

February 2010

# The Greater London Authority's Consolidated Budget and Component Budgets for 2010-11



**MAYOR OF LONDON**



# **The Greater London Authority's Consolidated Budget and Component Budgets for 2010-11**

**February 2010**

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## Section 1 – Introduction and overview

### Consolidated Budget Requirement

- 1.1 The consolidated budget requirement for the GLA and the four functional bodies for 2010-11 is **£3,263.0m**.

<b>Component budget requirements</b>	<b>Approved 2009-10 £m</b>	<b>Proposed 2010-11 £m</b>	<b>Plan 2011-12 £m</b>	<b>Plan 2012-13 £m</b>
Mayor of London	126.6	131.8	126.9	126.5
London Assembly	8.7	8.6	8.7	8.8
Metropolitan Police Authority	2,640.3	2,673.3	2,645.9	2,619.4
London Fire and Emergency Planning Authority	416.2	437.3	437.5	434.7
Transport for London	12.0	12.0	12.0	12.0
London Development Agency	-	-	-	-
<b>Consolidated budget requirement</b>	<b>3,203.8</b>	<b>3,263.0</b>	<b>3,231.0</b>	<b>3,201.4</b>

- 1.2 As a result of changes introduced by the GLA Act 2007, for the purpose of budget setting the **Mayor of London** and **London Assembly** are treated as separate constituent bodies. The budget for the Assembly comprises estimates for direct expenditure and income, and appropriate contingencies and financial reserves for Assembly functions. The budget for the Mayor comprises the rest of the GLA, and includes expenditure incurred on accommodation in relation to the Assembly's business, and goods and services provided or procured for the Authority in general.
- 1.3 The GLA Group is subject to the local government finance regime. The planned spending of the GLA and the functional bodies, after deducting any funding from reserves and expected income (other than general funding from the Government and the council tax), is known as their **budget requirement**. These requirements are consolidated to form the consolidated budget requirement for the GLA.
- 1.4 Further information on the budget proposals for each constituent body within the GLA Group is presented in organisational terms in **Sections 2 to 7** of this document. The GLA's proposals are shown first and the remainder are presented in order of magnitude of the budget requirement.
- 1.5 The complexities of a budget of £14 billion gross (£3 billion net) and the very diverse nature of the functions of the individual component bodies, make it complicated to present information that meets the needs of all audiences. This document is therefore a summarised version of the overall financial estimates.

## Section 1 – Introduction and overview

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- 1.6 The Mayor's key objective is to maximise value for the taxpayer through the rigorous pursuit of efficiencies while protecting frontline service and directing expenditure to key priorities. The Mayor's 2010-11 budget and forward plans include:
- Contribute towards a successful 2012 Olympic and Paralympic Games and create an enduring legacy that transforms and regenerates the east of London, as well as spreading the benefits of 2012 across the capital with an unchanged contribution to the agreed funding package
  - Finance the main construction works for the Crossrail project which will begin in 2010 and will lead to London's rail network capacity increasing by over 10%
  - Continue with the vital upgrade of the tube network with new air conditioned trains for the District, Circle, Hammersmith & City and Metropolitan lines in service in 2010
  - Complete the East London line extension from Dalston to West Croydon and Crystal Palace which is on schedule to open in summer 2010
  - Develop a new iconic bus for London with the first prototype expected to start testing by the end of 2011
  - Make London a genuine cycle-friendly city through completion of the first two cycle super highways and the launch of cycle hire
  - Make paying for travel on London's transport network simpler and quicker so that customers using national rail will be able to take advantage of Oyster Pay As You Go in 2010
  - Make neighbourhoods and bus networks safer through the work of the Safer Transport Teams, Transport Hub Teams and Town Centre Teams
  - Enhance counter terrorism capability and capacity while preventing violent extremism, including stopping terrorist attacks through detecting, investigating and disrupting terrorists and their networks
  - Reduce serious youth violence, working with partners to prevent young people becoming victims of crime or offenders and delivering 'Time for Action'
  - Achieve the Mayoral pledge to establish four rape crisis centres
  - Delivery against the Mayor's Economic Recovery Action Plan in the areas of employment, volunteering and skills
  - Improve the environment and tackle climate change through reducing CO2 emissions from the transport network and new developments, securing water supply and renewable energy (including roll-out of the ten low carbon neighbourhoods in the capital), improving waste infrastructure and protecting open spaces
  - Continued delivery on the Mayor's Street Trees programme so that 3,500 trees are planned by the end of 2010-11
  - Improve London's fire and rescue service by creating four bulk extinguishing materials centres and four rescue centres strategically located across London
  - Deliver largest buildings retrofit programme ever attempted in London

## Section 1 – Introduction and overview

- Deliver the largest number of affordable homes in a single Mayoral term and end rough sleeping by 2012
- Deliver against the Mayor's Cultural Strategy by supporting high profile cultural and urban realm developments, producing major public events, and improving access to local cultural and leisure services.

### Amount to be raised from council taxpayers

- 1.7 The **council tax** applicable to the GLA Group is set at a level that recovers the difference between the budget requirements of the five organisations and the funding received from the Government. Allowing for anticipated government grants, the consolidated budget requires **£923m** (2009-10: £915m) to be raised from the council taxpayer. This and other sources of finance are summarised below:

	£m	Per cent
Spending plans	13,969	100
Less:		
Fares, charges and other income	-5,557	40
Specific government grants	-4,648	33
Government grants and redistributed business rates	-2,336	17
Reserves (TfL)	-489	3
Reserves (other)	-11	-
Surplus in council tax collection fund	-5	-
<b>Amount to be met by council taxpayers</b>	<b>923</b>	<b>7</b>

- 1.8 To raise an additional **£8m** from council taxpayers does not require any increase in a band D council tax of **£310** for the London boroughs after taking into account the 0.89 per cent increase in the Greater London council tax base for 2010-11. It requires a band D council tax of **£93** in the City of London.
- 1.9 **Section 8** provides a more detailed analysis of the extent to which government grants fund the budget requirements and the amount of council tax to be raised.

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

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- 2.1 The Greater London Authority (GLA) sets the strategic direction for London as a whole and generally does not deliver services. The GLA's four functional bodies are its principal delivery arms – Transport for London (TfL), the London Development Agency (LDA), the Metropolitan Police Authority (MPA; overseeing the work of the Metropolitan Police Service - MPS) and the London Fire and Emergency Planning Authority (LFEPA). The Authority also works with partner organisations – the London boroughs, Whitehall agencies and a range of other organisations from the private, public and voluntary sectors – to deliver the Mayor's vision to make London the best big city in the world.

### **Key deliverables**

- 2.2 Specific deliverables for the GLA in 2010-11 are as follows:
- A programme of world-class events grouped according to the following themes: Olympic, Sport, Youth, Environment, Faith, Communities and Disabilities
  - Cultural campaigns of value to Londoners and visitors to the capital, including the Story of London, focusing on London's heritage, and East, celebrating the vibrancy of East London
  - The promotion of creative industries through the London Film Festival, London Film Day, London Design Week, Frieze Art Fair and London Fashion Week
  - A programme of work on crime policy, covering issues relating to confidence in police services, radicalisation and dangerous dogs
  - Rolling out the Mayor's Clean and Green Volunteering scheme
  - Continued delivery on the Mayor's Street Trees programme so that 3,500 trees are planned by the end of 2010-11
  - Put grant agreements in place for the 11 rundown parks being made cleaner, safer and more attractive through the Mayor's Priority Parks programme
  - Continued development of the Drain London programme aimed at the sustainable management of surface water flood risk in London
  - Maximise London's share of national housing resources through the Investing in London's Housing programme
  - Completion of the Examination in Public for the shorter and more strategic London Plan and additional guidance on the Opportunity Area Planning Frameworks to supplement the policies contained in the London Plan
  - Development of the Mayor's strategy on opportunities and aspiration for all young Londoners, including the Mayor's programme of academies and engagement with young Londoners to improve their life chances in relation to health, safety and skills
  - Support the London Debt Strategy and participate fully in the London Debt Partnership, providing assistance to Londoners during the recession
  - Continued progress towards delivering Mayoral priorities in relation to the 2012 Olympic and Paralympic Games

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

- Delivery against the Mayor’s Economic Recovery Action Plan in the areas of employment, volunteering and skills
- Hosting the International Business Advisory Council to provide advice to the Mayor on his overall economic and business strategies
- Make London a genuine cycle-friendly city through the launch of a cycle marketing campaign, completion of the first two cycle super highways and the launch of cycle hire.

### Budget requirement

- 2.3 Including the financial contribution to the public sector funding package for the 2012 Olympic and Paralympic Games, the Mayor's estimated gross expenditure for 2010-11 is £142.4m. After deducting fees, charges, investment income and the application of the election and general reserves, the budget requirement for 2009-10 is **£131.8m**. This is £5.2m higher than that for 2009-10. This increase in expenditure represents an increase of 4.1 per cent (but a reduction of 0.4 per cent when the £5.7 million contribution to the budget resilience reserve is excluded).

### Explanation of budget changes

- 2.4 The changes in 2009-10 relative to 2008-09 can be summarised as follows:

<b>Changes in the Mayor’s spending plans</b>	<b>£m</b>
<b>2009-10 adjusted budget requirement</b>	<b>126.6</b>
<i>Changes due to:</i>	
Inflation	0.9
Organising for Delivery programme savings	-3.7
Net growth in existing services and programmes	0.4
New initiatives and service improvements	1.2
Elections	0.9
Olympic and Paralympic Games funding agreement	0.5
Museum of London	0.2
Crossrail Business Rate Supplement Income	-214.0
Interest on GLA Borrowing to finance Crossrail	12.0
Direct contribution to Crossrail construction (to TfL)	202.0
Reduced interest receipts	0.3
Change in use of reserves	4.5
<b>2010-11 budget requirement</b>	<b>131.8</b>

- 2.5 The key changes in income and expenditure areas between years and that projected for the following two years for each of the main service areas are set out in the table overleaf.

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

Service/directorate analysis	Budget 2009-10 £m	Forecast 2009-10 £m	Budget 2010-11 £m	Plan 2011-12 £m	Plan 2012-13 £m
Mayor's Private Office	3.1	3.1	3.2	3.2	3.3
Chief Executive	1.9	1.9	2.5	16.5	5.6
External Affairs	5.8	7.1	5.0	5.0	5.1
Communities & Intelligence	6.5	9.4	5.7	5.8	5.9
Development & Environment	7.8	9.2	6.3	6.3	6.4
London 2012 Unit	0.5	0.6	0.8	0.8	0.8
Resources	25.3	23.5	27.1	27.5	28.2
Olympic Funding Agreement	59.1	59.1	59.6	60.1	60.1
Museum of London	7.9	7.9	8.1	8.1	8.1
Capital financed by revenue /reserves	2.7	2.4	2.8	2.3	3.3
<b>Net service expenditure</b>	<b>120.5</b>	<b>124.2</b>	<b>121.0</b>	<b>135.7</b>	<b>126.8</b>
Interest on Borrowing to finance Crossrail (financed by BRS)	0.0	0.0	12.0	57.0	101.0
Transfer payment (Direct Crossrail contribution to TfL financed by BRS)	0.0	0.0	202.0	168.0	119.0
Crossrail Business Rate	0.0	0.0	-214.0	-225.0	-220.0
Supplement income					
<b>Net Crossrail financing costs</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Interest receipts	-1.0	-0.9	-0.8	-1.0	-1.5
<b>Net revenue expenditure</b>	<b>119.5</b>	<b>123.3</b>	<b>120.3</b>	<b>135.4</b>	<b>125.3</b>
Transfer to/from reserves	7.1	3.3	11.5	-8.5	1.2
<b>Budget requirement</b>	<b>126.6</b>	<b>126.6</b>	<b>131.8</b>	<b>126.9</b>	<b>126.5</b>

### Inflation

2.6 Inflation is budgeted to add £0.9m to GLA (Mayor of London) costs in 2010-11.

### Savings and efficiencies

2.7 The principle driver for securing savings has been the Authority's Organising for Delivery programme which has streamlined and realigned City Hall structures to deliver the Mayor's priorities and commitments to Londoners more efficiently and effectively. A savings target of £3.7m has been achieved and there has been a net reduction of 99 full-time equivalent posts. The budget estimates also includes savings estimated to be achieved through entering into shared services arrangements with Transport for London in respect of finance, procurement and legal services which will enable the staffing establishment to be reduced by a further 21 posts.

### New initiatives and service improvements

2.8 Planned increases in the Authority's Community Safety Programme add £1.2m in 2010-11 to the budgeted costs relative to 2009-10 as summarised below:

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

	Budget 2010-11 £m	Plan 2011-12 £m	Plan 2012-13 £m
Rape crisis centres	0.5	0.6	0.6
Violence Against Women strategy	0.2	0.2	0.2
Time for Action programme	0.5	0.5	0.5
<b>Total</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>

### Major items of expenditure

- 2.9 The most significant area of expenditure remains that for the financial agreement to support the 2012 Olympic Games and Paralympic Games (£59.6m in 2010-11) being the amount to be raised through a council tax precept of £20 a year for a Band D household.
- 2.10 The budget estimates also include the contribution to the Museum of London (£8.1m in 2010-11): this reflects the Mayor's role of co-sponsor (along with the Corporation of London) and the amount represents the extra revenue grant the GLA receives as part of its general grant settlement specifically for the Museum of London.

### Crossrail

- 2.11 The funding arrangements for Crossrail provide for the Mayor to borrow £3.5bn towards the cost of Crossrail between 2010-11 and 2014-15 of which £800m is scheduled to be paid over in 2010-11. The debt will be raised by the Mayor according to the following profile:

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

- 2.12 The financing and repayment of this £3.5bn of borrowing will be funded through a new supplement on non domestic ratepayers in London. Under the new powers granted to the GLA in the Business Rate Supplements Act 2009 this may be levied at a rate of no more than 2p in the pound and only on properties with rateable values above £50,000. A further £600m – representing the amount generated by the Crossrail Business Rate Supplement (BRS) exceeds the GLA's financing costs during the construction period – will be used as direct financing towards the Crossrail construction costs. The Mayor is expected to issue his final policies for the BRS (e.g. the tax rate and rateable value threshold proposed for 2010-11) at the end of January 2010. The GLA budget reflects the effect of the expected BRS cash flows arising from the financing of the borrowing. In 2010-11 it is estimated that the GLA will incur interest costs on its £800m of planned borrowing of around £12m rising to £101m in 2012-13 by which time around £2.2 bn of the total £3.5 bn Crossrail contribution is due to have been drawn down. In addition £202m is estimated to be payable to TfL to directly finance the construction costs in 2010-11 – declining to £119m by 2012-13. All of these costs are due to be financed via the BRS and as such there will be no net impact on the budget requirement or the council tax precept. These figures are consistent with the TfL budget information presented in section 6.

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

### Reserves

2.13 The expected movements in reserves are:

GLA reserves	Budget 2009-10 £m	Forecast 2009-10 £m	Budget 2010-11 £m	Plan 2011-12 £m	Plan 2012-13 £m
<b>Opening balances</b>	<b>22.8</b>	<b>22.8</b>	<b>26.6</b>	<b>38.1</b>	<b>29.6</b>
Transfers to/from:					
Election Reserve	4.6	4.8	3.7	-10.2	0.7
Other earmarked reserves	2.5	1.3	7.8	1.7	0.4
General reserves	-1.0	-2.4	-	-	-
<b>Closing balances</b>	<b>28.9</b>	<b>26.6</b>	<b>38.1</b>	<b>29.6</b>	<b>31.4</b>

2.14 The most significant uneven area of expenditure over the three year period is the cost of the elections, and this accounts for the significant year-on-year changes in the level of net revenue expenditure. This is managed through the use of reserves and each year the Authority transfers a provision of £5 million a year into an Elections Reserve to meet the cost of the GLA elections and possible by-elections, and meets the annual costs incurred by drawing on this reserve. The Election Reserve as at the 31 March 2009 stood at £6m and therefore by May 2012 £21 m would have been made available. A sum of £5.7 million is also being added to the budget resilience reserve bringing the balance up to £7.9 million. This reserve is available to manage the particular risk the GLA is exposed to during the formal budget and precept setting stage arising from the timing of the receipt of taxbase and collection fund information from the boroughs which have an important bearing on the final budget and council tax precept. Also next year there is a further uncertainty to be managed in that there is no indicative grant settlement information available, and is unlikely to be available until much later in the year.

2.15 At 31 March 2011 the general balance is expected to total some £2.7m which represents just over 2.2 per cent of the estimated 2010-11 net revenue expenditure, or just over 5 per cent when the amounts included in respect of the Olympic Funding Agreement and the Museum of London are excluded on the basis that they are covered by specific sources of funding. This will be kept under review.

## Section 3 – Greater London Authority: London Assembly

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- 3.1 The GLA Act 2007 introduced a separate component budget for the London Assembly in respect of Assembly Members, employees of the Authority who normally work as support staff for the Assembly or Assembly Members, goods or services procured solely for the purposes of the Assembly and the London Transport Users' Committee (London TravelWatch).

### Role of the Assembly

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

### Key deliverables

- 3.3 The Secretariat has six objectives that guide its work in supporting the Assembly. The Secretariat also has a major role in the planning and managing of the Mayoral and London Assembly elections (although the cost of the Election is included within the Mayor's component budget). Deliverables specific to 2010-11 are as follows:
- Support the new Assembly to establish effective structures and processes to fulfil its statutory duties;
  - Support the Assembly to scrutinise the Mayor's exercise of new powers transferred to him by the GLA Act 2007, including those in relation to planning, housing, waste, health inequalities and climate change
  - Publicise the scrutiny work of the Assembly and its committees via the media and directly to stakeholders
  - Encourage public attendance at Mayor's Question Time, in particular targeting equalities groups
  - Develop accessible publicity material explaining the role of the Assembly and its composition
  - Respond effectively to consultations from the Head of Paid Service on creation and deletion of posts in the core GLA.

### Budget requirement

- 3.4 The Assembly's budget requirement for 2010-11 is **£8.6m**. This is £0.1m lower than that in 2009-10.

## Section 3 – Greater London Authority: London Assembly

### Explanation of budget changes

3.5 The changes in 2010-11 relative to 2009-10 can be summarised as follows:

Changes in the Assembly's spending plans	2010-11 £m
<b>2009-10 adjusted budget requirement</b>	<b>8.7</b>
<i>Changes due to:</i>	
Inflation	-
Savings and efficiencies	-0.1
<b>2010-11 Budget requirement</b>	<b>8.6</b>

3.6 The key changes in income and expenditure areas between years and that projected for the following two years for the Assembly are set out in the table below:

Service analysis	Budget 2009-10 £m	Forecast 2009-10 £m	Budget 2010-11 £m	Plan 2011-12 £m	Plan 2012-13 £m
Assembly Members	1.8	1.7	1.8	1.8	1.8
Member Services	2.7	2.4	2.6	2.7	2.7
Scrutiny & Investigations	1.1	1.1	1.1	1.1	1.1
Committee Services	0.5	0.5	0.5	0.5	0.5
External Relations	0.3	0.4	0.3	0.3	0.3
Director/Business Support	0.5	0.5	0.5	0.5	0.5
Elections & Special Projects	0.1	0.1	0.1	0.1	0.1
Legal Services	0.1	0.1	0.1	0.1	0.1
Direct Services Provision	0.1	0.0	0.1	0.1	0.1
Contingency	0.0	0.0	0.0	0.0	0.0
London TravelWatch	1.6	1.6	1.6	1.6	1.6
<b>Net service expenditure</b>	<b>8.7</b>	<b>8.4</b>	<b>8.6</b>	<b>8.7</b>	<b>8.8</b>
Interest receipts	-	-	-	-	-
<b>Net revenue expenditure</b>	<b>8.7</b>	<b>8.4</b>	<b>8.6</b>	<b>8.7</b>	<b>8.8</b>
Transfer to/ from reserves	-	0.3	-	-	-
<b>Budget requirement</b>	<b>8.7</b>	<b>8.7</b>	<b>8.6</b>	<b>8.7</b>	<b>8.8</b>

### Inflation

3.7 Inflation is not budgeted to add any cost to GLA (London Assembly) in 2010-11.

### Savings and efficiencies

3.8 The budget incorporates cashable efficiency savings of £0.1m in 2010-11.

### Reserves

3.9 The Authority's accounts include an earmarked Assembly development reserve of £1.0m as at the beginning of 2010-11.

## Section 4 – Metropolitan Police Authority

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- 4.1 The mission of the Metropolitan Police Authority (MPA) and Metropolitan Police Service (MPS) is to serve London's communities by 'Working together for a safer London'. Key elements of this mission are the focus on reducing crime, including the likelihood of people becoming victims of crime, as well as improving the prospects of bringing those who commit crime to justice, particularly where there is a significant impact on vulnerable victims.
- 4.2 The MPA and MPS are also making significant progress in addressing Mayoral priorities in the areas of:
- Transport policing
  - Violence against women and girls
  - Gangs, knife crime and youth violence
  - Town centres
  - Dangerous dogs.

### Key Deliverables

- 4.3 The MPA has defined the Met Forward strategic framework which sets out the MPA's desired direction of travel for the MPS and outlines strategic outcomes of reduced crime, increased confidence and value for money. The budget has been framed to provide sufficient resources to support the following key corporate objectives:
- Reduce serious violence and protect young people, including:
    - Through Operation Sapphire prevent rape and other serious sexual offences, enhancing its support to victims and, with its partners and playing a full part in the Mayor's new Violence Against Women strategy, including improved criminal justice outcomes for rape
    - Through Operation Blunt 2 reduce weapon-enabled crime, particularly that involving violence with injury
    - Reduce serious youth violence, working with communities and partners to prevent young people becoming victims of crime or offenders, and continue to cooperate with the workplans set out in the Mayor's Serious Youth Violence Action Plan, 'Time for Action'
    - Tackle the rise in gangs and gang culture, working with partners to drive activity, disseminate what really works and monitor performance
    - Reduce serious violence, particularly violence with injury offences and homicides involving young and vulnerable people and violence against women
  - Reduce serious and organised crime by disrupting criminal networks including those involved in trafficking; and work for a new financial settlement for proceeds of crime
  - Enhance its counter terrorism capability and capacity through the CONTEST strategy and through partnership activity, while preventing violent extremism, including:
    - Stop terrorist attacks through detecting, investigating and disrupting terrorists and their networks
  - Plan and recruit for, and effectively police, major events in London and prepare for the 2012 Olympics

## Section 4 – Metropolitan Police Authority

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- Focus on women’s safety through the Mayor’s Violence Against Women Strategy, and tackle expected increases in trafficking and prostitution towards the 2012 Olympics
- With its partners make neighbourhoods, including bus networks safer by responding to local priorities, tackling crime and anti-social behaviour and reducing road casualties, including:
  - Through the work of the Safer Transport Teams, Transport Hub Teams and Town Centre Teams focus on local policing priorities and crime through a visible and accessible presence in our neighbourhoods, business communities and town centres
- Help improve run down parks and open spaces in residential areas through policing, to create safe environments
- Build confidence in the police by delivering on the Pledge and improving people’s experience of its services
- Ensure the most efficient, effective and economic use of all its resources, including:
  - Deliver cashable efficiencies, build financial resilience and embed compliance throughout the organisation
  - Drive business change and more efficient and effective ways of working including delivery of the Service Improvement Plan
- Through the dedicated Status Dogs Unit, tackle the rise in numbers of dangerous dogs and the use of dogs as weapons
- Ensure a representative workforce by implementing practical measures arising from the MPA Race and Faith Inquiry.

### **Budget requirement**

- 4.4 The Police Authority's gross expenditure is estimated to be £3,645m. After deducting fees, charges, specific grants, other income and use of reserves, the budget requirement for 2010-11 is **£2,673.3m**. This is £33m higher than that for 2009-10.

### **Explanation of budget changes**

- 4.5 The key changes in income and expenditure areas between years and that projected for the following two years for each of the main service areas, as well as the changes in 2010-11 relative to 2009-10, are set out in the tables overleaf.

## Section 4 – Metropolitan Police Authority

Changes in the Police Authority's spending plans	2010-11 £m
<b>2009-10 budget requirement</b>	<b>2,640.3</b>
<i>Changes due to:</i>	
Inflation	84.0
Net growth in existing services and programmes	24.0
New initiatives and service improvements	56.0
Savings and efficiencies	-100.5
Increase in specific grants	-26.3
Transfer from Reserves	-4.2
<b>2010-11 Budget requirement</b>	<b>2,673.3</b>

Service analysis	Budget 2009-10 £m	Forecast 2009-10 £m	Budget 2010-11 £m	Plan 2011-12 £m	Plan 2012-13 £m
Territorial Policing	1527.2	1,546.8	1,500.4	1,509.1	1,501.5
Specialist Crime Directorate	414.2	411.4	422.5	421.3	421.6
Specialist Operations	279.9	280.2	280.2	280.2	276.8
Central Operations	238.1	242.9	260.1	272.5	379.6
Resources Directorate	255.1	256.3	266.7	264.6	261.0
Directorate of Information	219.9	220.0	227.3	225.0	215.3
Human Resources Directorate	158.2	156.9	149.3	139.8	137.0
Directorate of Public Affairs	6.2	6.1	7.0	6.9	6.8
Deputy Commissioner's Portfolio	55.7	54.0	53.3	52.8	52.7
Pensions	29.1	29.1	30.1	31.1	32.1
Centrally held budgets <sup>1</sup>	7.9	5.7	51.1	134.2	164.0
MPA	12.9	13.2	13.3	13.4	13.4
Savings to be agreed		-	-	-110.8	-145.1
<b>Net service expenditure</b>	<b>3,204.4</b>	<b>3,222.6</b>	<b>3,261.3</b>	<b>3,240.1</b>	<b>3,316.7</b>
Capital financing costs	23.1	21.9	23.7	26.9	29.3
Interest receipts	-2.1	-2.3	-0.8	-0.8	-0.8
Specific grants	-580.3	-580.5	-606.6	-620.0	-725.6
<b>Net revenue expenditure</b>	<b>2,645.1</b>	<b>2,661.7</b>	<b>2,677.5</b>	<b>2,646.5</b>	<b>2,619.7</b>
Transfers to/from reserves	-4.8	-21.4	-4.2	-0.6	-0.3
<b>Budget requirement</b>	<b>2640.3</b>	<b>2,640.3</b>	<b>2,673.3</b>	<b>2,645.9</b>	<b>2,619.4</b>

Note 1: This line includes budgets that the MPA will not attribute to business groups until later in its budget setting process. It includes, for example, inflation, pay awards and other such budget changes.

## Section 4 – Metropolitan Police Authority

### Inflation

- 4.6 Inflation is budgeted to add £84m to MPA costs in 2010-11.

### Committed change

- 4.7 The full year effect of 2009-10 budget decisions and those items of expenditure which are unavoidable or to which the Authority has committed adds £24m to the MPA's budget for 2010-11.

### New initiatives and service improvements

- 4.8 New initiatives and service improvements add £56m to expenditure in 2010-11.

### Savings and efficiencies

- 4.9 The budget includes cashable savings and efficiencies totalling £101m in 2010-11. The Home Office has set a target of £345m of savings to be achieved in the period 2008-09 to 2010-11. Savings totalling £299m are expected to be made in 2009/10 and 2010-11, leaving £46m to be found in 2010-11. The Metropolitan Police therefore expects to meet this target.

### Officer numbers

- 4.10 Over the three years to 2012-13, the number of Police Officers is forecast to decrease by 455, while PCSOs remain the same and Special Constables increase by 2,690. The Police Service faces major challenges in managing police officer numbers against future funding levels given the lengthy recruitment and borough based training process. The Service is therefore seeking to meet this challenge by redeploying officers to the frontline. Under Operation Herald, a scheme to recruit more civilians to staff custody suites, 900 workers will take over routine policing duties to enable 550 officers to be released to fill frontline vacancies over the next three years.

### Reserves

- 4.11 The planned use of reserves is shown in the table below. The MPA's policy is to maintain general revenue reserves of at least 2 per cent of net budgeted expenditure. These estimates include a general reserve and emergency contingency fund of 2.7 per cent of net budgeted expenditure.

MPA reserves	Budget 2009-10 £m	Forecast 2009-10 £m	Budget 2010-11 £m	Plan 2011-12 £m	Plan 2012-13 £m
<b>Opening balances</b>	<b>287.6</b>	<b>287.6</b>	<b>249.6</b>	<b>245.4</b>	<b>244.8</b>
Transfers to/ from:					
Earmarked reserves	-4.8	-38.0*	-4.2	-0.6	-0.3
General reserves	0	0	0	0	0
<b>Closing balances</b>	<b>282.8</b>	<b>249.6</b>	<b>245.4</b>	<b>244.8</b>	<b>244.5</b>

\* The reduction of £38.0m in Earmarked reserves for 2009/10 includes the use of £16.6m to fund the projected Revenue Budget overspend of £16.6m as at period 6. This position will be kept under review with a view to delivering a balanced budget by the end of 2009/10 if possible.

## Section 5 – London Fire and Emergency Planning Authority

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- 5.1 The London Fire and Emergency Planning Authority is responsible for fire and rescue services in London and it supports the London boroughs in their emergency planning role. LFEPA has achieved significant fire reduction improvements through the strategies in their London Safety Plan.
- 5.2 The five-year targets that were set by LFEPA in the London Safety Plan (2005-08) were achieved well ahead of the target of March 2010. Highlights of these include reductions in primary fires, accidental fires in the home, deaths from fire and deaths from accidental dwelling fires, arson (deliberate fires) and a continued fall in the number of hoax calls.

### Key Deliverables

- 5.3 LFEPA's headline targets have two components. The first is the level of reduction that can reasonably be achieved by maintaining the current focus with the resources it already has. The second is a 'stretch target'. The stretch targets are more challenging and are likely to require substantial changes to the way LFEPA delivers its services, but will further improve the safety of London and Londoners if they can be achieved. The headline targets LFEPA is proposing to set for the period 2010-11 to 2012-13 are as follows:
- reduce fires in the home by 2 per cent (without stretch) and by 6 per cent (with stretch)
  - reduce fires in non-domestic buildings by 10 per cent (without stretch) and by 19 per cent (with stretch)
  - deliver 230,000 home fire safety visits, targeting those most at risk (so that by 2012-13 LFEPA will have completed over 395,000 home fire safety visits in total)
  - reduce fires of rubbish (with deliberate or unknown motive) by 4 per cent (without stretch) and by 11 per cent (with stretch)
  - reduce false alarms from automatic fire alarm systems by 10 per cent (without stretch) and by 22 per cent (with stretch)
  - reduce shut in lift incidents attended by 7 per cent (without stretch) and by 14 per cent (with stretch).
- 5.4 LFEPA prepares its budget in parallel with its London Safety Plan which outlines a programme of work for the next 3 years. This plan is based on six strategic aims and their supporting objectives which are set out below.
- **Prevention** - engaging with London's communities to inform and educate people in how to reduce the risk of fires and other emergencies. The objectives are:
    - To reduce fires and the impact they have
    - To target people most at risk
  - **Protection** - to influence and regulate the built environment to protect people, property and the environment from harm. The objectives are:

## Section 5 – London Fire and Emergency Planning Authority

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- To regulate buildings and other places to protect people from fire
- To influence planners, designers and decision makers to improve safety for Londoners
- **Response** - planning and preparing for emergencies that may happen and making high quality, effective and resilient response to them. The objectives are:
  - To improve and deliver plans, development with partners to address identified risks
  - To use resources in a flexible and efficient way arriving at incidents as quickly as possible
- **Resources** - managing risk by using resources flexibly and efficiently and continuously improving the way public money is used. The objectives are:
  - To minimise costs and provide value for money for Londoners, working with others
  - To manage performance and continuously improve service delivery
- **People** - working together to deliver high quality services and to create a safe and positive environment for everyone. The objectives are:
  - To develop a positive and healthy culture with strong and effective leadership
  - To embed ownership, responsibility and accountability at all levels of the organisation
  - To make sure staff have the right knowledge and skills to do their jobs
- **Principles** - operating in accordance with values and ensuring that safety, sustainability, partnership and diversity run through all activities. The objectives are:
  - To work with others to keep people in London safe
  - To increase the diversity of the workforce to ensure high quality services across London
  - To continue to act in a more sustainable way
  - To continuously review working practises in order to keep the workforce safe

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

- To create four bulk extinguishing materials centres strategically located across London. These will be stations where vehicles and bulk materials needed for larger, or specific types of incident will be grouped together. The replacement vehicles allow for 16 firefighter posts to be removed from the establishment in 2010-11 as an efficiency

## Section 5 – London Fire and Emergency Planning Authority

- To create four rescue centres strategically located across London. These will be stations where fire engines and specialist rescue equipment are grouped together to ensure that LFEPA can manage and maintain the highly specialised skills of the staff who provide these services
- To become more efficient in the way crew and incident response units (equipment needed to provide mass decontamination facilities at large chemical or similar incidents) are used
- To deliver key priority projects including the Olympics and Paralympics, Firelink and FiReControl and Property PFI
- Continue to look at ways in which LFEPA can deliver excellent services for less.

### Budget requirement

5.6 The Fire Authority's gross expenditure is estimated to be £469.2m. After deducting fees, charges and other income and the application of reserves, the budget requirement for 2010-11 is **£437.3m**. This is £21.1m higher than that for 2009-10.

### Explanation of budget changes

5.7 The key changes in income and expenditure areas between years and that projected for the following two years for each of the main service areas are set out in the table overleaf. The changes in 2010-11 relative to 2009-10 are set out below.

<b>Changes in the Fire Authority's spending plans</b>	<b>2010-11 £m</b>
<b>2009-10 budget requirement</b>	<b>416.2</b>
<i>Changes due to:</i>	
Inflation	2.8
Net growth in existing services and programmes	7.2
New initiatives and service improvements	2.5
New Savings and efficiencies	-5.7
Changes in use of reserves	14.3
<b>2010-11 budget requirement</b>	<b>437.3</b>

## Section 5 – London Fire and Emergency Planning Authority

Service analysis	Budget 2009-10 £m	Forecast 2009-10 £m	Budget 2010-11 £m	Plan 2011-12 £m	Plan 2012-13 £m
Community safety	39.4	38.7	39.2	39.7	40.9
Fire fighting and rescue	331.5	321.3	333.3	338.0	348.8
Fire-fighter pensions	59.5	57.9	59.4	59.4	59.4
Emergency planning	1.0	0.9	1.0	1.0	1.0
Central services	1.9	1.9	1.9	1.9	1.9
Savings to be agreed	-	-	-	-3.9	-18.1
<b>Net service expenditure</b>	<b>433.3</b>	<b>420.7</b>	<b>434.8</b>	<b>436.1</b>	<b>433.9</b>
Capital financing costs	10.8	10.5	12.1	11.0	10.4
External interest receipts	-1.4	-0.3	-0.3	-0.3	-0.3
Specific grants	-12.2	-13.0	-9.3	-9.3	-9.3
<b>Net revenue expenditure</b>	<b>430.5</b>	<b>417.9</b>	<b>437.3</b>	<b>437.5</b>	<b>434.7</b>
Transfer to/from reserves	-14.3	-1.7	0.0	0.0	0.0
<b>Budget requirement</b>	<b>416.2</b>	<b>416.2</b>	<b>437.3</b>	<b>437.5</b>	<b>434.7</b>

### Inflation

- 5.8 Inflation is budgeted to be £2.8m in 2010-11. This includes the cost of known pay awards and provision for general price inflation on other non-staff budgets.

### Committed growth

- 5.9 The full year effect of 2009-10 budget decisions and those items of expenditure which are unavoidable or to which the Authority is contractually committed adds £7.2m to LFEPA's budget for 2010-11 and future years.

### Increases in service levels and new initiatives

- 5.10 There are also new initiatives, which add £2.5m to expenditure in 2010-11.

### Savings and efficiencies

- 5.11 The budget includes cashable efficiency savings of £5.7m in 2010-11, which represent 1.3% of net revenue expenditure. The authority is planning to make £19m in efficiency savings by the end of the three year period to 2010-11.

### Operational Officer numbers

- 5.12 As a result of the bulk media initiative (paragraph 5.5), which is designed to enhance front line services delivered to the public, the number of fire-fighters is forecast to decrease by 16 by the end of 2010-11. The impact of the other proposed initiatives is currently under discussion and may lead to further changes to the establishment in future years. These changes are designed to carry forward LFEPA's continuing commitment to modernisation; to achieve a professionally focused and supported fire and rescue service in London; and to deliver value for money.

## Section 5 – London Fire and Emergency Planning Authority

### Reserves

- 5.13 Reserves are projected to be £44.5m at March 2011, of which £6.4m is earmarked for specific purposes. The Authority's policy is to maintain a general reserve of 2.5 per cent of the net requirement, but it is not proposed to draw on these reserves to support the 2010-11 budget given the uncertainty that exists over the Government grant settlement for 2011-12 onwards.
- 5.14 The table below shows the estimated balances on both capital and revenue reserves.

<b>LFEPA reserves</b>	<b>Budget 2009-10 £m</b>	<b>Forecast 2009-10 £m</b>	<b>Budget 2010-11 £m</b>	<b>Plan 2011-12 £m</b>	<b>Plan 2012-13 £m</b>
<b>Opening balances</b>	<b>41.8</b>	<b>46.2</b>	<b>44.5</b>	<b>44.5</b>	<b>44.5</b>
Transfers to/from:					
Earmarked reserves	-	-	-	-	-
General reserves	-14.3	-1.7	-	-	-
<b>Closing balances</b>	<b>27.5</b>	<b>44.5</b>	<b>44.5</b>	<b>44.5</b>	<b>44.5</b>

## Section 6 – Transport for London

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- 6.1 In 2007 TfL secured a 10-year funding settlement covering the period to 2017-18. This £39.2bn settlement covers the funding of Crossrail, support for Tube line upgrades and the rest of TfL's operations. By 2012 there will be an increase of over 10 per cent in the capacity of London's public transport network, increasing to almost 30 per cent by 2018. Much of this will be delivered directly by TfL (including via Crossrail), with the rest delivered by Network Rail.
- 6.2 The 2010-11 Budget covers the first three years of TfL's recently updated Business Plan which defines the priorities and programmes to be delivered over the remaining period of TfL's funding settlement with Government, building on the Business Plan published in November 2008, and work over the past year on the new Mayor's Transport Strategy (MTS).
- 6.3 The budget takes account of the significant challenges that have occurred over the past year, in particular the economic downturn and the cost legacy left by the collapse of Metronet. It also provides additional funding to a number of Mayoral priorities, such as Cycle Superhighways and urban realm projects.
- 6.4 In response to the significant financial pressures which TfL is facing and to protect investment in front line services the scope and ambition its existing efficiency savings programme has more than doubled since last year's Business Plan to 2017/18, with £1.9bn in savings now assumed to be delivered between 2009-10 and 2012-13.

### Key deliverables

- 6.5 The key deliverables in the Business Plan for the period to 2012-13 include:

#### London Underground

- **Upgrades:** The line upgrades are the cornerstone of the Tube's transformation. Without them the infrastructure would continue to age and deteriorate and the Tube would gradually grind to a halt, unable to maintain current service levels or meet the demands of the future. The key upgrades being delivered are set out below:
  - The **Jubilee line** capacity was boosted by 17 per cent in 2006 when a seventh car was added to all trains. A further upgrade, involving replacement of the signalling and train control system and increasing capacity by a further 33 per cent is now due for completion in 2010.
  - The **Victoria Line** upgrade is due for completion by 2012. Improvements include introduction of the first of a new fleet of trains – faster, and with greater capacity, improved ventilation and CCTV in every carriage. Together with improvements in track and signalling, journey times will be cut by 16 per cent and capacity increased by 21 per cent.
  - A new control centre and computerised signalling system will be installed in the first stage of the upgrade to the **Northern line**, the busiest and most complex line on the network. These improvements, scheduled to be delivered in 2012, will enable trains to run closer together and at higher speeds, cutting journey times by 18 per cent and increasing capacity by 20 per cent.

## Section 6 – Transport for London

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- **Sub-Surface Railway:** Work is under way on the 191 new S-Stock trains destined for the **District, Circle, Hammersmith & City and Metropolitan** lines. The first will be delivered into customer service in 2010 and will also be the first on the Underground to have air-conditioning.
- **Customer Care:** The line upgrades will ensure LU's passengers experience reliable journeys with shorter travelling times. The Underground will continue to staff its stations and invest in systems which improve station management, such as CCTV, as well as ensuring that stations are well lit, visibly managed, clean and graffiti-free.
- **Station capacity:** To relieve congestion experienced at key locations on the network and enable quicker journeys, some stations need more extensive improvements to ensure safe and efficient station operations.
  - Improvements to Cannon Street LU Station, as part of a wider development of the National Rail station and Cannon Place will be completed by 2012.
  - Further projects include step-free access schemes at Blackfriars and Farringdon – important interfaces with Crossrail and Thameslink – which will be ready in 2011.
  - Work has already started at Tottenham Court Road station, a key interchange with Crossrail, and is due for completion in 2017. Work will commence on major schemes at Bond Street, Paddington (Hammersmith & City line) and Victoria.
- **Station refurbishments and step-free access:** Since 2003, 124 stations have been refurbished. The improvements will continue at the Jubilee, Northern, and Piccadilly line stations, which are part of the PPP contract with Tube Lines for completion in 2012. TfL will continue to improve street to platform accessibility, as part of the planned major congestion relief programmes, building on the foundation of 58 step-free stations already in place.
- **Cooling the Tube:** Various improvements are being carried out, including restoring ventilation fans and installing mechanical chillers and portable summer fans to provide a safe and more comfortable environment for passengers as the Tube is transformed. The mid tunnel vents on the Victoria Line will be completed by 2012.

### **London Overground (London Rail)**

- A programme of upgrades and improvements will be carried out across the London Rail network to increase capacity, quality and reliability. This work will also enable the network to play an integral part in serving the Olympic and Paralympic Games in 2012.
- **East London line extension:** The extension and refurbishment of the East London line will enable more frequent and reliable services to be introduced. This is on schedule to be open in June 2010. A new connection from Surrey Quays to Clapham Junction using the South London line is planned to complete the Overground's orbital route by 2012.

## Section 6 – Transport for London

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- **North London Railway:** Extra carriages are to be introduced, extending trains from three to four cars increasing the North London Railway's capacity by 50 per cent. The East London line extension will be connected to the North London Railway via new track in the Dalston area and East London line services will then run to Highbury & Islington by early 2011.
- **New rolling stock:** 65 new trains are being introduced on the Overground network. The new fleet for the East London line extension will also be ready when the line opens in June 2010.
- **Upgrades for Overground stations:** North London and East London line stations are being upgraded and all will be fully staffed under a project that began in August 2009.

### **Docklands Light Railway**

- A total of 55 new carriages have been ordered, expanding trains from two to three cars and giving a 50 per cent capacity increase by June 2010. To allow for longer trains TfL will upgrade the network and lengthened platforms by June 2010.

### **Tramlink**

- There are planned improvements to alleviate overcrowding at peak times on Tramlink and upgrade help points and communication systems. This should further enhance customer safety, security and the travel experience into the future.

### **Crossrail**

- The new railway – Europe's biggest transport project – will provide the outer suburbs east and west of the Capital with fast, frequent, high-capacity links to the City, West End, Heathrow Airport and Docklands. It will by itself increase London's rail network capacity by 10 per cent, potentially easing congestion by 45 per cent on many other rail and Tube lines and will bring the heart of London within an hour's direct reach for 1.5 million more people.
- Preparatory work at key locations such as Canary Wharf (for the new station in the Isle of Dogs) and Tottenham Court Road has already commenced. The main construction works are due to begin in 2010.

### **Surface Transport**

#### **Highways and roads**

- **Smoothing traffic flow:** TfL is developing a strategy for smoothing traffic flow:
  - It is investing in a programme to increase the traffic signals with the 'intelligent' SCOOT (Split Cycle Offset Optimisation Technique) system from the existing 2,000 sites by a further 1,000, by 2015/16, in addition to reviewing timings at 1,000 traffic signal sites annually.
  - In 2010, on-street trials of Pedestrian Countdown will begin, a system that tells pedestrians at traffic signals how long they have to cross the road.
  - TfL has begun a programme of safety improvements to its 13 road tunnels. The refurbishment of the Blackwall Tunnel (northbound), which is due for completion by 2012, will include fire detection and vehicle overweight detection measures, new lighting and improved communication and ventilation systems.

## Section 6 – Transport for London

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- In addition TfL will complete safety and environmental improvements on the A406 at Bounds Green (scheduled for completion by May 2012) and a junction improvement scheme at Henlys Corner (completion by early 2012)
- **Congestion Charging:** The Mayor is committed to implementing an easier and fairer way for people to pay the congestion charge. Automated payment, one of the most consistently requested improvements, is planned to be introduced by December 2010 and, for those who register, will immediately eliminate the risk of forgetting to pay and thus incurring penalty charges. Another change to the scheme in 2010, subject to consultation, is removal of the Western Extension of the Congestion Charging zone. This reflects the strength of opinion against the extension in the non-statutory consultation which was held in 2008.
- **Public realm improvements:** TfL is seeking to improve the 'public realm' around its transport system. A number of schemes will be completed during the period, including Brixton Central Square by December 2010.

### **Cycling and walking**

- Twelve radial Superhighways from outer London into the centre will provide cyclists with safe, fast, direct and continuous routes along recognised commuter roads. The first two – Barking to Tower Hill (A13) and Merton to the City of London (A24-A3) – are currently under construction and will be piloted by May 2010. Four more will be completed by October 2012, with the remaining six by 2015.
- The London Cycle Hire Scheme will make cycling a true part of public transport when it is introduced in summer 2010. With 6,000 bicycles available for hire from 400 purpose-built docking stations in central London, the scheme will provide a fast, easy and economic alternative to the bus, Tube and car – as well as a greener and healthier way to travel.
- "Biking Boroughs" will be centres of cycling excellence in outer London, where there is a particular opportunity to encourage more cycling. These flagship programmes will be underpinned by continued investment in successful supporting programmes, including local safety access schemes, the provision of 66,000 new cycle parking spaces by 2012, cycle training and publicity material (including the London Cycle Guides).
- Walking is a key component of the transport mix, forming part of most journeys and accounting for 21 per cent of the total modal share. By connecting its activities with those of the boroughs and other stakeholders, TfL is helping to create safer and better streets.
- Pedestrian Countdown will provide enhanced information at pedestrian crossings to support pedestrians to make more informed crossing decisions. Installation of the first on street trial site will be complete by June 2010 with wider implementation starting in 2012.

### **Smarter Travel**

- There are now more than 1,400 car club vehicles on London's streets, including plug-in hybrids and the latest low-emission diesels. Another 380 vehicles will be added to the fleet in 2010-11.

## Section 6 – Transport for London

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- The Mayor has committed to having 100,000 electric vehicles in use as soon as possible. TfL will support this initiative by installing 25,000 charging points across London by 2015.

### **London Buses**

- Progressive improvements to the bus fleet have increased passenger comfort and safety through upgraded seat designs, air-cooling systems, CCTV on each bus and outward-opening doors to create more space.
- TfL is developing a new iconic bus, called the New Bus for London with the first prototype expected to start testing by the end of 2011.
- The withdrawal of articulated (bendy) buses started in July 2009 with routes 507 and 521, followed by route 38 in autumn 2009. The remaining 11 routes will be replaced by 2011 as contracts come up for renewal.
- Passenger information: By summer the new generation of the Countdown system will increase customers' access to real-time information for all of the 19,000 bus stops and 700 routes in London via mobile phones and the internet. New Countdown signs will be installed at around 2,500 key bus stops.

### **Safety and Security**

- Bus-related crime is down by more than 30 per cent from its peak in 2005-06, and crime on the Tube and DLR down by 20 per cent. TfL will continue to work with the police, boroughs and other partners to improve the perception of safety and security on the network, deal with antisocial behaviour and reduce crime levels further.

### **Fare Ticketing and Customer Information**

- Paying for travel on London's transport network will become simpler and quicker with planned improvements in ticketing. From January 2010, customers using national rail will be able to take advantage of Oyster Pay As You Go (which has already been rolled out to Thames Clippers river services).
- In 2011, passengers on some journeys will be able to pay for travel with the latest generation of debit and credit payment cards now being issued by the banks.
- Customer information: TfL is keeping pace with advances in mobile phone technology, and is currently at work on systems that will give mobile users access to even more journey-planning services.

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

- The groundbreaking Charter for London commits the Mayor and London's 33 boroughs to work more closely together on major issues including public transport and tackling climate change.
- The boroughs control 95 per cent of London's road network and TfL will work closely with them to ensure the successful delivery of innovative projects such as the cycle hire and cycle superhighway schemes
- There has been a reduction in the number of Local Implementation Plan Programmes from more than twenty to five with the majority of the funding being allocated through a funding formula rather than for specific schemes in a more streamlined way.

## Section 6 – Transport for London

### Budget Requirement

- 6.6 TfL's gross expenditure in 2010-11 is budgeted at **£9.6bn** (£8.5bn excluding the contribution to Crossrail) consisting of expenditure on its operations, capital projects, debt servicing and contingency. Deducting income and other receipts of £3.7bn leaves £4.8bn to be met by funding from external sources and reserves. The bulk of the funding is in the form of Transport Grant from Government. In addition, TfL will continue to borrow under the Prudential Borrowing regime as agreed with Government in the 2007 Settlement. Total outstanding borrowing is expected to reach approximately £5bn by the end of 2012-13.
- 6.7 TfL's budget requirement (which is the amount to be raised from the GLA council tax precept) for 2010-11 is **£12m**, which remains unchanged on the 2009-10 level.

### Explanation of budget changes

- 6.8 The key changes in income and expenditure areas between the 2009-10 and 2010-11 budgets, and that projected for the following two years (2011-12 compared to 2010-11 and 2012-13 compared to 2011-12) are set out in the table below.

	2010-11 (vs 2009-10)	2011-12 (vs 2010-11)	2012-13 (vs 2011-12)
<b>Changes to the TfL's spending plans</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Previous year Budget requirement:</b>	<b>12</b>	<b>12</b>	<b>12</b>
Changes due to:			
Inflation	199	135	128
Fares, Charges and Other Income	-114	-58	-200
Increases in PPP/PFI payments	138	-3	-15
Net Operational Increases/Decreases	-85	-217	114
Capital Projects	13	-569	172
Debt Servicing, Contingency and Other Group Items	227	96	19
Funding and Working Capital	-378	617	-219
<b>Budget requirement</b>	<b>12</b>	<b>12</b>	<b>12</b>

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

## Section 6 – Transport for London

Service analysis	Budget 2009-10 £m	Forecast 2009-10 £m	Budget 2010-11 £m	Plan 2011-12 £m	Plan 2012-13 £m
<b>Income</b>					
Traffic income	-2,957	-2,854	-3,013	-3,181	-3,446
Congestion charge, LEZ, enforcement income	-364	-378	-342	-291	-302
Other income	-239	-212	-230	-245	-268
	<b>-3,561</b>	<b>-3,443</b>	<b>-3,586</b>	<b>-3,716</b>	<b>-4,016</b>
<b>Operating costs</b>					
London Underground	2,512	2,459	2,836	2,813	2,937
Surface Transport	2,699	2,614	2,553	2,578	2,675
London Rail	323	295	341	308	336
Corporate Directorates	353	375	320	294	306
	<b>5,887</b>	<b>5,744</b>	<b>6,050</b>	<b>5,994</b>	<b>6,254</b>
<b>Capital expenditure</b>					
London Underground	1,315	1,272	1,363	1,208	1,332
Surface Transport	262	231	253	190	192
London Rail	478	542	289	17	19
Corporate Directorates	78	88	239	204	315
	<b>2,132</b>	<b>2,131</b>	<b>2,145</b>	<b>1,619</b>	<b>1,858</b>
<b>Other</b>					
Property Sales	-20	-54	-33	-43	-63
Third Party Contributions	-152	-176	-65	-23	-11
Group Level over-programming	-51	0	0	0	0
Interest income	-20	-12	-5	-4	-8
Debt servicing	166	168	207	258	313
Group Items	64	51	110	122	97
<b>Net services expenditure</b>	<b>4,446</b>	<b>4,409</b>	<b>4,824</b>	<b>4,207</b>	<b>4,426</b>
Movements in working capital	153	40	-23	-40	-10
Specific Grants	-3,046	-3,037	-3,711	-3,467	-3,625
Crossrail Cash Commitment	694	694	1,052	1,410	2,049
Crossrail Funding Sources	-172	-172	-1,237	-1,547	-2,150
Utilisation of Cash Reserves	-963	-821	-489	24	-26
Prudential borrowing and other financing	-1,100	-1,100	-405	-575	-652
<b>Budget requirement</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

Note: The capital expenditure figures above for London Underground and Surface Transport are net of over-programming (see paragraph 6.12). This accounts for the difference compared to the capital spending plan budget information presented in Section 9.

The utilisation of cash reserves figure of £489m reflects those utilised to fund net expenditure including the cash commitment for the Crossrail project. The full TfL Group reserves including those held to fund future expenditure on the Crossrail project are set out in paragraph 6.23.

## Section 6 – Transport for London

- 6.10 The Crossrail cash commitment included above represents funding that TfL will pass to Crossrail. Part of this is funded by GLA borrowing agreed with Government in the SR2007 settlement, which is included in the Crossrail Funding Sources line. The majority of the GLA group funding in 2010-11 will be provided via £800 million of borrowing by the Greater London Authority which will be financed using a Business Rate Supplement. The powers for the GLA to introduce this supplement were granted under the Business Rate Supplement Act 2009 and it can only be levied on non domestic properties with a rateable value above £50,000 with a maximum tax rate of 2p in the pound.
- 6.11 The phasing of the cash that TfL is committed to provide to Crossrail is in accordance with the Sponsors Agreement and is not always matched to the timing of the Crossrail specific funding sources received by TfL. Over the course of the Business Plan to 2017-18 TfL will be making a contribution of over £2bn from its own resources.
- 6.12 The above table includes estimates of net capital expenditure, which include provision for over-programming, shown in the table below. Budget plans to 2012-13 assume £449m of over-programming related to the timing of capital projects across TfL, in particular London Underground's £3.9bn investment programme. TfL has reviewed the likelihood of the programme slipping (which might be for a number of reasons, such as failure to gain planning approval) based on prior experience to establish this level.

<b>Over-programming (Capital)</b>	<b>Budget 2009-10 £m</b>	<b>Forecast 2009-10 £m</b>	<b>Budget 2010-11 £m</b>	<b>Plan 2011-12 £m</b>	<b>Plan 2012-13 £m</b>
London Underground	23	10	212	137	89
Surface Transport	58	26	11	0	0
Group level	51	0	0	0	0
<b>Total over-programming</b>	<b>132</b>	<b>36</b>	<b>223</b>	<b>137</b>	<b>89</b>

### **Inflation**

- 6.13 Inflation is estimated to add £199m to TfL's costs in 2010-11. This is based on assessment of underlying inflation rates for a variety of expenditure types and observed inflation in existing contracts, such as those on the bus network. Where appropriate, published indices have been used, such as EC Harris estimates of construction cost inflation.

### **Fees, charges and ticket/trading revenues**

- 6.14 The estimates for traffic income reflect the fares package for 2010 announced by the Mayor in September 2009. Future year fares increases of 2 per cent above RPI have been assumed for subsequent years in the period of these plans, although the Mayor decides the actual level of fare increases annually. The estimates also reflect the removal of the Western extension of the Central London Congestion Charge, in addition to an increase in the daily charge to £10 from 2010-11 (£9 for account holders), which are both subject to consultation.

## Section 6 – Transport for London

### Net operational increases and decreases

6.15 Planned increases and decreases in operational expenditure are detailed in Appendix D.

### Savings and efficiencies

6.16 Transport for London has set a target to deliver to more than £5bn in savings and efficiencies over the period of its Business Plan to 2017-18, including a 27 per cent reduction in TfL's non-operational overheads by 2012, when compared with the position in 2009-10. Approximately £446m of these are projected to be delivered in 2010-11 with a total of over £1.9bn between 2009-10 and the end of 2012-13.

6.17 TfL's comprehensive savings programme comprise hundreds of initiatives, ranging from small scale local savings projects to high value contract renegotiation and organisational change programmes, such as the Metronet integration. These include significant reductions in all back office costs including accommodation, information management and support functions such as Human Resources and Finance as well as in the number of temporary staff and consultants employed. TfL is also consolidating customer service activities and delivering commercial savings including from the re-tender of the Congestion Charging and Oyster ticketing arrangements.

6.18 Planned savings and efficiencies are set out in more detail in Appendix D.

### Grant funding

6.19 The budget for 2010-11 and subsequent planned funding for 2010-12 is set out in the table below.

<b>Grant funding</b>	<b>Budget 2009-10</b>	<b>Forecast 2009-10</b>	<b>Budget 2010-11</b>	<b>Plan 2011-12</b>	<b>Plan 2012-13</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Transport Grant	-2,897	-2,883	-3,314	-3,028	-3,174
Metronet Funding	0	0	-291	-424	-369
Other grant items	-149	-154	-106	-15	-82
<b>Total External Grants</b>	<b>-3,046</b>	<b>-3,037</b>	<b>-3,711</b>	<b>-3,467</b>	<b>-3,625</b>

### Managing risk

6.20 A key aspect to delivering the Business is understanding the possible risks and ensuring appropriate actions and resources are in place to manage them and mitigate any possible impact.

- Safety risks are at the core of TfL's operations and are managed as part of the safety case for each asset or service.
- Strategic risks are managed through the annual business planning and associated in-year reporting and monitoring processes.

## Section 6 – Transport for London

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- 6.21 Previous plans have identified a number of key risks, including the impact of the economic slowdown, higher contributions to TfL's Pension Fund caused by the volatility in global asset values, higher than anticipated cost inflation, and higher than anticipated Tube Lines costs. Although some of these risks have crystallised over the past year and are provided for in these plans, further risk remains in several areas, including:
- The future performance of the economy and its effect on fares and secondary income. A prolonged slowdown (such as was seen in the early 1990s) or a 'double dip' recession could have a significant further impact on demand
  - A further risk would be a 'spike' in cost inflation caused, for example, by the unprecedented economic stimulus currently being applied.
  - There is some uncertainty around the periodic review process, which Tube Lines, LU and the PPP Arbiter have been carrying out over the past year. This will determine the costs and scope of the second seven-and-a-half-year period of the PPP. LU has set out its affordability constraint, which reflects the funding that has been allocated to the Tube Lines contract. However, there remains a significant difference between LU's and Tube Lines' estimate of costs, and on 23 September, LU submitted a reference to the Arbiter requesting him to determine the Infrastructure Service Charge to be paid to Tube Lines during the second period, which begins in July 2010. The Arbiter is due to report on the second period costs in December 2009.
  - More than £1.6bn of efficiencies and other cost savings are assumed in the period up to 2012-13. Many of the underlying initiatives involve organisational change and restructuring.
  - Plans to sell property and other assets are dependent on market conditions and may have legislative requirements which would be subject to securing appropriate Parliamentary time.
  - Unexpected events or acts of terrorism which could have a larger impact than the reserves to cover such attacks. TfL will manage these and other risks by continuously reviewing assumptions and updating risk specific mitigation strategies that address any negative impacts.
- 6.22 TfL seeks to maintain a General Fund balance of at least £150m (and a minimum cash balance of £250m), to protect it from the short-term effects which may arise from the crystallisation of specific risks, and to ensure sufficient liquidity. Should there be a significant call on the General Fund provision would be made in future years' budgets to rebuild the reserve to this target level

## Section 6 – Transport for London

### Reserves

- 6.23 Total reserves are forecast to reduce in the current year from the opening 2009-10 level of £1,282m to a closing level of £367m. Reserves will then increase to £1,544m by the end of 2012-13, reflecting the effect of the additional balances being held to finance the future costs of the Crossrail project. Excluding Crossrail TfL reserves are close to the minimum level of £150m throughout the period to 2012-13. The closing balances include general reserves at a constant £155m with the remainder being earmarked reserves. It is considered that this level of reserves is appropriate to meet general requirements.

TfL reserves	Budget 2009-10 £m	Forecast 2009-10 £m	Budget 2010-11 £m	Plan 2011-12 £m	Plan 2012-13 £m
<b>Opening balances</b>	<b>1,282</b>	<b>1,282</b>	<b>367</b>	<b>522</b>	<b>1,549</b>
Transfers to/(from):					
Earmarked reserves	-954	-910	156	1,026	-4
General reserves	0	-6	0	0	0
<b>Closing balances</b>	<b>328</b>	<b>367</b>	<b>522</b>	<b>1,549</b>	<b>1,544</b>

## Section 7 – London Development Agency

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- 7.1 The LDA's Budget is based on the Agency's draft Investment Strategy and Business Plan covering the period to 2012-13 which is currently out to public consultation. It has been prepared in a climate of reducing Government core grant funding which is budgeted to fall by over £57m (15 per cent) in 2010-11 with a further reduction of around £10m expected in 2011-12. In addition discussions with the Government regarding the arrangements for the establishment of the Olympic Park Legacy Company will also cause uncertainty with regard to future financial commitments.
- 7.2 The LDA and the Mayor are responsible for encouraging economic development and regeneration in the capital. Over the last 12 months the Agency has continued to review its role in light of the much tougher economic climate facing Londoners and the capital's business community, revised Mayoral priorities and the need to ensure the effectiveness of its interventions in tackling market failure. The Agency's revised aims by thematic area are:
- To position London as a world-leading place to trade, invest, visit, study and work (**International Promotion**)
  - Support businesses to grow and foster innovation (**Business support**)
  - Drive the transition to a low carbon economy and maximise the economic opportunities this generates (**climate change**)
  - Get more Londoners working and help them stay in work and progress (**sustained employment**)
  - Lead the regeneration of London, both in areas of deprivation and of opportunity (**regeneration**)
  - Ensure that Londoners benefit from the staging of the 2012 Games through jobs, business opportunities, increased tourism, investment and regeneration (**2012 Olympics and Paralympics legacy**).
- 7.3 In the Plan period there is a heavy emphasis on the successful delivery of the Olympic Games and in particular ensuring that the unprecedented physical and socio-economic opportunities to the Capital, in terms of regeneration, tourism, health, employment, and business are captured and maximised, to leave a lasting positive difference for London and Londoners. The LDA will also work to ensure that London remains a leading global city for visitors, investors, businesses and students, particularly in the face of increasing global competition from established competitor cities such as New York as well as rising stars like Singapore and Shanghai.
- 7.4 The Mayor sets the targets for the LDA, part of them reflecting the national target Framework that applies to the other Regional Development Agencies, while some of them, such as the promotion of the capital as a world economic capital and extending opportunities for all Londoners, focus on London's specific needs.

## Section 7 – London Development Agency

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### Key deliverables and objectives

- 7.5 The LDA has identified the following key deliverables and objectives for the Plan period to 2012-13 which are categorised by the theme categories set out in its investment strategy – International Promotion, Business Support, Climate Change, Sustained Employment, Regeneration, the 2012 Olympics and Paralympics, and Becoming a More Effective Organisation:

#### A. International Promotion

The LDA's vision is to position and promote London as the world's leading city to visit and in which to trade, invest, study and do business in and with by:

- Supporting key promotional agencies, fostering collaboration and improving London's brand;
- Establishing a consistent branding message and achieving marketing efficiencies through a single marketing agency (Promote London Council); and
- Working with the City of London and business to coordinate cost-effective promotional work in key overseas markets including China and India.

#### B. Business Support

The LDA's vision is to support businesses to grow and foster innovation by:

- Driving value from its core investment in business support;
- Identifying, selecting and designing the appropriate levels and types of "Solutions for Business" interventions required to enable London's businesses to flourish; and
- Shaping investment planning in the light of central government's policy direction of industrial activism, embodied in the BIS initiative "New Industry, New Jobs".

#### C. Climate Change

The LDA's vision is to drive the transition to a low carbon economy and maximise the economic opportunities this generates by:

- Leading new initiatives to reduce the carbon emissions of households and businesses by retrofitting, waste minimisation, installing new decentralised energy networks and a range of other approaches; and
- Supporting the private, public and the residential sectors to improve the energy efficiency of their buildings.

### **D. Sustained Employment**

The LDA's vision is to get more Londoners working and help them stay in work and progress by:

- Supporting Londoners to improve their employment and skills prospects, with a particular focus on long-term unemployed and young people;
- Maximising opportunities presented by major projects such as the Olympics and Crossrail by linking local people to training and job opportunities; and
- Commissioning a suite of interventions around sustained employment and youth.

### **E. Regeneration**

The LDA's vision is to lead the regeneration of London, both in areas of deprivation and of opportunity by:

- Improving places to tackle deprivation, improving the physical environment and promoting growth in cost-effective, long-term ways;
- Focusing on masterplanning and design, enabling the delivery of infrastructure, quality homes, improved public spaces and commercial property; and
- Investing in public realm and defining what success looks like when developing healthy attractive town centres and places where Londoners want to live and can easily travel from; and
- Integrating more of our investment with HCA and TfL, eg aligning our work with Crossrail and influencing investment by partners to create economic success.

### **F. Olympic and Paralympic Games**

The LDA's vision is to ensure that Londoners benefit from the staging of the 2012 Games through jobs, business opportunities, increased tourism, investment and regeneration by:

- Ensuring Londoners benefit from the staging of the 2012 Games in terms of jobs, business opportunities, increased tourism and increased regeneration;
- Working with the Olympic Park Legacy Company and other partners to create new neighbourhood and business areas in and around the Olympic park; and
- Delivering increased and sustained participation in sports and supporting more Londoners overall to access employment and skills through the 2012 Games.

## Section 7 – London Development Agency

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### Explanation of budget changes

- 7.6 The key changes in income and expenditure areas between years and that projected for the following two years for each of the main programme areas are set out in the table overleaf. The changes in 2010-11 relative to 2009-10 can be summarised as follows:

<b>Changes on the LDA's spending plans</b>	<b>2010-11</b>
	<b>£m</b>
<b>2009-10 budget requirement</b>	<b>Nil</b>
Changes due to:	
Reduction in programme expenditure	-14.1
Overprogramming	-4.4
Increase in Olympic spending	45.2
Reduction in programme support, contingency etc	-2.2
Reduction in grant funding	55.3
Decrease in other income/capital receipts	32.5
Increase in Use of Balances	-12.8
Increase in prudential borrowing	-99.4
<b>2010-11 budget requirement</b>	<b>Nil</b>

- 7.7 The expected grant settlements for 2010-11 and 2011-12 make reductions to the LDA's core grant, from £376.8m in 2009-10 to £319.7m in 2010-11 falling again to an expected £308.8m in 2011-12.
- 7.8 The key changes in income and expenditure areas between years and that projected for the following two years for each of the main service areas are set out in the table below.

## Section 7 – London Development Agency

<b>Service Analysis</b>	<b>Budget 2009-10</b>	<b>Forecast 2009-10</b>	<b>Budget 2010-11</b>	<b>Plan 2011-12</b>	<b>Plan 2012-13</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Revenue expenditure</b>					
Thematic Programmes (Revenue)	150.0	133.9	133.7	113.2	99.9
Olympic Park (Capital financing)	25.8	25.8	15.8	27.4	36.2
Other Revenue	32.3	32.3	42.4	40.1	39.3
	<b>208.1</b>	<b>192.0</b>	<b>191.9</b>	<b>180.7</b>	<b>175.4</b>
<b>Capital expenditure</b>					
Thematic Programmes (Capital)	65.8	57.6	63.5	52.5	60.9
Olympic Park (Capital expenditure)	170.6	170.6	225.8	171.8	180.1
Other Capital	17.3	18.0	5.0	5.0	5.0
	<b>253.7</b>	<b>246.2</b>	<b>294.3</b>	<b>229.3</b>	<b>246.0</b>
<b>Total expenditure</b>	<b>461.8</b>	<b>438.2</b>	<b>486.2</b>	<b>410.0</b>	<b>421.4</b>
<b>Income</b>					
Core Grant funding	376.8	376.8	319.7	308.8	293.4
Swaps	-1.8	-1.8	0.0	0.0	0.0
Capital receipts - Olympics	23.4	23.4	4.0	0.0	0.0
Capital receipts – Other	14.0	14.0	5.9	4.3	6.3
Business Link	5.0	0.0	0.0	0.0	0.0
Borrowing	38.6	38.6	138.0	96.9	121.7
Transfer from earmarked reserves (revenue contribution to capital)	5.8	5.8	18.6	0.0	0.0
Transfer to earmarked reserves	0.0	-18.6	0.0	0.0	0.0
<b>Total income</b>	<b>461.8</b>	<b>438.2</b>	<b>486.2</b>	<b>410.0</b>	<b>421.4</b>
<b>Budget Requirement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Section 7 – London Development Agency

7.9 A summary of expenditure by theme is as follows:

<b>Theme Costs</b>	<b>Budget 2009-10 £m</b>	<b>Forecast 2009-10 £m</b>	<b>Budget 2010-11 £m</b>	<b>Plan 2011-12 £m</b>	<b>Plan 2012-13 £m</b>
<b>Thematic Programme Expenditure</b>					
Regeneration	29.6	21.9	37.0	31.9	34.9
Climate Change	21.3	20.6	21.6	16.7	25.9
Sustained employment	52.8	41.1	58.9	46.7	40.4
Business Support	59.4	56.8	44.4	34.3	29.0
International Promotion	36.8	34.9	31.8	26.3	23.7
Olympics	15.9	16.2	6.0	7.8	4.9
Project contingency	0.0	0.0	2.0	2.0	2.0
Overprogramming	0.0	0.0	-4.4	0.0	0.0
	<b>215.8</b>	<b>191.5</b>	<b>197.2</b>	<b>165.7</b>	<b>160.8</b>
<b>Olympic Park Expenditure</b>					
Olympic Park (capital financing)	25.8	25.8	15.8	27.4	36.2
Olympic Park (capital expenditure)	170.6	170.6	225.8	171.8	180.1
	<b>196.4</b>	<b>196.4</b>	<b>241.6</b>	<b>199.2</b>	<b>216.3</b>
<b>Total programmes</b>	<b>412.2</b>	<b>387.9</b>	<b>438.8</b>	<b>364.9</b>	<b>377.1</b>
Corporate planning	3.0	3.0	2.8	2.0	1.8
Contingency	5.0	5.0	3.0	2.0	2.0
Administration	41.6	42.3	41.6	41.1	40.5
<b>Total expenditure</b>	<b>461.8</b>	<b>438.2</b>	<b>486.2</b>	<b>410.0</b>	<b>421.4</b>

7.10 Administration expenditure covers the Agency's staffing and running costs.

### Capital Programme

7.11 The expenditure analysis above includes planned capital expenditure. The draft LDA capital spending proposals are included in Section 9. Capital spending for 2010-11 is £294.3m including £225.8m for the Olympic Park Legacy.

### Savings and efficiencies

7.12 The core grant to the LDA is expected to be reduced in 2010-11 to £319.7m from £376.8m in 2009-10 and is scheduled to be reduced in 2011-12 to £308.8m. This puts an even higher premium than usual on the importance of ensuring that the Agency delivers value for money. This puts an even higher premium than usual on the importance of ensuring that the Agency delivers value for money.

7.13 Around £11m in back office savings and other efficiencies are budgeted to be delivered over the next three years (see Appendix E). These efficiency savings will be redirected into front line programmes.

## Section 7 – London Development Agency

### Reserves

- 7.14 The LDA's overall approach to reserves is defined by the system of internal control and it maintains a general reserve, earmarked reserves, and accounting reserves.
- 7.15 The Agency's policy is to aim to hold a General Reserve of £10m which represents approximately 2% of turnover. It also holds earmarked reserves and other accounting reserves that arise out of the interaction of legislation and proper accounting practice. These accounting reserves are not resource-backed by their nature and cannot be used for any other purpose.

	Budget 2009-10	Forecast 2009-10	Budget 2010-11	Plan 2011-12	Plan 2012-13
LDA Reserves	£m	£m	£m	£m	£m
<b>Opening balances</b>	<b>13.7</b>	<b>13.7</b>	<b>22.3</b>	<b>6.7</b>	<b>8.7</b>
Transfers to/from:					
Other earmarked reserves	-10.0	8.6	-18.6	0.0	0.0
General reserves *	0.0	0.0	3.0	2.0	2.0
<b>Closing balances</b>	<b>3.7</b>	<b>22.3</b>	<b>6.7</b>	<b>8.7</b>	<b>10.7</b>

\* Assumes contingency budget (see para 7.9) is utilised in full

## Section 8 – Council Tax Information

### Consolidated budget requirement

- 8.1 The budget estimates set out in Sections 2 to 7 provide for a consolidated budget requirement for 2010-11 of £3,263.0m (£3,203.8m in 2009-10).

<b>Budget requirements</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>£m</b>	<b>£m</b>
Greater London Authority	135.3	140.4
Metropolitan Police Authority	2,640.3	2,673.3
London Fire and Emergency Planning Authority	416.2	437.3
Transport for London	12.0	12.0
London Development Agency	-	-
<b>Total</b>	<b>3,203.8</b>	<b>3,263.0</b>

### General government funding

- 8.2 This requirement will be met in part by government grants and non-domestic rates.

<b>Government grants</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>£m</b>	<b>£m</b>
Non-Domestic Rates	936.8	1,023.9
Revenue Support Grant	216.2	148.7
Police Grant	1,083.6	1,114.7
General GLA Grant	48.1	48.1
<b>Total</b>	<b>2,284.7</b>	<b>2,335.5</b>

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

### Council tax for police services

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

<b>Council tax for police services</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>£m</b>	<b>£m</b>
MPA budget requirement	2,640.3	2,673.3
General government funding	-1,978.3	-2,027.7
<b>Amount for police services</b>	<b>662.0</b>	<b>645.6</b>

- 8.5 This is equivalent to a band D council tax of **£217** (£217.14) for 2010-11 in the London boroughs (£224 in 2009-10).

## Section 8 – Council Tax Information

### Council tax for other services

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

<b>Council tax for other services</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>£m</b>	<b>£m</b>
GLA, LFEPA and TfL budget requirements	563.5	589.6
General government funding	-306.4	-307.7
Share of borough net collection fund surplus	-4.4	-4.5
<b>Amount for other services</b>	<b>252.7</b>	<b>277.4</b>

8.7 This is equivalent to a band D council tax of **£93 (£92.68)** for 2010-11 in the City and the London boroughs (£86 in 2009-10).

### Funding analysis by body

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

### Budget requirement

	<b>Gross expenditure</b>	<b>Specific grants</b>	<b>Other income</b>	<b>Net expenditure</b>	<b>Reserves</b>	<b>Budget requirement</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Metropolitan Police Authority</b>	<b>3,645.0</b>	<b>-606.6</b>	<b>-360.9</b>	<b>2,677.5</b>	<b>-4.2</b>	<b>2,673.3</b>
Greater London Authority	356.4	-	-227.5	128.9	11.5	140.4
London Fire and Emergency Planning Authority	469.2	-10.8	-21.1	437.3	-	437.3
Transport for London	9,160.0	-3,711.0	-4,948.0	501.0	-489.0	12.0
London Development Agency	338.3	-319.7	0.0	18.6	-18.6	0.0
<b>Total Other Services</b>	<b>10,323.9</b>	<b>-4,041.5</b>	<b>-5,196.6</b>	<b>1,085.8</b>	<b>-496.1</b>	<b>589.7</b>
<b>Total GLA Group</b>	<b>13,968.9</b>	<b>-4,648.1</b>	<b>-5,557.5</b>	<b>3,763.3</b>	<b>-500.3</b>	<b>3,263.0</b>

**Note:** The above table excludes TfL (£405m) and LDA (£148m) capital expenditure included within the budget proposals contained in sections 6 and 7 which are funded by borrowing and/or capital receipts. The TfL 'Other Income' line includes a budgeted £220m Department for Transport contribution towards the financing of Crossrail. The GLA other income line includes £214m of budgeted income from the Crossrail business rate supplement which is matched £214m by of related gross expenditure relating to the financing of Crossrail. The TfL use of reserves figure of £489m reflects the amount utilised to fund net expenditure including the cash commitment for the Crossrail project, which is consistent with presentation in the TfL Service Analysis table in paragraph 6.9 in section 6.

## Section 8 – Council Tax Information

### External financing

	Total to be financed	Police Grant	General GLA Grant	RSG/NDR	Council Tax income	Band D Amount
	£m	£m	£m	£m	£m	£
<b>Metropolitan Police Authority</b>	<b>2,673.3</b>	<b>-1,114.7</b>	<b>-</b>	<b>-913.0</b>	<b>645.6</b>	<b>216.83</b>
Greater London Authority	140.4	-	-48.1	-	92.2	30.91
London Fire and Emergency Planning Authority	437.3	-	-	-259.6	177.7	59.57
Transport for London	12.0	-	-	-	12.0	4.02
London Development Agency	-	-	-	-	-	Nil
Collection fund surplus	-4.5	-	-	-	-4.5	-1.52
<b>Total Other Services</b>	<b>585.1</b>	<b>-</b>	<b>-48.1</b>	<b>-259.6</b>	<b>277.4</b>	<b>92.99</b>
<b>Total GLA Group</b>	<b>3,258.4</b>	<b>-1,114.7</b>	<b>-48.1</b>	<b>-1,172.6</b>	<b>923.0</b>	<b>309.82</b>

2009-10 band D amount: £309.82

### 2010-11 GLA council tax levels

- 8.9 There is no overall increase in the GLA council tax precept. The increase attributable to each constituent body is set out below:

Increase in Band D amounts	2010-11	2009-10	Annual increase	Weekly increase
<b>Metropolitan Police Authority</b>	<b>£216.83</b>	<b>£224.34</b>	<b>-£7.51</b>	<b>-15p</b>
Greater London Authority	£30.91	£29.50	£1.41	3p
London Fire and Emergency Planning Authority	£59.57	£53.41	£6.17	12p
Transport for London	£4.02	£4.06	-£0.04	-
London Development Agency	-	-	-	-
Collection fund surplus	-£1.52	-£1.49	-£0.03	1p
<b>Total Other Services</b>	<b>£92.99</b>	<b>£85.48</b>	<b>£7.51</b>	<b>15p</b>
<b>Total GLA Group</b>	<b>£309.82</b>	<b>£309.82</b>	<b>-</b>	<b>-</b>

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

### For London boroughs (excluding the City of London)

Band	2010-11	2009-10	Annual increase	Weekly increase
Band A	£206.55	£206.55	-	-
Band B	£240.97	£240.97	-	-
Band C	£275.40	£275.40	-	-
<b>Band D</b>	<b>£309.82</b>	<b>£309.82</b>	<b>-</b>	<b>-</b>
Band E	£378.67	£378.67	-	-
Band F	£447.52	£447.52	-	-
Band G	£516.37	£516.37	-	-
Band H	£619.64	£619.64	-	-

## Section 8 – Council Tax Information

### For the City of London

Band	2010-11	2009-10	Annual increase	Weekly increase
Band A	£61.99	£56.99	£5.00	10p
Band B	£72.33	£66.48	£5.85	11p
Band C	£82.66	£75.98	£6.68	13p
<b>Band D</b>	<b>£92.99</b>	<b>£85.48</b>	<b>£7.51</b>	<b>15p</b>
Band E	£113.65	£104.48	£9.17	18p
Band F	£134.32	£123.47	£10.85	21p
Band G	£154.98	£142.47	£12.51	24p
Band H	£185.98	£170.96	£15.02	29p

### 2012 Olympic and Paralympic Games

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

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

- 8.12 In addition the GLA plans to spend an estimated £0.8 million a year for the London 2012 Olympics Unit to ensure that, in preparing for the Games, the Mayor's strategies and priorities are delivered to create lasting benefits for communities and businesses both in east London and right across the capital. The in-house unit also assists the Mayor in meeting his obligations under the Host City contract. This is a limited sum – equivalent to a band D council tax contribution of a halfpenny a week – and covers activities much wider than those covered by the agreement with Government on funding the Games.

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

<b>Line</b>	<b>Sum</b>	<b>Description</b>
(1)	£342,300,000	estimated expenditure of the Mayor for the year calculated in accordance with s85(4)(a) of the Act
(2)	£500,000	estimated allowance for contingencies for the Mayor under s85(4)(b) of the Act
(3)	£5,000,000	estimated reserves to be raised for meeting future expenditure of the Mayor under s85(4)(c) of the Act
(4)	£0	estimate of reserves to meet a revenue account deficit of the Mayor under s85(4)(d) of the Act
(5)	<b>£347,800,000</b>	aggregate of the amounts for the items set out in s85(4) of the Act for the Mayor (lines (1) + (2) + (3) + (4) above)
(6)	-£227,500,000	estimate of the Mayor’s income calculated in accordance with s85(5)(a) of the Act
(7)	£11,500,000	estimate of Mayor’s reserves to be used in meeting amounts in lines (1) and (2) above under s85(5)(b) of the Act
(8)	<b>-£216,000,000</b>	aggregate of the amounts for the items set out in section 85(5) of the Act for the Mayor (lines (6) + (7))
(9)	<b>£131,800,000</b>	the component budget requirement for the Mayor (being the amount by which the aggregate at (5) above exceeds the aggregate at (8) above calculated in accordance with section 85(6) of the Act)

**The final draft component budget requirement for the Mayor for 2010-11 is £131,800,000.**

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

<b>Line</b>	<b>Sum</b>	<b>Description</b>
(10)	£8,600,000	estimated expenditure of the Assembly for the year calculated in accordance with s85(4)(a) of the Act
(11)	£0	estimated allowance for contingencies for the Assembly under s85(4)(b) of the Act
(12)	£0	estimated reserves to be raised for meeting future expenditure of the Assembly under s85(4)(c) of the Act
(13)	£0	estimate of reserves to meet a revenue account deficit of the Assembly under s85(4)(d) of the Act
(14)	<b>£8,600,000</b>	aggregate of the amounts for the items set out in s85(4) of the Act for the Assembly (lines (10) + (11) + (12) + (13) above)
(15)	£0	estimate of the Assembly’s income calculated in accordance with s85(5)(a) of the Act
(16)	£0	estimate of Assembly’s reserves to be used in meeting amounts in lines (10) and (11) above under s85(5)(b) of the Act
(17)	<b>£0</b>	aggregate of the amounts for the items set out in section 85(5) of the Act for the Assembly (lines (15) + (16))
(18)	<b>£8,600,000</b>	the component budget requirement for the Assembly (being the amount by which the aggregate at (14) above exceeds the aggregate at (17) above calculated in accordance with section 85(6) of the Act)

**The final draft component budget requirement for the Assembly for 2010-11 is £8,600,000.**

## Metropolitan Police Authority (“MPA”) final draft component budget requirement calculations

Line	Sum	Description
(19)	£3,645,000,000	estimated expenditure of the MPA calculated in accordance with s85(4)(a) of the Act
(20)	£0	estimated allowance for contingencies for the MPA under s85(4)(b) of the Act
(21)	£0	estimated reserves to be raised for meeting future expenditure of the MPA under s85(4)(c) of the Act
(22)	£0	estimate of reserves to meet a revenue account deficit of the MPA under s85(4)(d) of the Act
(23)	<b>£3,645,000,000</b>	aggregate of the amounts for the items set out in s85(4) of the Act for the MPA (lines (19) + (20) + (21) + (22) above)
(24)	-£967,500,000	estimate of MPA’s income calculated in accordance with s85(5)(a) of the Act
(25)	-£4,200,000	estimate of MPA’s reserves to be used in meeting amounts in lines (19) and (20) above under s85(5)(b) of the Act
(26)	<b>-£971,700,000</b>	aggregate of the amounts for the items set out in section 85(5) of the Act for the MPA (lines (24) + (25))
(27)	<b>£2,673,300,000</b>	the component budget requirement for MPA (being the amount by which the aggregate at (23) above exceeds the aggregate at (26) above calculated in accordance with section 85(6) of the Act)

**The final draft component budget requirement for the MPA for 2010-11 is £2,673,300,000.**

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

<b>Line</b>	<b>Sum</b>	<b>Description</b>
(28)	£469,200,000	estimated expenditure of LFEPA for the year calculated in accordance with s85(4)(a) of the Act
(29)	£0	Estimated allowance for contingencies for LFEPA under s85(4)(b) of the Act
(30)	£0	estimated reserves to be raised for meeting future expenditure of LFEPA under s85(4)(c) of the Act
(31)	£0	estimate of reserves to meet a revenue account deficit of LFEPA under s85(4)(d) of the Act
(32)	<b>£469,200,000</b>	aggregate of the amounts for the items set out in s85(4) of the Act for LFEPA (lines (28) + (29) + (30) + (31) above)
(33)	-£31,900,000	estimate of LFEPA’s income calculated in accordance with s85(5)(a) of the Act
(34)	£0	estimate of LFEPA’s reserves to be used in meeting amounts in lines (28) and (29) above under s85(5)(b) of the Act
(35)	<b>-£31,900,000</b>	aggregate of the amounts for the items set out in section 85(5) of the Act for LFEPA (lines (33) + (34))
(36)	<b>£437,300,000</b>	the component budget requirement for LFEPA (being the amount by which the aggregate at (32) above exceeds the aggregate at (35) above calculated in accordance with section 85(6) of the Act)

**The final draft component budget requirement for LFEPA for 2010-11 is £ 437,300,000.**

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

Line	Sum	Description
(37)	£9,076,000,000	estimated expenditure of TfL for the year calculated in accordance with s85(4)(a) of the Act
(38)	£84,000,000	estimated allowance for contingencies for TfL under s85(4)(b) of the Act
(39)	£0	estimated reserves to be raised for meeting future expenditure of TfL under s85(4)(c) of the Act
(40)	£0	estimate of reserves to meet a revenue account deficit of TfL under s85(4)(d) of the Act
(41)	<b>£9,160,000,000</b>	aggregate of the amounts for the items set out in s85(4) of the Act for the TfL (lines (37) + (38) + (39) + (40) above)
(42)	-£8,659,000,000	estimate of TfL income calculated in accordance with s85(5)(a) of the Act
(43)	-£489,000,000	estimate of TfL’s reserves to be used in meeting amounts in lines (37) and (38) above under s85(5)(b) of the Act
(44)	<b>-£9,148,000,000</b>	aggregate of the amounts for the items set out in section 85(5) of the Act for TfL (lines (42) + (43))
(45)	<b>£12,000,000</b>	the component budget requirement for TfL (being the amount by which the aggregate at (41) above exceeds the aggregate at (44) above calculated in accordance with section 85(6) of the Act)

**The final draft component budget requirement for TfL for 2010-11 is £12,000,000.**

## London Development Agency (“LDA”) final draft component budget requirement calculations

Line	Sum	Description
(46)	£335,300,000	estimated expenditure of the LDA for the year calculated in accordance with s85(4)(a) of the Act
(47)	£3,000,000	estimated allowance for contingencies for the LDA under s85(4)(b) of the Act
(48)	£0	estimated reserves to be raised for meeting future expenditure of the LDA under s85(4)(c) of the Act
(49)	£0	estimate of reserves to meet a revenue account deficit of the LDA under s85(4)(d) of the Act
(50)	<b>£338,300,000</b>	aggregate of the amounts for the items set out in s85(4) of the Act for the LDA (lines (46) + (47) + (48) + (49) above)
(51)	-£319,700,000	estimate of the LDA income calculated in accordance with s85(5)(a) of the Act
(52)	-£18,600,000	estimate of the LDA’s reserves to be used in meeting amounts in lines (46) and (47) above under s85(5)(b) of the Act
(53)	<b>-£338,300,000</b>	aggregate of the amounts for the items set out in section 85(5) of the Act for the LDA (lines (51) + (52))
(54)	<b>£0</b>	the component budget requirement for the LDA (being the amount by which the aggregate at (50) above exceeds the aggregate at (53) above calculated in accordance with section 85(6) of the Act)

**The final draft component budget requirement for the LDA for 2010-11 is £0.**

**Greater London Authority (“GLA”) final draft consolidated budget requirement calculation**

<b>Line</b>		<b>Description</b>
(55)	<b>£3,263,000,000</b>	the GLA’s consolidated budget requirement (the sum of the amounts in lines (9) + (18) + (27) + (36) + (45) + (54)) calculated in accordance with section 85(8) of the Act

**The final draft consolidated budget requirement for the GLA for 2010-11 is £3,263,000,000.**

### Summary of final draft consolidated budget 2010-11

<b>£</b>	<b><i>GLA: Mayor</i></b>	<b><i>GLA: Assembly</i></b>	<b><i>MPA</i></b>	<b><i>LFEPA</i></b>	<b><i>Tfl</i></b>	<b><i>LDA</i></b>	<b><i>Total</i></b>
Estimated expenditure	342,300,000	8,600,000	3,645,000,000	469,200,000	9,076,000,000	335,300,000	13,876,400,000
Estimated allowance for contingencies	500,000	-	-	-	84,000,000	3,000,000	87,500,000
Estimated reserves to be raised for meeting future expenditure	5,000,000	-	-	-	-	-	5,000,000
Estimate of reserves to meet a revenue account deficit	-	-	-	-	-	-	-
<b>Estimated total expenditure</b>	<b>347,800,000</b>	<b>8,600,000</b>	<b>3,645,000,000</b>	<b>469,200,000</b>	<b>9,160,000,000</b>	<b>338,300,000</b>	<b>13,968,900,000</b>
Estimate of income	-227,500,000	-	-967,500,000	-31,900,000	-8,659,000,000	-319,700,000	-10,205,600,000
Estimate of reserves to be used	11,500,000	-	-4,200,000	-	-489,000,000	-18,600,000	-500,300,000
<b>Estimated total income</b>	<b>-216,000,000</b>	<b>-</b>	<b>-971,700,000</b>	<b>-31,900,000</b>	<b>-9,148,000,000</b>	<b>-338,300,000</b>	<b>-10,705,900,000</b>
<b>Budget requirement</b>	<b>131,800,000</b>	<b>8,600,000</b>	<b>2,673,300,000</b>	<b>437,300,000</b>	<b>12,000,000</b>	<b>-</b>	<b>3,263,000,000</b>

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### Chinese

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### Vietnamese

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

### Greek

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

### Turkish

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

### Punjabi

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

### Hindi

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

### Bengali

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

### Urdu

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

### Arabic

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

### Gujarati

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

