 million after allowing for the additional resources provided through the Mayor’s precept.

Other adjustments

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

Changes in Government grants

4.16 The Mayor is forecasting that MOPAC will see a net reduction in Government Grants of £89.4 million in 2015-16 compared to its original 2014-15 Budget. This primarily relates to the reductions in general Home Office police and formula grant and is based on the latest forecast assumed levels of specific grant income payable to MOPAC.

4.17 Further details on the MOPAC general grant allocation set out in the Police Grant approved by the House of Commons on 10 February are set out in Appendix H. The final draft budget has been updated to reflect the impact of the approved policing settlement although the changes to general grant funding are not material.

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

Equalities

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

Environmental impact

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

Reserves

- 4.20 At 31 March 2015 the Mayor forecasts that MOPAC’s general reserves balance will total £23.5 million. This balance is forecast to be maintained as at 31 March 2016. If the unallocated emergency contingency earmarked reserve is included this figure increases to £46.6 million.
- 4.21 In addition, it is estimated that MOPAC will hold £319.9 million of earmarked reserves at 31 March 2015 which are then forecast to fall to £258.6 million by 31 March 2017. Excluding the earmarked contingency reserve the earmarked reserve balance would be £235.5 million at 31 March 2017.

Movement in reserves During Financial Year	Outturn 2013-14 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Opening balances	321.9	403.4	343.4	279.8
Transfers to/from:				
Earmarked reserves	81.5	-60.0	-63.6	2.3
General reserves	0.0	0.0	0.0	0.0
Closing balances	403.4	343.4	279.8	282.1

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

Total MOPAC reserves at end of financial year	Outturn 2013-14 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Earmarked reserves	379.9	319.9	256.3	258.6
General reserves	23.5	23.5	23.5	23.5
Total	403.4	343.4	279.8	282.1

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

Introduction

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

Key deliverables

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

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

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

Gross revenue expenditure

- 5.4 **Gross revenue expenditure by LFEPA is** to be reduced by some £4.5 million to **£423.7 million in 2015-16** compared to the revised budget for 2014-15 of £428.2 million.

Net revenue expenditure and council tax requirement

- 5.5 After deducting fees, charges, and other income and use of reserves from LFEPA's gross revenue expenditure of £423.7 million, the Mayor's approved **net expenditure for 2015-16 will be £391.4 million. The Mayor's approved council tax requirement for LFEPA is £138.2 million.**
- 5.6 The Mayor's proposed revenue budget for LFEPA is set out in the tables below on an objective and subjective basis.

LFEPA – Objective Analysis

Objective Analysis	Revised Budget 2014-15 £m	Forecast Outturn 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Community safety	33.6	33.0	32.6	33.5
Fire fighting and rescue	331.1	333.9	327.1	335.9
Fire-fighter pensions	22.0	21.5	21.9	22.5
Emergency planning	0.8	0.8	0.8	0.8
Central services	0.4	0.4	0.4	0.4
London Resilience Team	0.0	0.0	0.3	0.3
Identified savings to be allocated	0.0	0.0	-3.2	-6.0
Savings to be identified	0.0	0.0	0.0	-11.2
Net service expenditure	388.0	389.7	379.9	376.2
Capital financing costs	10.6	10.5	12.1	15.7
External interest receipts	-0.5	-0.3	-0.5	-0.5
Net revenue expenditure	398.1	399.8	391.5	391.4
Transfer to/(from) general reserves	0.4	-1.3	-0.1	0.0
Financing requirement	398.5	398.5	391.4	391.4
Financed by:				
Specific grants	9.3	9.3	9.1	9.1
Revenue support grant	138.8	138.8	129.4	126.7
Retained Business Rates	112.2	112.2	114.7	117.4
Council tax requirement	138.2	138.2	138.2	138.2

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

LFEPA - Subjective analysis

Subjective analysis	Revised Budget 2014-15 £m	Forecast 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
Operational staff	247.9	243.5	243.7	250.3
Other staff	48.7	48.6	48.3	48.3
Employee related	22.8	23.0	23.0	23.0
Pensions	21.7	21.2	21.6	22.2
Premises	30.3	30.3	31.6	33.8
Transport	20.0	19.5	17.2	17.8
Supplies and services	23.6	23.5	24.4	25.4
Third party payments	1.6	1.6	1.6	1.6
Identified savings to be allocated	0.0	0.0	-3.2	-6.0
Savings to be identified	0.0	0.0	0.0	-11.2
Capital financing costs	10.6	10.5	12.1	15.7
London Resilience Team	0.0	0.0	0.3	0.3
Business Continuity	0.0	9.0	0.0	0.0
Central contingency against inflation	0.9	0.2	3.1	3.1
Total revenue expenditure	428.2	430.9	423.7	424.4
Total income	-30.1	-31.1	-32.2	-33.1
Net revenue expenditure	398.1	399.8	391.5	391.4
Transfer to/(from) general reserves	0.4	-1.3	-0.1	0.0
Financing requirement	398.5	398.5	391.4	391.4
Financed by:				
Specific grants	9.3	9.3	9.1	9.1
Revenue support grant	138.8	138.8	129.4	126.7
Retained Business Rates	112.2	112.2	114.7	117.4
Council tax requirement	138.2	138.2	138.2	138.2

Explanation of budget changes

- 5.7 An analysis of the year on year movement in the Mayor's proposed council tax requirement for LFEPA compared to the Mayor's revised budget for 2014-15 is set out below. An explanation of the year on year changes is provided in the paragraphs that follow.

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

Changes in the LFEPA's council tax requirement	£m
2014-15 council tax requirement	138.2
<i>Changes due to:</i>	
Inflation	5.0
Savings	-0.6
Efficiencies	-3.6
Change in use of reserves	-3.1
Net Change in Government grants and retained rates	7.1
Other adjustments	-4.8
2015-16 council tax requirement	138.2

Inflation

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

Savings and Efficiencies

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

New initiatives and service improvements

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

Change in use of reserves

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

Change in Government Grants and Retained Business Rates

- 5.12 The Mayor has committed to ensuring that LFEPA's funding from Council Tax, Retained Business Rates, Revenue Support Grant and the Resilience Reserve will total £382.3 million in both 2015-16 and 2016-17. In addition, LFEPA is forecast to receive £9.1 million of specific government grants in both years – resulting in total funding being made available by the Mayor of £391.4 million. The Mayor has increased funding to LFEPA by £0.3 million relating to the transfer of the London Resilience Team from the GLA delivered via a reallocation of revenue support grant between the two authorities.

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

- 5.13 The Mayor is proposing therefore that LFEPA will receive £114.7 million in funding via rates retention in 2015-16. This is an increase of 2.3 per cent compared to 2014-15 in line with the September 2014 RPI figure of which 2 per cent is estimated to be financed by increases in rating income and 0.3 per cent represents the element funded via government grant to compensate for the cap in the 2015-16 non-domestic rating multiplier. It is also assumed that the lost revenue to the GLA arising from the other business rates reliefs confirmed in the 2013 and 2014 Autumn Statements will be reimbursed by central government under the new burdens principle.
- 5.14 The revenue support grant allocation for LFEPA is £9.4 million lower than in 2014-15. Forecast specific grant income is £0.2 million lower.
- 5.15 Therefore, the Mayor's proposed budget for 2015-16 of £391.4 million provides additional support to LFEPA to offset the impact of the additional cuts in the former fire formula grant component of the GLA's revenue support grant allocation.

Other Adjustments

- 5.16 There are £4.8 million of other adjustments in the Mayor's proposed LFEPA budget.

Savings to be allocated and identified

- 5.17 At its meeting on 29 January 2015 LFEPA received savings proposals to balance their 2015-16 budget and reduce the savings to be agreed for 2016-17 from £17.2 million to £11.2 million. These proposals have been incorporated into LFEPA's budget.

Equalities

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

Environmental impact

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

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

Reserves

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

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

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

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

Section 6 – Transport for London

Introduction

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

Key deliverables

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

Section 6 – Transport for London

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

Gross revenue budget and council tax requirement

- 6.3 The Mayor's **forecast for TfL's gross revenue expenditure for 2015-16 is £7,066.1 million** – around £313.8 million higher than the revised 2014-15 budget. After deducting fare income, fees, charges, other income and its planned use of reserves, the Mayor has approved TfL's **net revenue expenditure for 2015-16 to be £1,557.7 million**. An analysis of the revenue budget by service area is summarised in the table overleaf.
- 6.4 The Mayor has approved **TfL's council tax requirement for 2015-16 to be £6 million**. The balance of its net revenue expenditure is financed by £847.5 million of resources allocated by the Mayor through business rates retention, £675 million via the general element of the GLA transport grant and £29.2 million through other specific revenue grants from the Department for Transport (DfT). TfL's revenue budget by service and subjective analysis is set out on the next two pages.

Section 6 – Transport for London

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

Note: 1. LEZ is the Low Emission Zone.

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

Section 6 – Transport for London

TfL - Subjective Analysis

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

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

Section 6 – Transport for London

Explanation of budget changes

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

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

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

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

Inflation

6.6 The Budget assumes that TfL will increase net costs by £188 million for inflation.

Fares charges and other income

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

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

Section 6 – Transport for London

Savings and efficiencies

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

New initiatives and service improvements

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

Changes in Government grants and retained business rates income

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

Change to Use of Reserves

- 6.14 The budget assumes no change in the use of reserves.

Other adjustments

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

Section 6 – Transport for London

Equalities

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

Environmental impact

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

Reserves

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

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

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

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

Section 7 – London Legacy Development Corporation

Introduction

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

Key deliverables

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

Section 7 – London Legacy Development Corporation

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

Gross revenue and capital expenditure

7.5 The Mayor's approved **gross revenue expenditure for the LLDC in 2015-16 is £37.3 million**. This represents a decrease of around £7.1 million compared to 2014-15.

Net revenue budget and council tax requirement

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

Section 7 – London Legacy Development Corporation

LLDC – Objective Analysis

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

LLDC - Subjective analysis

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

Section 7 – London Legacy Development Corporation

Explanation of budget changes

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

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

Inflation

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

Savings and efficiencies

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

New initiatives and service improvements

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

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

Section 7 – London Legacy Development Corporation

Olympicopolis

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

Change in use of reserves

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

Changes in Government grants

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

Equalities

- 7.15 The LLDC's approach to Inclusion is set out in its corporate policies which have been agreed by its Board; the Inclusive Design Strategy and Standards and the Equality and Inclusion Policy. These documents set out its equality objectives, which are to:
- create an accessible place embedding inclusive design;
 - use procurement to maximise opportunities for diverse communities;
 - embody the change we want to see setting the standard for our partners;
 - deliver a legacy from the Paralympic Games; and
 - develop projects which foster cohesion and integration.

Section 7 – London Legacy Development Corporation

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

Environmental impact

- 7.17 The Legacy Corporation's policy is that the Park will use the best of the Games' infrastructure, innovation and inspiration, to provide a pioneering model of urban regeneration promoting sustainable lifestyles through sustainable infrastructure.

- 7.18 The Park was conceived as an environmental showcase and will continue to strive for environmental excellence. The Corporation has set a wide range of environmental performance measures and will publish an annual sustainability report.

Reserves

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

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

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

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

Section 8 – Government Grant Council Tax and Retained Rates Forecasts

Introduction

- 8.1 This section sets out the medium term funding outlook for the GLA Group in respect of Government grant, retained business rates and council tax taking into account the impact of the announcements in the 2013 Spending Review published in June 2013, the 2014 Autumn Statement published on 3 December 2014 and the Final Police and Local Government Finance Settlements approved by the House of Commons on 10 February.
- 8.2 It also explains the underlying assumptions supporting the retained business rates forecasts and the impact of the new local government finance system introduced from April 2013 on the Mayor's budget assumptions. This analysis highlights the degree of uncertainty which exists in respect of future years funding given the Government's commitment to focus on deficit reduction and the potential volatility in both council tax and business rates income. The uncertainty is compounded by the General Election scheduled to be held in May 2015 and the potential impact of this on the future funding settlements for the GLA group over the next five years.

2015-16 Local Government Finance Settlement

- 8.3 The provisional 2015-16 Local Government Finance Settlement was published on 18 December 2014 and was subject to a four week consultation process which ended on 15 January 2015. The GLA responded to this consultation within the deadline. The settlement confirmed the final allocations of revenue support grant for English local and fire authorities on 3 February and these were approved by the House of Commons on 10 February.
- 8.4 Since 2013-14 LFEPA and the GLA have received their core general funding either through revenue support grant or business rates retention. In 2013-14 a baseline funding allocation was set with 60 per cent of this sum being allocated through revenue support grant and the remaining 40 per cent through retained business rates. This baseline comprised former GLA general and fire formula grant funding, council tax support grant and the 2011-12 council tax freeze grant. The revenue support grant element is revised annually by central government to deliver the planned funding reductions for local government whereas the business rates retention element varies in line with the sums collected in non-domestic rates in each local authority area. From 2014-15 MOPAC's share of the 2011-12 council tax freeze grant within revenue support grant was reallocated to the GLA budget offset by a matching council tax requirement uplift.
- 8.5 The GLA Group's revenue support grant for 2015-16 is £173.7 million which is £20.0 million lower in cash terms than the corresponding figure for 2014-15 of £193.7 million. However this figure includes the GLA's £9.4 million 2014-15 council tax freeze grant which is being baselined into revenue support grant from 2015-16 and therefore the like for like reduction in grant is £29.4 million or 15 per cent. The allocations are in line with the indicative figures announced at the date of the 2014-15 settlement with the exception of an additional £0.4 million top-slice to fund the future costs of fire fighters' pensions.

Section 8 – Government Grant Council Tax and Retained Rates Forecasts

- 8.6 The apportionment of the GLA’s revenue support grant by the Mayor takes into account the changes made to the baseline funding components and the need to deliver the agreed funding commitment for LFEPA.
- 8.7 The council tax support component is now fully allocated to LFEPA along with a greater share of the 2011-12 council tax freeze grant in addition to its notional share of former fire formula grant. The 2013-14 and 2014-15 council tax freeze grants now paid through revenue support grant will be retained by the GLA to support group budget risks and pressures.
- 8.8 The indicative revenue support grant allocation for 2016-17 is forecast at this stage to be £135.5 million which is £38.2 million or 22 per cent lower than in 2015-16. Of this £8.8 million has been allocated provisionally to the GLA and £126.7 million to LFEPA as set out in Appendix G. This is purely a notional figure as the decisions on the spending control totals and local government finance settlement for 2016-17 will be made by the incoming Government after the May 2015 General Election. The Mayor plans to utilise his resilience reserve and the RPI growth in retained rates income to protect LFEPA from the effect of the revenue support grant cut in 2015-16 and 2016-17.
- 8.9 The LLDC is funded from GLA resources – however for planning purposes it is assumed that the above changes in the GLA’s funding will not materially affect its resource allocation from the Mayor in the current spending review period.

Council tax freeze grant for 2015-16

- 8.10 The proposed GLA budget includes forecast income of £9.5 million in respect of the 2015-16 council tax freeze grant. The freeze grant is payable to all authorities that reduce or freeze their council tax in 2015-16 and represents the sum equivalent to what would have been generated through a 1 per cent increase allowing for the year on year movement in the council taxbase – the same basis as the 2013-14 and 2014-15 grants which have now been baselined in revenue support grant. This reward grant is guaranteed to be paid for only one year, pending decisions to be taken by the incoming Government for the 2016-17 settlement as to whether this revenue stream will continue to be baselined in revenue support grant.
- 8.11 No council tax freeze grant is assumed at this stage for 2016-17 – even though it is the Mayor’s current intention to reduce the council tax in that year – as it is not certain whether this funding stream will continue after 2015-16.

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

- 8.12 On 17 December the Home Office confirmed the general grant allocations for 2015-16 for Police and Crime Commissioners in England, for the Mayor’s Office for Policing and Crime and the City of London Police. This included the police formula grant and general police grant allocations along with council tax support funding for local policing bodies. The final allocations were confirmed on 3 February and approved by the House of Commons in the 2015-16 Police Grant report on 10 February.

Section 8 – Government Grant Council Tax and Retained Rates Forecasts

- 8.13 Every police force area will see the same percentage reduction in core central Government funding in 2015-16 – which averages 5.1 percent in cash terms on a like for like basis. MOPAC has been allocated £1,040.1 million in general police grant and £754.1 million in police formula grant in 2015-16 – the former being funded from general taxation and the latter from centrally retained business rates.
- 8.14 Final specific grant allocations for policing for 2015-16 were confirmed by the Home Office in early 2015 and this budget incorporates the effect of those known at the date it was approved. One notable change for 2015-16 is that the £6.8 million specific grant for the Royal Parks policing responsibilities undertaken by the Metropolitan Police Service is being withdrawn. This has in effect been rolled into its general grant.
- 8.15 The Home Office also confirmed that MOPAC would receive £119.7 million in council tax support grant for local policing bodies. This grant will be paid in full to MOPAC although the GLA will continue to manage the risks and potential downsides arising from the impact of council tax benefit localisation centrally to ensure that there is no adverse impact on the policing budget.
- 8.16 Decisions on police funding for 2016-17 have not yet been announced and will not be confirmed until after the General Election. The indicative grant totals set out in this consultation budget are, however, broadly in line with the expected headline reductions set out in the 2013 Spending Review for police services.

Transport for London Funding Settlement with Department for Transport

- 8.17 TfL is the only functional body which was awarded a four year settlement through to 2015-16 at the time of the Comprehensive Spending Review announcement in October 2010. However this has been revised subsequently.
- 8.18 The 2013-14 local government finance settlement also confirmed £802.8 million of former Department for Transport funding (£758.5 of former GLA transport grant and £44.3 million in respect of bus operators support grant) would be funded via rates retention and therefore TfL would see an offsetting reduction in the GLA Transport Grant on a like for like basis.
- 8.19 The Department for Transport confirmed TfL's general (operating) grant for 2015-16 and 2016-17 following the 2013 Spending Review alongside a longer term commitment to 2020-21 in respect of the investment grant element of its funding. The Government also provided written confirmation on 10 November 2014 that TfL would receive additional general grant of £7 million in 2014-15 and £36 million in 2015-16 to fund the shortfall arising from the decision to increase fares in 2015 by RPI rather than RPI +1 per cent on average.
- 8.20 This budget assumes that £675 million of general (operating) GLA Transport grant will be received for the purposes of TfL in 2015-16. This is £171.1 million lower than the comparable grant for 2014-15.

Section 8 – Government Grant Council Tax and Retained Rates Forecasts

- 8.21 These figures exclude the investment grant element of the GLA Transport grant (£925 million in 2015-16 and £941 million in 2016-17) which is applied for capital purposes and is reflected in TfL's draft capital spending plan.
- 8.22 TfL also receives other revenue and capital specific grants for specific programmes and projects which are agreed separately.

Information on funding allocations announced for 2015-16 financial year available at date Mayor's budget was approved

- 8.23 The table on the following page summarises the known position on the status of the grant settlement information for the next two years across the GLA Group at the date the Mayor's budget was approved. It confirms the primary components and sources of each functional body's funding from Central Government and what information had been issued at 23 February 2015.

Financial Outlook and Impact on Future Funding

- 8.24 In the 2013 Spending Review the Chancellor announced that planned government revenue spending will fall by 2 per cent in real terms in 2015-16. Within the current policy framework the Local Government Association and London Councils have estimated that this has translated into a 10 per cent real terms cut for local government services after allowing for the protection provided for the NHS, schools, defence and international development.
- 8.25 In 2016-17 and 2017-18, planned government revenue spending is expected to fall by at least 4.4 per cent and 4.1 per cent respectively – considerably greater than the 2.0 per cent real terms reduction in 2015-16. If the current protection for the NHS, schools, defence and international development spending continues, it is highly likely that local government, policing, fire services and transport can expect significantly larger reductions in the years to come.
- 8.26 The current Government has made it very clear that reductions in public expenditure are likely to continue for some time and that once the deficit is eliminated it intends to operate a budget surplus in order to repay accumulated debt. The implications of any further austerity will need to be considered in more detail in future year's budgets as and when further information becomes available. In view of the uncertainty around the funding settlements for 2016-17 onwards it would therefore be premature to set out precise budget funding estimates beyond 2016-17 at this stage. These will be set by the incoming Government following the general election in May 2015.

Section 8 – Government Grant Council Tax and Retained Rates Forecasts

Information on Government funding settlements for the GLA and each Functional Body for 2015-16 to 2016-17 (Position at date budget approved on 23 February 2015)

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

Section 8 – Government Grant Council Tax and Retained Rates Forecasts

Funding Assumptions for Retained Business Rates

- 8.27 In April 2013, the Government changed the way in which local government is funded through the introduction of the business rates retention scheme. The GLA Group's start-up funding in rates retention was £943.5 million. This included £802.8 million of former Department for Transport funding, £96.8 million of former fire formula grant, £18.3 million of GLA general grant, £16.3 million of council tax support grant and £9.3 million of council tax freeze grant payable in respect of 2011-12 budgets.
- 8.28 The GLA receives its business rates income directly from the 33 London billing authorities and is dependent on their forecasts and collection rates for the retained rates income it receives. The accounting and reporting arrangements therefore operate on a similar basis to council tax – with a budgeted forecast being used to determine in year instalments with any variations in the forecast outturn (whether a surplus or deficit) being adjusted for in the following year's instalments.
- 8.29 For 2013-14 the Mayor allocated an estimated £943.5 million of retained business rates between TfL, GLA and LFEPA in line with the start-up funding position. Based on the outturn figure for 2013-14 the actual sum received was £81.0 million lower. Of this deficit £24 million was financed in 2013-14 through the Mayor's resilience reserve with a further £17.3 million recoverable in 2014-15 through the collection fund deficit estimated by billing authorities in January 2014 – later revised down to £16.9 million. This left around £40.2 million to be recovered in 2015-16 as part of the estimated collection fund surplus or deficit for 2014-15 declared by billing authorities in January 2015.
- 8.30 The 2013-14 shortfall primarily reflected the effect of provisions made by London billing authorities for future and backdated refunds relating to business rates appeals which reduced the estimated sum collectable in the 2013-14 NNDR1 returns for the GLA by around £113.6 million – including £77 million of backdated appeals – the shortfall arising from the fact that this net provision was higher than the 8 per cent average DCLG had assumed nationally in setting the baselines for the first year of the new system.
- 8.31 Authorities were able to opt to spread the backdated appeals element relating to refunds for financial periods prior to 2013-14 over 5 years in accounting terms under the 2014 Capital Finance and Accounting Regulations and therefore do not have to bear the full impact of the resulting shortfalls in a single year in budgeting terms. The GLA opted to do this as it would allow part of the 2013-14 shortfall to be offset against future retained rates income – thus potentially leading to saving in levy payments of up to £4 million per annum between 2014-15 and 2017-18, subject to there being real terms growth in rates income. Based on the latest billing authority forecasts this £4 million annual benefit as a result of the decision to spread will be forthcoming in both 2014-15 and 2015-16.

Section 8 – Government Grant Council Tax and Retained Rates Forecasts

- 8.32 Billing authorities were required to submit their business rates forecasts for 2015-16 by 31 January. This included an updated estimate of the sums they expect to collect in 2014-15. Billing authorities collectively reported a collection fund deficit of £25.6 million. After both a tariff payment of £355.7 million and an expected levy payment of £9.2 million due to the Secretary of State, the forecast retained income for 2015-16 is £1,036.2.
- 8.33 The 2015-16 retained rate forecasts received from the London billing authorities reflect the Chancellor's announcement in the Autumn Statement that he intended to cap the increase in the non-domestic rating multiplier to 2 per cent in 2015-16 rather than applying the September 2014 RPI standard reference figure of 2.3 per cent. The Chancellor also announced the extension of the small business double rate relief scheme for 2015-16 and the Government will continue the additional relief being provided to retailers occupying properties with a rateable value below £50,000 albeit that this will be increased by 50 per cent to a flat rate £1,500. The Government has confirmed that local authorities will be reimbursed for the reduction in business rates revenue from the 2 per cent cap compared to the September 2014 RPI figure of 2.3 per cent and the other reliefs through compensating section 31 grants based on actual costs in 2015-16.
- 8.34 In his retained rates forecast for 2016-17 the Mayor has assumed that, should the Government choose to continue these reliefs in 2016-17, local authorities will continue to be reimbursed for the resulting revenue loss through Section 31 grants.
- 8.35 The GLA expects to receive around £40 million in section 31 grants for the comparable reliefs in 2015-16 although more precise estimates will not be available until CLG analyse billing authority forecasts and issue the relevant grant determination. Apart from the multiplier cap and retail relief elements we would expect the grant compensation for these reliefs to be on a similar scale to 2014-15.
- 8.36 DCLG is expected to confirm the arrangements for paying the section 31 grants to cover the cost of these reliefs by the end of April 2015. This funding is paid on account with an adjustment made after the year end in light of the actual outturn data.
- 8.37 The Chancellor also confirmed in the 2013 Autumn Statement that the Valuation Office Agency and Valuation Tribunal would aim to clear 95 per cent of all outstanding rating appeals by July 2015 in order to provide support to ratepayers and certainty to local authorities to assist with their medium term planning. The Government also confirmed in the 2014 Autumn Statement that appeals lodged by ratepayers after 31 March 2015 will not be eligible for backdating in respect of any refunds arising from these if successful.
- 8.38 Both these measures are expected to assist the GLA in having greater certainty over its funding for 2016-17 onwards as these changes are expected to reduce the estimated appeals provisions billing authorities will need to make in their business rates calculations. A new rating list is expected to be introduced from April 2017, however, and this will potentially have a significant impact for the 2017-18 financial year.

Section 8 – Government Grant Council Tax and Retained Rates Forecasts

- 8.39 Taking these factors into account the Mayor has decided to budget on the basis that LFEPA and TfL will receive a 2.3 per cent increase on their retained rates baseline funding in line with September 2014 RPI – with the same indicative increase for 2016-17 assumed. Of this around 2 per cent – the multiplier cap set by the Treasury – will be delivered through income collected from ratepayers with the balance of 0.3 per cent being funded by government grant in line with the Chancellor’s commitment that central government will bear the cost of the resulting revenue shortfalls.
- 8.40 The GLA will manage the ongoing risks associated with rates retention funding through the use of the Mayor’s Resilience Reserve and the flexibility to manage the one off cost of backdated rating appeals by spreading these over a five year period.
- 8.41 The proposed rates retention allocations set out in this budget provide a reasonable assessment of the potential revenues available to the GLA Group from retained business rates and the associated Section 31 grants.

Council tax risks associated with the localisation of council tax support

- 8.42 In addition to the business rates reforms introduced in April 2013 decision making on the award of council tax benefit was localised.
- 8.43 There is no definitive evidence to suggest at this stage that the introduction of council tax benefit localisation has had a material impact on overall collection rates in London since the changes were introduced. In many boroughs additional and offsetting revenues have been generated from the technical reforms affecting empty and second homes which has mitigated the effect. However, the GLA will continue to monitor this issue on an ongoing basis with billing authorities.
- 8.44 Each London billing authority was required to determine its proposed council tax support scheme for 2015-16 by 31 January 2015 – and reflect the discounts in its council tax base which will be used for tax setting by it and the GLA. They were also required to provide an estimated collection fund surplus or deficit outturn calculation for 2014-15 for council tax taking into account expected collection rates.
- 8.45 The Mayor’s final budget reflects the impact of the 3 per cent growth in the council taxbase for 2015-16 and an estimated collection fund surplus for 2014-15 of £31.0 million. These amounts are well in excess of historic trends and will reflect a number of factors including the increase in the number of properties liable to council tax and changed assumptions relating to the impact of the localisation of council tax support.

Conclusion

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

Section 8 – Government Grant Council Tax and Retained Rates Forecasts

- 8.47 Due to the fact that there are ongoing concerns about the potential volatility and accuracy of the council tax and business rates taxbase estimates which billing authorities will be able to provide, the GLA created a Mayor’s Resilience Reserve to help manage these risks over the medium term and to provide a degree of certainty to Functional Bodies.
- 8.48 The assumed impact of the new system on each member of the GLA Group in terms of their forecast funding allocations is reflected in the financial tables included in Appendix G of this document.

Section 9 – Statutory component and consolidated budgets 2015-16

Introduction

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

	Gross expenditure	Fares and traffic income	Other general income	Net expenditure before use of reserves	Use of Reserves	Net expenditure after use of reserves
	£m	£m	£m	£m	£m	
Mayor's Office for Policing and Crime	3,166.6	0.0	-261.7	2,904.9	-63.6	2,841.3
GLA Mayor	749.5	0.0	-534.5	215.0	14.4	229.4
GLA Assembly	7.6	0.0	-0.4	7.2	0.0	7.2
LFEPa	423.7	0.0	-32.2	391.5	-0.1	391.4
TfL	7,066.1	-4,667.1	-841.3	1,557.7	0.0	1,557.7
LLDC	37.3	0.0	-26.8	10.5	-10.5	0.0
Total Other Services	8,284.2	-4,667.1	-1,435.2	2,181.9	3.8	2,185.7
Total GLA Group	11,450.8	-4,667.1	-1,696.9	5,086.8	-59.8	5,027.0

Council Tax Requirement and Band D Council Tax

	Net expenditure after use of reserves	Specific Government Grants	General Government Grants	Retained Business Rates	Council Tax Requirement	Band D Amount
	£m	£m	£m	£m	£m	£
Mayor's Office for Policing and Crime	2,841.3	-480.6	-1,794.2	0.0	566.5	208.87
GLA Mayor	229.4	-14.6	-41.7	-80.4	92.7	34.07
GLA Assembly	7.2	0.0	-2.5	-2.1	2.6	0.96
LFEPa	391.4	-9.1	-129.4	-114.7	138.2	50.85
TfL	1,557.7	-29.2	-675.0	-847.5	6.0	2.21
LLDC	0.0	0.0	0.0	0.0	0.0	0.00
Council tax Net Collection fund surplus	-31.0	0.0	0.0	0.0	-31.0	-11.39
NNDR Collection fund deficit	25.6	0.0	0.0	0.0	25.6	9.43
Total other services	2,180.3	-52.9	-848.6	-1,044.7	234.2	86.13
Total GLA Group	5,021.6	-533.5	-2,642.8	-1,044.7	800.7	295.00

Section 9 – Statutory component and consolidated budgets 2015-16

Net revenue expenditure

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

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

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

Financing requirement (net expenditure after use of reserves)	Revised Budget 2014-15 £m	Budget 2015-16 £m	Plan 2016-17 £m
GLA Mayor	210.5	229.4	153.5
GLA Assembly	7.2	7.2	7.2
MOPAC	2,933.1	2,841.3	2,715.8
LFEPAC	398.5	391.4	391.4
TfL	1,703.1	1,557.7	1,590.1
LLDC	0.0	0.0	0.0
Collection fund (surplus)/deficit retained rates	17.3	25.6	0.0
Collection fund (surplus)/deficit council tax	-15.1	-31.0	-5.6
Financing requirement	5,254.6	5,021.6	4,852.4

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

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

Section 9 – Statutory component and consolidated budgets 2015-16

9.5 The most significant government grants included are:

- The general element of the GLA transport grant paid to TfL under section 101 of the GLA Act;
- Home Office police specific grant funding for counter-terrorism, designated security posts and other funding for MOPAC relating to the MPS's national responsibilities;
- Home Office police general grant (comprising general police grant and principal police formula grant) financed by general taxation and the Government's centrally retained business rates income respectively; and
- Revenue support grant – which comprises that element of the funding received prior to 2013-14 through the former GLA general grant, LFEPA formula grant, the 2011-12 council tax freeze grant which were not included in the GLA's rates retention funding baseline along with the rolled in council tax freeze grants for 2013-14 onwards.

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

	GLA Transport Grant £m	Other Specific revenue grants £m	Home Office Police grant £m	Home Office Formula grant £m	Revenue Support Grant £m	Rates retention £m	Mayor's Resilience Reserve £m	Total £m
MOPAC	0.0	480.6	1,040.1	754.1	0.0	0.0	0.0	2,274.8
GLA Mayor	0.0	14.6	0.0	0.0	41.7	80.4	0.0	136.7
GLA Assembly	0.0	0.0	0.0	0.0	2.5	2.1	0.0	4.6
LFEPA	0.0	9.1	0.0	0.0	129.4	114.7	0.0	253.2
TfL	675.0	29.2	0.0	0.0	0.0	847.5	0.0	1,551.7
LLDC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Other Services	675.0	52.9	0.0	0.0	173.7	1,044.7	0.0	1,946.2
Total GLA Group	675.0	533.5	1,040.1	754.1	173.7	1,044.7	0.0	4,221.0

Section 9 – Statutory component and consolidated budgets 2015-16

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

	GLA Transport Grant £m	Other Specific revenue grants £m	Home Office Police grant £m	Home Office Formula grant £m	Revenue Support Grant £m	Rates retention £m	Mayor's Resilience Reserve £m	Total £m
MOPAC	0.0	460.6	981.0	707.7	0.0	0.0	0.0	2,149.3
GLA								
Mayor	0.0	4.6	0.0	0.0	6.3	101.3	0.0	112.2
GLA								
Assembly	0.0	0.0	0.0	0.0	2.5	2.1	0.0	4.6
LFEPA	0.0	9.1	0.0	0.0	126.7	117.4	0.0	253.2
TfL	687.0	30.1	0.0	0.0	0.0	867.0	0.0	1,584.1
LLDC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Other Services	687.0	43.8	0.0	0.0	135.5	1,087.8	0.0	1,954.1
Total GLA Group	687.0	504.4	981.0	707.7	135.5	1,087.8	0.0	4,103.4

Rates Retention Funding

- 9.6 The tables below set out the provisional forecast of rates retention income for 2014-15 to 2016-17. Any variances between the total income receivable and the amount allocated for services, levy and tariff payments are accounted for centrally through Mayor's Resilience Reserve. LLDC and MOPAC are not included as their allocations from retained rates are nil. Section 8 sets out the methodology for calculating these sums in more detail.
- 9.7 The GLA is managing any risks associated with rates retention revenues through the Mayor's Resilience Reserve. The forecasts have been revised for 2015-16 following the receipt of the National Non Domestic Rating 1 (NNDR1) returns from the 33 billing authorities at the end of January 2015.

Section 9 – Statutory component and consolidated budgets 2015-16

Forecast of Rates Retention Income in 2014-15

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

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

Section 9 – Statutory component and consolidated budgets 2015-16

Forecast of Rates Retention Income in 2015-16

	GLA Mayor	GLA Assembly	GLA	TfL	LFEPA	Total
	£m	£m	£m	£m	£m	£m
Total funding allocated to GLA and functional bodies for services	31.9	2.1	33.9	847.5	114.7	996.1
Tariff payment to DCLG ¹						355.7
Levy payment on growth						9.0
Growth in retained rates base after spreading of appeals provisions and levy payment						39.3
Forecast collection fund deficit for 2014-15						-25.6
Total estimated income from billing authorities and government grant						1,374.5

Note 1. The tariff payment in 2015-16 has been increased by 2% in line with the cap on the uplift in the non-domestic rating multiplier announced by the Chancellor in the 2014 Autumn Statement. Local authorities receive Section 31 grant reimbursement for the 0.3 per cent difference compared to the September 2014 RPI figure of 2.3 per cent which would otherwise have been used to uprate the multiplier. This ensures local authorities do not suffer any reduction in overall funding as a result of the reduction in non-domestic rating income arising from the policy.

Forecast of Rates Retention Income in 2016-17

	GLA Mayor	GLA Assembly	GLA	TfL	LFEPA	Total
	£m	£m	£m	£m	£m	£m
Total funding allocated to GLA and functional bodies ¹	32.6	2.1	34.6	867.0	117.4	1,019.0
Tariff payment to DCLG ¹						364
Levy payment on growth						14.3
Growth in retained rates base after spreading of appeals provisions and levy payment						54.3
Forecast 2015-16 collection fund surplus / deficit						0.0
Total estimated income from billing authorities and government grant						1,451.6

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

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

Section 9 – Statutory component and consolidated budgets 2015-16

Revenue Support Grant

9.9 The tables below illustrate the Mayor's allocation of revenue support grant in 2014-15 for comparison alongside the final figures for 2015-16 and indicative amounts for 2016-17. The 2015-16 figures reflect the revenue support grant allocation for GLA services approved by House of Commons on 10 February.

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

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

Final Allocation of Revenue Support Grant in 2015-16

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

Section 9 – Statutory component and consolidated budgets 2015-16

Indicative Allocation of Revenue Support Grant in 2016-17

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

Crossrail BRS Revenue Account Illustrating Application of Income Collected from Ratepayers

- 9.9 The table below illustrates how the forecast £224 million of BRS income collectable from non-domestic ratepayers is expected to be applied over the three financial years.
- 9.10 By the end of 2015-16 all but £9 million of the GLA's £4.1 billion contribution to Crossrail will have been transferred to TfL where it is held in the ring fenced Crossrail sponsor funding account until applied to fund the construction costs. Any sums received in BRS income not required to be applied in year to meet capital financing costs, Crossrail project contributions, treasury management fees, and other expenses are retained to meet future financing and debt repayment costs.

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

Section 9 – Statutory component and consolidated budgets 2015-16

Council tax calculations

- 9.11 The difference between net revenue expenditure after the application of reserves and the sum of grant funding from the Government and through retained business rates represents the amount to be raised from Council Taxpayers. This sum is recovered by issuing precepts on the City of London and the 32 London boroughs (i.e. the council tax requirement) which are the statutory billing authorities for council tax, national non-domestic rates and the Crossrail Business Rate Supplement in the capital. The statutory calculation also includes the effect of the forecast collection fund surplus in respect of council tax for 2014-15 which is paid over by billing authorities through an adjustment to the 2015-16 instalments.
- 9.12 There are two sets of Council Tax calculations because the Metropolitan Police District does not include the City of London which has its own police force. The unadjusted basic amount of council tax excludes the element for the Metropolitan Police District and equates to the precept payable by taxpayers in the City of London (i.e. the area of the Common Council). The adjusted basic amount of council tax includes the element for the Metropolitan Police District and equates to the precept payable by taxpayers in the 32 London boroughs.
- 9.13 Although the statutory arrangements only require a distinction to be made between police and other services, a summary of spending, funding and the resultant Council Tax attributable to each body is provided in the tables at the beginning of this Appendix. Details of the Council Tax Requirement for police services and other services are set out below.

Council tax requirement for police services

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

Council Tax for police services	2014-15 £m	2015-16 £m	2016-17 £m
Net financing requirement	2,931.2	2,841.3	2,715.8
Government grants and Retained Business Rates	-2,367.0	-2,274.8	-2,149.3
Amount for police services	564.2	566.5	566.5

- 9.15 This is equivalent to a band D Council Tax of **£208.87** for 2015-16 in the 32 London boroughs (£214.52 in 2014-15).

Section 9 – Statutory component and consolidated budgets 2015-16

Council tax requirement for other services

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

Council Tax for other services	2014-15 £m	2015-16 £m	2016-17 £m
GLA, LFEPA, LLDC and TfL net expenditure	2,322.5	2,185.7	2,137.3
Government grants and Retained Business Rates	-2,102.0	-1,946.2	-1,949.2
Collection fund deficit for retained business rates	17.3	25.6	0.0
Collection fund surplus for council tax	-15.1	-30.9	-5.6
Amount for other services	222.7	234.2	182.5

9.17 This is equivalent to a band D Council Tax of **£86.13** for 2015-16 in the City of London (£84.48 in 2014-15).

Summary of proposed adjusted and unadjusted Council Tax by Band

9.18 The adjusted basic amount of council tax is therefore £295.00 for a Band D property (i.e. £208.87 for the Metropolitan Police plus £86.13 for non-police services) – this applies to council taxpayers in the 32 London boroughs.

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

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

9.19 The proposed unadjusted basic amount of council tax is therefore £86.13 – this applies to council taxpayers in the City of London. They contribute separately through their council tax to the City of London Police.

Section 9 – Statutory component and consolidated budgets 2015-16

Unadjusted Amount of Council Tax paid by taxpayers in the City of London (£)			
Band	2015-16	2014-15	Annual change
Band A	£57.42	£56.32	+£1.10
Band B	£66.99	£65.71	+£1.28
Band C	£76.56	£75.09	+£1.47
Band D	£86.13	£84.48	+£1.65
Band E	£105.27	£103.25	+£2.02
Band F	£124.41	£122.03	+£2.38
Band G	£143.55	£140.80	+£2.75
Band H	£172.26	£168.96	+£3.30

- 9.20 The unadjusted amount of council tax paid by taxpayers in the City of London is £1.65 or 1.95 per cent higher than in 2014-15.

Council Tax referendums

- 9.21 The adjusted and unadjusted amounts of council tax are both lower than the GLA's estimate of the council tax referendum thresholds that apply for 2015-16 (i.e. £304.98 – a 2% increase on the adjusted amount for 2014-15 of £299.00 and £86.17 – a 2% increase on the unadjusted amount for 2014-15). Therefore the maximum adjusted level of council tax at Band D which could have been set which would not trigger a referendum is £304.97 and the maximum unadjusted amount is £86.16.
- 9.22 The council tax levels approved in this budget by the Mayor would therefore not trigger a council tax referendum in the 32 London boroughs and the area of the Common Council of the City of London having regard to the excessiveness principles approved by the House of Commons on 10 February in the Referendums Relating to Council Tax Increases (Principles) (England) Report 2015/2016.

Statutory Calculations

- 9.23 The following tables set out the statutory calculations for the component and consolidated budgets of the GLA Group in line with the provisions of sections 85 to 88 of the GLA Act 1999 as amended.

Section 9 – Statutory component and consolidated budgets 2015-16

Final Draft component and consolidated council tax requirements 2015-16

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

Line	Sum	Description
1	£745,000,000	estimated expenditure of the Mayor for the year calculated in accordance with s85(4)(a) of the GLA Act
2	£4,500,000	estimated allowance for contingencies for the Mayor under s85(4)(b) of the GLA Act
3	£14,400,000	estimated reserves to be raised for meeting future expenditure of the Mayor under s85(4)(c) of the GLA Act
4	£25,632,685	estimate of reserves to meet a revenue account deficit of the Mayor under s85(4)(d) of the GLA Act reflecting the collection fund deficit for retained business rates
5	£789,532,685	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	-£534,500,000	estimate of the Mayor’s income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
7	-£14,604,000	estimate of the Mayor’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
8	-£41,733,950	estimate of the Mayor’s income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
9	-£80,434,727	estimate of the Mayor’s income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
10	-£30,961,470	estimate of the Mayor’s share of any net collection fund surplus for the 33 London billing authorities for council tax calculated in accordance with s85(5)(a) of the GLA Act
11	-£702,234,147	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (6) + (7) + (8) + (9) + (10))
12	£0	estimate of Mayor’s reserves to be used in meeting amounts in line 5 above under s85(5)(b) of the GLA Act
13	-£702,234,147	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Mayor (lines (11) + (12) above)
14	£87,298,538	the component council tax requirement for the Mayor (being the amount by which the aggregate at (5) above exceeds the aggregate at (13) above calculated in accordance with section 85(6) of the GLA Act)

**The final draft component council tax requirement for the Mayor for 2015-16 is
£87,298,538**

Section 9 – Statutory component and consolidated budgets 2015-16

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

Line	Sum	Description
15	£7,610,000	estimated expenditure of the Assembly for the year calculated in accordance with s85(4)(a) of the GLA Act
16	£0	estimated allowance for contingencies for the Assembly under s85(4)(b) of the GLA Act
17	£0	estimated reserves to be raised for meeting future expenditure of the Assembly under s85(4)(c) of the GLA Act
18	£0	estimate of reserves to meet a revenue account deficit of the Assembly under s85(4)(d) of the GLA Act
19	£7,610,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the Assembly (lines (15) + (16) + (17) + (18) above)
20	-£400,000	estimate of the Assembly’s income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
21	£0	estimate of the Assembly’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
22	-£2,541,000	estimate of the Assembly’s income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
23	-£2,054,000	estimate of the Assembly’s income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
24	£0	estimate of the Assembly’s share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
25	-£4,995,000	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (line (20) + (21) + (22) + (23)+ (24))
26	£0	estimate of Assembly’s reserves to be used in meeting amounts in lines 19 above under s85(5)(b) of the GLA Act
27	-£4,995,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Assembly (lines (25) + (26) above)
28	£2,615,000	the component council tax requirement for the Assembly (being the amount by which the aggregate at (19) above exceeds the aggregate at (27) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for the Assembly for 2015-16 is £2,615,000.

Section 9 – Statutory component and consolidated budgets 2015-16

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

Line	Sum	Description
29	£3,166,600,000	estimated expenditure of the MOPAC calculated in accordance with s85(4)(a) of the GLA Act
30	£0	estimated allowance for contingencies for the MOPAC under s85(4)(b) of the GLA Act
31	£0	estimated reserves to be raised for meeting future expenditure of the MOPAC under s85(4)(c) of the GLA Act
32	£0	estimate of reserves to meet a revenue account deficit of the MOPAC under s85(4)(d) of the GLA Act
33	£3,166,600,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the MOPAC (lines (29) + (30) +(31) + (32) above)
34	-£261,700,000	estimate of the MOPAC's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
35	-£480,575,912	estimate of the MOPAC's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
36	-£1,794,172,483	estimate of the MOPAC's income in respect of general government grants (revenue support grant, core Home Office police grant and principal police formula grant) calculated in accordance with s85(5)(a) of the GLA Act
37	£0	estimate of the MOPAC's income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
38	£0	estimate of MOPAC's share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
39	-£2,536,448,395	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (34) + (35) + (36) + (37) +(38))
40	-£63,624,477	estimate of MOPAC's reserves to be used in meeting amounts in line 33 above under s85(5)(b) of the GLA Act
41	-£2,600,072,872	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the MOPAC (lines (39) + (40) above)
42	£566,527,128	the component council tax requirement for MOPAC (being the amount by which the aggregate at (33) above exceeds the aggregate at (41) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for the MOPAC for 2015-16 is £566,527,128.

Section 9 – Statutory component and consolidated budgets 2015-16

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

Line	Sum	Description
43	£423,699,726	estimated expenditure of LFEPA for the year calculated in accordance with s85(4)(a) of the GLA Act
44	£0	estimated allowance for contingencies for LFEPA under s85(4)(b) of the GLA Act
45	£0	estimated reserves to be raised for meeting future expenditure of LFEPA under s85(4)(c) of the GLA Act
46	£0	estimate of reserves to meet a revenue account deficit of LFEPA under s85(4)(d) of the GLA Act
47	£423,699,726	aggregate of the amounts for the items set out in s85(4) of the GLA Act for LFEPA (lines (43) + (44) + (45) + (46) above)
48	-£32,150,000	estimate of LFEPA’s income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
49	-£9,100,000	estimate of LFEPA’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
50	-£129,420,000	estimate of LFEPA’s income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
51	-£114,741,726	estimate of LFEPA’s income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
52	£0	estimate of LFEPA’s share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
53	-£285,411,726	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (48) + (49) + (50) + (51) + (52))
54	-£50,000	estimate of LFEPA’s reserves to be used in meeting amounts in line 47 above under s85(5)(b) of the GLA Act
55	-£285,461,726	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LFEPA (lines (53) + (54) above)
56	£138,238,000	the component council tax requirement for LFEPA (being the amount by which the aggregate at (47) above exceeds the aggregate at (55) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for LFEPA for 2015-16 is £138,238,000.

Section 9 – Statutory component and consolidated budgets 2015-16

Transport for London (“TfL”) final draft component budget

Line	Sum	Description
57	£7,066,100,000	estimated expenditure of TfL for the year calculated in accordance with s85(4)(a) of the GLA Act
58	£0	estimated allowance for contingencies for TfL under s85(4)(b) of the GLA Act
59	£0	estimated reserves to be raised for meeting future expenditure of TfL under s85(4)(c) of the GLA Act
60	£0	estimate of reserves to meet a revenue account deficit of TfL under s85(4)(d) of the GLA Act
61	£7,066,100,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the TfL (lines (57) + (58) + (59) + (60) above)
62	-£5,508,381,533	estimate of TfL’s income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
63	-£29,200,000	estimate of TfL’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
64	-£675,000,000	estimate of TfL’s income in respect of general government grants (revenue support grant and GLA Transport General Grant) calculated in accordance with s85(5)(a) of the GLA Act
65	-£847,518,467	estimate of TfL’s income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
66	-£0	estimate of TfL’s share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
67	-£7,060,100,000	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act for TfL (lines (62) + (63) + (64) + (65) + (66) above)
68	£0	estimate of TfL’s reserves to be used in meeting amounts in line 61 above under s85(5) (b) of the GLA Act
69	-£7,060,100,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act (lines (67) + (68))
70	£6,000,000	the component council tax requirement for TfL (being the amount by which the aggregate at (61) above exceeds the aggregate at (69) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for TfL for 2015-16 is £6,000,000.

Section 9 – Statutory component and consolidated budgets 2015-16

London Legacy Development Company (“LLDC”) final draft component budget

Line	Sum	Description
71	£37,300,000	estimated expenditure of LLDC for the year calculated in accordance with s85(4)(a) of the GLA Act
72	£0	estimated allowance for contingencies for LLDC under s85(4)(b) of the GLA Act
73	£0	estimated reserves to be raised for meeting future expenditure of LLDC under s85(4)(c) of the GLA Act
74	£0	estimate of reserves to meet a revenue account deficit of LLDC under s85(4)(d) of the GLA Act
75	£37,300,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for LLDC (lines (71) + (72) + (73) + (74) above)
76	-£26,800,000	estimate of LLDC’s income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
77	£0	estimate of LLDC’s special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
78	£0	estimate of LLDC’s income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
79	£0	estimate of LLDC’s income in respect of retained business rates including related section 31 grant income calculated in accordance with s85(5)(a) of the GLA Act
80	£0	estimate of LLDC’s share of any net collection fund surplus for the 33 London billing authorities calculated in accordance with s85(5)(a) of the GLA Act
81	-£26,800,000	aggregate of the amounts for the items set out in section 85(5)(a) of the GLA Act (lines (76) + (77) + (78) + (79) + (80))
82	-£10,500,000	estimate of LLDC’s reserves to be used in meeting amounts in line 75 above under s85(5)(b) of the GLA Act
83	-£37,300,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LLDC (lines (81) + (82) above)
84	£0	the component council tax requirement for LLDC (being the amount by which the aggregate at (75) above exceeds the aggregate at (83) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for the LLDC for 2015-16 is £0.

Section 9 – Statutory component and consolidated budgets 2015-16

Greater London Authority (“GLA”) final draft 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 (MOPAC), the London Fire and Emergency Planning Authority , Transport for London and the London Legacy Development Corporation.

Line		Description
85	£ 800,678,666	the GLA’s consolidated council tax requirement (the sum of the amounts in lines (14) + (28) + (42) + (56) +(70) +(84) calculated in accordance with section 85(8) of the GLA Act)

The final draft consolidated council tax requirement for the GLA for 2015-16 is £800,678,666

Section 9 – Statutory component and consolidated budgets 2015-16

Aggregate GLA Group budget for 2015-16

Estimated Expenditure £

	GLA Mayor	GLA Assembly	MOPAC	LFEPA	TfL	LLDC	Total
Estimated expenditure	£745,000,000	£7,610,000	£3,166,600,000	£423,699,726	£7,066,100,000	£37,300,000	£11,446,309,726
Estimated allowance for contingencies	£4,500,000	£0	£0	£0	£0	£0	£4,500,000
Estimated reserves to be raised for meeting future expenditure	£14,400,000	£0	£0	£0	£0	£0	£14,400,000
Estimate of reserves to meet a revenue account deficit including forecast collection fund deficit for retained business rates	£25,632,685	£0	£0	£0	£0	£0	£25,632,685
Estimated total expenditure	£789,532,685	£7,610,000	£3,166,600,000	£423,699,726	£7,066,100,000	£37,300,000	£11,490,842,411

Section 9 – Statutory component and consolidated budgets 2015-16

Estimated Income £

	GLA Mayor	GLA Assembly	MOPAC	LFEPa	TfL	LLDC	Total
Estimate of non-government grant income	-£534,500,000	-£400,000	-£261,700,000	-£32,150,000	-£5,508,381,533	-£26,800,000	-£6,363,931,533
Estimate of specific government grant income	-£14,604,000	£0	-£480,575,912	-£9,100,000	-£29,200,000	£0	-£533,479,912
Estimate of general government grant income	-£41,733,950	-£2,541,000	-£1,794,172,483	-£129,420,000	-£675,000,000	£0	-£2,642,867,433
Estimate of Retained Business Rates income	-£80,434,727	-£2,054,000	£0	-£114,741,726	-£847,518,467	£0	-£1,044,748,920
Collection fund surplus for council tax	-£30,961,470	£0	£0	£0	£0	£0	-£30,961,470
Estimated total income before use of reserves	-£702,234,147	-£4,995,000	-£2,536,448,395	-£285,411,726	-£7,060,100,000	-£26,800,000	-£10,615,989,268
Estimate of reserves to be used	£0	£0	-£63,624,477	-£50,000	£0	-£10,500,000	-£74,174,477
Estimated total income after use of reserves	-£702,234,147	-£4,995,000	-£2,600,072,872	-£285,461,726	-£7,060,100,000	-£37,300,000	-£10,690,163,745

Section 9 – Statutory component and consolidated budgets 2015-16

Council tax requirement and calculation of Band D Council Tax

	GLA Mayor	GLA Assembly	MOPAC	LFEPa	TfL	LLDC	Total
Council tax requirement	£87,298,538	£2,615,000	£566,527,128	£138,238,000	£6,000,000	£0	£800,678,666
COUNCIL TAXBASE	2,718,582.81	2,718,582.81	2,712,343.22	2,718,582.81	2,718,582.81	2,718,582.81	
COUNCIL TAX (BAND D)	£32.11	£0.96	£208.87	£50.85	£2.21	£0.00	£295.00

Other formats and languages

For a large print, Braille, disc, sign language video or audio-tape version of this document, please contact us at the address below:

Public Liaison Unit

Greater London Authority Telephone **020 7983 4100**
City Hall Minicom **020 7983 4458**
The Queen's Walk **www.london.gov.uk**
More London
London SE1 2AA

You will need to supply your name, your postal address and state the format and title of the publication you require.

If you would like a summary of this document in your language, please phone the number or contact us at the address above.

