

Budget requirement and precepts 2005-06
Consultation Document



MAYOR OF LONDON

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Section 1 – Mayor’s foreword

During my first four years in office my budgets injected significant new investment into the capital’s police, fire and transport services. They have delivered impressive results: more police on the streets, crime down, increased capacity to respond to terrorism and other major emergencies, improvements in the transport system, reductions in congestion and better environmental protection for all Londoners. My fifth budget builds on that earlier investment and continues the policies that have started to deliver real improvements in Londoners’ quality of life.

Across the capital crime is down and continuing to fall, with burglaries down a further 11 per cent over the past year and a continuing fall in the number of robberies and vehicle crimes. I congratulate the outgoing Police Commissioner, Sir John Stevens, and all the Met’s police officers, community support officers and other staff on this impressive achievement. Overall London compares well with other cities for recorded crime, according to recent Eurostat research, with Londoners reporting 62 crimes per 1,000 population, the residents of Berlin 169 and Parisians 147. I am determined to keep up the fight against crime and look forward to working with the new Commissioner, Sir Ian Blair, to make London the safest major city in the world.

So, helped by an increase in the level of police grants from the government, the centrepiece of this budget is to provide the resources necessary for a further five dedicated neighbourhood teams in each of London’s 32 boroughs. These 160 teams are in addition to the 96 Safer Neighbourhood teams put in place this year.

These Safer Neighbourhood teams are already delivering results to the communities they serve with residents reporting improved police services and even higher rates of reduction in burglary and robbery in the Safer Neighbourhood areas. I am also providing additional resources to strengthen the Met’s vital specialist units and support staff. So by the end of 2005-06 London will have nearly 34,000 Metropolitan police and community support officers, an increase of 8,000 since I first became Mayor. Polls have confirmed over and over again that Londoners are prepared to pay a reasonable extra amount for more police on London’s streets.

Investment in London’s transport services has brought big service improvements for Londoners and following a ground breaking agreement with the government further improvements are planned, including substantial investment in London’s transport infrastructure. For the first time the government is allowing Transport for London to borrow money to get major projects moving and deliver the real improvements in the services and capacity needed to keep London on the move.

There is now funding to extend the East London Line to Dalston, West Croydon and Crystal Palace, and the successful DLR system to Woolwich Arsenal and Stratford International, as well a range of other projects which will make the transport network safer, more reliable, comfortable, environmentally friendly and accessible to all.

London buses continue to be a major public service success story where improvements in quality, reliability, cleanliness and safety have led to the fastest rate of growth in passenger numbers since 1945. There are now 6 million bus trips a day – up by over 34 per cent in five years. This

Section 1 – Mayor’s foreword

budget provides the resources to continue with the retendering programme of bus contracts improvements and by December 2005 there will be low-floor accessible buses equipped with CCTV throughout London.

Other transport highlights for next year include the DLR City Airport extension, a new Wembley Park Underground station, a programme of improvements for pedestrians across London’s principal roads, increased support to encourage cycling and increased funding for town centres and Streets for People, as well for Safer Routes to Schools and travel awareness.

This budget also allows the Fire Commissioner and the Fire Authority Chair to continue to make improvements in the Brigade’s effectiveness and thereby help to create a safer London and a service in tune with community needs with more resources devoted to preventing fires and other emergencies.

As in previous budget rounds I have encouraged a vigorous pursuit of savings and efficiencies and this year’s budget plans include £119m of reductions across the GLA Group which do not impact on the provision of front line services. As a result of these savings, together with the ground breaking transport settlement and the additional police grants, my plans for 2005-06 lead to an increase in the budget requirement of about 6 per cent. On current estimates this translates to an increase in council tax for Band D households of 33p a week, an increase of 7 per cent. Over the next few weeks I will be working across the GLA Group to see if the net expenditure requirement can be reduced further and so reduce the increase necessary in the GLA council tax precept.



Ken Livingstone
Mayor of London

Section 2 – Introduction

- 2.1 The financial requirements of the Greater London Authority (GLA) and the four functional bodies: the Metropolitan Police Authority (MPA), the London Fire and Emergency Planning Authority (LFEPA), Transport for London (TfL) and the London Development Agency (LDA), are consolidated to form the overall budget for the GLA Group.
- 2.2 The Mayor is responsible for initiating the budget proposals for consultation and has the final say in setting the various budgets unless the London Assembly can achieve a two-thirds majority in favour of alternative proposals.
- 2.3 This document provides a summary of each of the component bodies' business and financial plans over the next three years. However, the complexities of a budget (over £9.6bn gross, £3bn net) and the very diverse nature of the functions of the individual component bodies, make it difficult to portray the information in a manner that meets the needs of all audiences. More information can be provided on request using the contact details at the end of this section.
- 2.4 **Section 3** provides a summary of next year's spending plans and an explanation of how they are to be funded. The individual proposals of each of the GLA Group organisations then follow in **Sections 4 to 8**. They are presented in the order of the amount that council taxpayers contribute to their services and each section provides:
- A brief description of the major functions of the organisation;
 - Summarised changes from the current year's base position;
 - More detailed analysis of the changes;
 - An explanation of the main changes, including new initiatives proposed and savings/efficiency measures being sought;
 - A statement on the reserves/balances position for each organisation.
- 2.5 The GLA and the functional bodies are all subject to the local government finance regime. The planned spending of the five organisations, 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**. 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.
- 2.6 The council tax for the GLA Group is raised by issuing a precept on the City of London and each London Borough. This is added to their council tax requirements to give the overall council tax bill for individual households. **Section 9** shows the extent to which government grants fund the budget requirements and the amount of council tax to be raised.

Section 2 – Introduction

- 2.7 **Section 10** concludes the main sections of this document with an explanation of the capital spending planned for each of the five organisations.
- 2.8 **Appendix A.1** provides information on performance in the current year, 2004-05, on the 44 key deliverables which were set as part of the budget process. **Appendices A.2 to A.14** provide more explanatory information on the year-on-year budget changes and the remaining key dates in the budget process.

Comments

- 2.9 Any comments on the proposals contained in this document should be returned by **14 January 2005**. This deadline is necessary in order that the Mayor can consider all responses and finalise his budget proposals to be presented to the London Assembly on 26 January 2005.
- 2.10 Comments should be sent to:

By email: **budget.consultation@london.gov.uk**

By post: Martin Clarke
Head of Strategic Finance and Performance
Greater London Authority
City Hall
The Queen's Walk
London SE1 2AA

Further information

- 2.11 There are more detailed public documents relating to the budget proposals, including those that have been the subject of individual scrutiny and discussion by the functional bodies. These are available on the GLA's and functional bodies' websites. For further information on these documents, or generally, please contact:

Adrian Bloomfield (for LFEPA)
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Section 3 – Summary of proposals

3.1 Subject to consultation, it is proposed to set a consolidated budget requirement for the GLA and functional bodies for 2005-06 of **£2,978.6** (£2,813.8m in 2004-05).

Budget requirements	2004-05 £m	2005-06 £m
Metropolitan Police Authority	2,343.3	2,488.3
London Fire and Emergency Planning Authority	388.4	403.4
Greater London Authority	56.3	60.9
Transport for London	25.8	26.0
London Development Agency	Nil	Nil
Consolidated budget requirement	2,813.8	2,978.6

3.2 In total, the budget plans provide **£221m for new initiatives**. The major new areas of spending include:

- More police, including continuing the roll out of community based policing with a further five dedicated neighbourhood teams in each of the 32 London boroughs. This accounts for nearly 80% of the projected increase in the GLA council tax precept;
- Transport improvements, including extending the Oyster Card to parts of the National Rail Network, introducing free travel for under 16s, and progressing the extension of the East London Line to Dalston, West Croydon and Crystal Palace. These are funded by increased transport revenues and reserves;
- New LDA programmes to improve accessibility, affordability and the quality of childcare provision in London and to provide business support towards mid sized businesses, and increased provision for diversity works and minority business development. These programmes are funded by increased government grant.

3.3 This increase is offset by **savings and efficiencies of £119m** which have been made across the GLA group.

3.4 In addition the budget plans include **£275m for the full year cost of improvements to services previously agreed**. The major items are the full year costs of additional police officers and police community support officers recruited throughout 2004-05 and continuing improvements in the quality and capacity of London's transport system.

3.5 The budget also has to provide **£257m to cover inflation** on the cost of the GLA group's services.

Section 3 – Summary of proposals

- 3.6 This brings the total additional amount of spending that has to be funded in 2005-06 compared to 2004-05 to **£634m**. As shown in the table below this results in an overall increase in the consolidated budget requirement of **£165m**.

Increase in budget requirement	£m
New initiatives	221
Efficiency and other savings	-119
Full year cost of existing services and programmes	275
Inflation	257
Sub total	634
Movements in transport grants, reserves, working capital and use of prudential borrowing	-419
Movements in other grants and reserves	-50
	165

Amount to be raised from council taxpayers

- 3.7 The budget requirement will be met in part by **general government grants**. These are estimated to increase by **£116m** in 2005-06, leaving an additional **£49m** to be raised from council tax payers by issuing precepts on the City and the London borough councils.
- 3.8 This would require a band D council tax of about **£259** for 2005-06 in the London boroughs and **£61** in the City of London. This is an increase of **33p** a week in the London boroughs (7p a week in the City of London) and can be summarised as follows:

Weekly increase in council tax precept	
Increase to fund 'basic' budget	3p
Increase for community based policing and other officers for specialist units	26p
Increase for loss of transitional funding for Fire Authority	4p
	33p

Outstanding issue

- 3.9 In addition to the usual uncertainties that tend to be prevalent at this stage of the budget process, such as waiting for confirmation of government grant forecasts and any change to Borough council tax base and collection rates, there is one issue of particular note.
- 3.10 Due to the timing of the government's provisional grant announcement, it was not possible to obtain formal comments from the functional bodies on the budget proposals contained within this document before it was published. Also the Mayor is continuing to examine whether the net expenditure requirement can be reduced further and so reduce the increase necessary in the GLA council tax precept. Any comments received from the functional bodies will be considered and consultees will be advised if there are any material developments.

Section 4 – Metropolitan Police Authority

- 4.1 The Metropolitan Police Authority is responsible for maintaining an efficient and effective police force for the Metropolitan Police District (ie the Greater London area excluding the City).

Key deliverables

- 4.2 In addition to meeting the cost of maintaining the current level of activity, with the highest priority being given to counter-terrorism and other security duties, the budget proposals have been framed to provide sufficient resources to:
- Continue the implementation of community based policing with a further five dedicated neighbourhood teams in each of the 32 boroughs, to provide a visible, familiar and accessible police presence to tackle public disorder, anti-social behaviour and reduce the fear of crime;
 - Make progress towards the targets that 30% of police officers will be from black and minority ethnic communities and 25% will be women, so that the MPS workforce better reflects the diversity of London's community;
 - Continue the civilianisation of police officer posts, releasing officers for front-line duty in 2005-06;
 - Increase police visibility during 2005-06, as measured by the operational policing measure, against a baseline set in April 2004;
 - Deliver improvements in public confidence in policing and Londoners' feelings of safety and security;
 - Deliver specific projects that lead to a demonstrable improvement in women's safety in the capital.
- 4.3 The above proposals would enable the total number of police officers to reach about 31,150 and the total number of police community support officers to reach about 2,600 by the end of March 2006. This provides a total 'policing' number of just under 33,750 and is further progress towards the target of 35,000 officers policing London by the end of 2007-08.

Proposed budget requirement

- 4.4 The Police Authority's gross expenditure is estimated to be £3,113.9m. After deducting fees, charges, specific grants, other income and use of earmarked reserves of £625.6m, the budget requirement is **£2,488.3m**. This is £145.0m (6%) higher than that for 2004-05.

Section 4 – Metropolitan Police Authority

Changes in the Police Authority's spending plans	£m
2004-05 budget requirement	2,343.3
<i>Changes due to:</i>	
Inflation	69.0
Full year cost of existing services	97.6
Additional officers and other new initiatives	63.2
Savings and efficiencies	-73.0
Real term growth in pensions	8.6
Change in specific grants (inc Amending Report 2003-04)	-22.2
Change in use of reserves	1.8
2005-06 budget requirement	2,488.3

Service analysis

- 4.5 The key changes in net revenue expenditure between years and forecasts for the following two years are set out below.

Service analysis	Original Budget 2004-05 £m	Forecast Outturn 2004-05 £m	Budget 2005-06 £m	Plan 2006-07 £m	Plan 2007-08 £m
Territorial Policing	1,149.7	1,162.6	1,137.0	1,152.8	1,148.9
Specialist Operations	162.3	172.6	180.5	177.1	177.1
Specialist Crime	267.3	275.2	259.8	262.3	262.3
Deputy Commissioner's Command	300.2	305.4	319.3	324.8	324.0
Human Resources	93.5	89.5	96.1	97.3	97.4
Resources Directorate	239.1	251.7	233.1	234.6	235.1
MPA/Internal Audit	9.1	9.9	9.6	9.6	9.6
Pensions	280.1	260.1	288.3	308.3	318.6
'Step Change' phase 2	-	-	45.5	54.7	56.3
Centrally held budgets ¹	60.9	56.7	155.4	245.3	330.9
Net services expenditure	2,562.2	2,583.7	2,724.6	2,866.8	2,960.2
Capital financing costs	16.5	13.0	20.6	23.3	25.4
Interest receipts	-11.1	-13.1	-12.1	-12.1	-12.1
Specific grants	-200.5	-200.6	-218.6	-212.6	-217.1
Amending Report 2003-04 grant	-	-	-4.2	-	-
Net revenue expenditure	2,367.1	2,383.0	2,510.3	2,665.4	2,756.4
Application of reserves	-23.8	-39.7	-22.0	-	-
Budget requirement	2,343.3	2,343.3	2,488.3	2,665.4	2,756.4

Note 1: This line includes budgets for which the distribution to business groups cannot be precisely determined until later in the budget setting process. It includes, for example, inflation, pay awards and other such budget changes.

Section 4 – Metropolitan Police Authority

4.6 A subjective analysis showing the change between the years 2004-05 and 2005-06 is provided at Appendix A.2.

Inflation

4.7 Inflation is estimated to add £69m to MPA costs in 2005-06, as set out below.

Inflation	£m
Pay	50.3
Running expenses	12.5
Police officer, police staff and traffic warden overtime	4.0
Pensions and other employment	9.6
Income	-7.4
Total	69.0

Full year cost of existing services

4.8 The full year effect of 2004-05 budget decisions and those items of expenditure which are unavoidable or to which the Authority is contractually committed adds £97.6m to the MPA's budget for 2005-06. The impact over the next 3 years is as follows:

Committed change	2005-06	2006-07	2007-08
	£m	£m	£m
Committed service increases	120.2	153.8	162.7
Committed service decreases	-22.6	-27.8	-33.8
Total	97.6	126.0	128.9

4.9 A detailed breakdown is provided in Appendix A.3.

New initiatives

4.10 Proposed spending on new initiatives in 2005-06 and the costs in the following two years is summarised overleaf.

Section 4 – Metropolitan Police Authority

New Initiatives	2005-06	2006-07	2007-08
	£m	£m	£m
'Step Change' phase 2	45.5	54.7	56.3
G8 meeting/EU presidency/general election	3.0	-	-
National intelligence model	2.1	2.1	2.1
Armed hospital guards	2.0	2.0	2.0
Full year costs of Safer Schools Project	1.3	1.3	1.3
Implementation and systems support for borough operations	1.2	1.0	0.3
Custody Command Team and restorative justice	1.2	1.2	1.2
New functions - Strategic Development Programme	1.1	1.1	1.1
South London training site	1.0	1.0	1.0
Vehicle recovery and storage services expansion	0.8	1.7	2.5
Additional resourcing to support C3i systems	0.7	0.7	0.7
Support to covert and overt operations	0.7	2.4	3.3
Freedom of Information Act	0.6	0.6	0.6
Fees to identify options for new cells/custody centres	0.5	0.5	0.5
Criminal justice support to Crown Prosecution Service	0.5	0.5	0.5
Growth in MPA Secretariat	0.3	0.3	0.3
Foundation Training (Hendon/Satellite sites)	0.3	1.0	1.0
Fibre optic line rental for C3i	0.2	0.2	0.2
Provision of 'Tasers'	0.2	-	-
Custody officers (DDOs) – cessation of HO funding	-	5.7	5.7
National case and custody support system	-	4.0	4.0
Aircraft fleet replacement	-	0.6	0.9
Total	63.2	82.6	85.5

Safer neighbourhoods

- 4.11 In the Mayor's first term of office additional resources were provided to increase the size of the police force in London. There has been an increase of around 7,500 uniformed officers (including police community support officers) in four years and the intention is to continue this expansion so that there will be around 35,000 uniformed officers by the end of 2007-08. At the heart of this expansion is the concept of dedicated community-based teams that are not to be abstracted for other operational requirements. The first phase of Safer Neighbourhoods began in 2004-05 with the introduction of three teams of uniformed officers in every borough. It is proposed to roll-out a further five teams per borough in 2005-06.
- 4.12 The Metropolitan Police's 'Step Change' programme is about translating this vision into practice and the need for the whole organisation to grow to support this. This includes specialist units to address concerns around serious crime and terrorism and consequential growth in police staff and support infrastructure which need to accompany the increase in officer numbers.

Section 4 – Metropolitan Police Authority

4.13 In 2005-06 the second phase of Step Change will require 160 additional safer neighbourhood teams of uniformed officers and an increase of 108 police officers in specialist units and 119 police staff. The additional net revenue cost will be £39.4m (£50.1m in a full year). If a decision was taken to continue the roll-out in 2006-07 as planned, the additional revenue costs (excluding any additional government grant) are estimated to be in line with those in 2005-06, although these costs are not committed in this budget. The capital costs of this initiative are addressed within the Capital Spending Plan.

Savings and efficiencies

4.14 Savings totalling £73m have been identified as summarised below. This is in addition to £180m of savings included in the budgets over the last four years. Expenditure on police pay, pensions and committed contractual payments is not reducible and the savings identified represent approximately 10% of the relevant reducible budgets. The MPA is also required to achieve efficiency savings in accordance with guidelines set by Her Majesty's Inspectorate Constabulary. Since 1999 it has had to demonstrate efficiency savings of at least 2% per annum, of which at least 1% is cash releasing, but for 2005-06 the requirement will increase to 3% of which at least half must be cash releasing.

Savings and efficiencies	£m
Territorial Policing	23.8
Deputy Commissioner's Command	16.6
Resources Directorate	13.6
Specialist Crime	10.0
Corporate	7.2
Human Resources	1.0
Specialist Operations	0.8
Total	73.0

4.15 A detailed breakdown of the savings planned for 2005-06 is provided in Appendix A.4.

Reserves

4.16 The expected movement in reserves are:

MPA reserves	Budget 2004-05	Forecast Outturn 2004-05	Budget 2005-06	Plan 2006-07	Plan 2007-08
	£m	£m	£m	£m	£m
Opening balances	139.6	139.6	99.9	77.9	77.9
Transfers to/from:					
Earmarked reserves	-23.8	-39.7	-22.0	-	-
General reserves	-	-	-	-	-
Closing balances	115.8	99.9	77.9	77.9	77.9

Section 4 – Metropolitan Police Authority

Earmarked reserves

4.17 There is a planned movement of £12m from the pension reserves in 2005-06 to fund commuted lump sum costs associated with the increased number of retirees compared with 2004-05. In addition there is a movement of £10m relating to planned changes in the way pensions are to be financed from 2006-07.

Earmarked reserves	Budget 2004-05	Forecast Outturn 2004-05	Budget 2005-06	Plan 2006-07	Plan 2007-08
	£m	£m	£m	£m	£m
Opening balances	111.4	111.4	71.7	49.7	49.7
Transfers to/from	-23.8	-39.7	-22.0	-	-
Closing balances	87.6	71.7	49.7	49.7	49.7

General reserves

4.18 The MPA's policy is to maintain a general reserve of a minimum of 1% of net budgeted expenditure. There are no budgeted movements to or from the general reserve in 2005-06.

General reserves	Budget 2004-05	Forecast Outturn 2004-05	Budget 2005-06	Plan 2006-07	Plan 2007-08
	£m	£m	£m	£m	£m
Opening balances	28.2	28.2	28.2	28.2	28.2
Transfers to/from	-	-	-	-	-
Closing balances	28.2	28.2	28.2	28.2	28.2

Section 5 – London Fire and Emergency Planning Authority

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.

Key deliverables

5.2 The budget proposals have been framed to provide sufficient resources to allow:

- Progress in meeting the London Safety Plan proposals using a risk-based approach and concentrating more resources on preventing fires and other emergencies, with particular emphasis on reducing anti social behaviour and building community engagement;
- Development of the use of a risk-based approach to deliver improvements in performance in second attendance at incidents by moving 10 fire engines to more appropriate locations;
- Continuation of the work on London Resilience to make sure that firefighters have the training and equipment they need to respond to acts of terrorism or other major disasters;
- The closure of Manchester Square Fire Station with other nearby stations meeting the demands for calls in the area;
- Expansion of work with young people to help them understand what happens if cars or property are set on fire, to provide an outlet for their curiosity and help develop a sense of responsibility;
- Continuation of the home fire safety check programme with 25,000 visits being made in 2005-06;
- Progress in meeting Government targets for the recruitment and career development of female and black and minority ethnic staff;
- Progress in meeting the Authority's key targets to reduce the number of accidental fire related deaths in the home by 20% and the number of deliberate fires by 10% for the five years to 2009-10.

Proposed budget requirement

5.3 The Fire Authority's gross expenditure is proposed to be £449.4m. After deducting fees, charges and other income and the application of reserves, the budget requirement is **£403.4m**. This is £15m (4%) higher than that for 2004-05.

Section 5 – London Fire and Emergency Planning Authority

Changes in the Fire Authority's spending plans	£m
2004-05 budget requirement	388.4
<i>Changes due to:</i>	
Inflation	13.5
Full year cost of existing services	1.4
New initiatives	0.8
London Safety Plan and other savings and efficiencies	-7.5
Loss of transitional relief	5.7
Change in specific grants	1.4
Change in use of reserves	-0.3
2005-06 budget requirement	403.4

Service Analysis

5.4 The key changes in net expenditure between years and forecasts for the following two years are set out below.

Service analysis	Original Budget 2004-05 £m	Forecast Outturn 2004-05 £m	Budget 2005-06 £m	Plan 2006-07 £m	Plan 2007-08 £m
Community fire safety	31.5	31.9	32.3	33.5	34.4
Firefighting and rescue	280.7	279.9	283.6	292.3	300.5
Firefighter pensions	85.7	87.2	89.5	95.0	100.8
Emergency planning	0.4	0.4	0.4	0.4	0.4
Central services	2.1	2.1	2.2	2.2	2.3
Net services expenditure	400.4	401.5	408.0	423.4	438.4
Capital financing costs	8.3	8.2	9.2	11.3	13.4
External interest receipts	-1.7	-2.8	-2.0	-1.9	-1.8
Specific grants	-13.7	-12.3	-6.6	-6.6	-6.6
Net revenue expenditure	393.3	394.6	408.6	426.2	443.4
Application of reserves	-4.9	-6.2	-5.2	-0.3	6.4
Budget requirement	388.4	388.4	403.4	425.9	449.8

5.5 A subjective analysis showing the change between the years 2004-05 and 2005-06 is provided at Appendix A.5.

Inflation

5.6 Inflation is estimated to add £13.5m to LFEPA costs in 2005-06, as set out below.

Section 5 – London Fire and Emergency Planning Authority

Inflation	£m
Firefighter pay award	4.6
Other staff pay awards	2.1
London weighting, all staff	2.0
Pensions	3.8
Running costs and other expenses	1.0
Total	13.5

Full year cost of existing services

- 5.7 The main reasons for the £1.4m increase in the cost of existing services is increased provision for London Resilience, revaluation of the local government pension scheme, higher capital financing costs, partly offset by higher interest receipts.

New Initiatives

- 5.8 Proposed spending on new initiatives in 2005-06 is summarised below.

New Initiatives	2005-06	2006-07	2007-08
	£m	£m	£m
Establish a Risk Information Team	0.2	0.1	0.1
FDR1 Team – Incident Recording Information System	0.1	-	-
Additional Human Resources Advisors	0.1	-	-
Routine periodic medical – mobile unit	0.1	0.1	0.1
Additional staffing to support Finance Function	0.1	0.1	-
Initial staff and consultancy to develop Corporate Risk	0.1	0.1	-
Modernisation Programme Manager	0.1	-	-
Total	0.8	0.4	0.2

Savings and efficiencies

- 5.9 Savings of £7.5m have been identified as summarised below.

Savings and efficiencies	£m
London Safety Plan	5.0
Human Resources including training	1.3
Finance	0.3
Procurement	0.3
Property	0.2
Directorate of Fire and Community Safety	0.2
Information technology	0.1
Other efficiency savings	0.1
Total	7.5

Section 5 – London Fire and Emergency Planning Authority

5.10 In addition to the above, non-cash releasing efficiencies have also been identified through the London Safety Plan. These efficiencies include re-deploying fire appliances, made possible by changes in the statutory fire cover rules, and will total £6.7m in a full financial year.

Reserves

5.11 The expected movements in reserves are:

LFEPA reserves	Budget 2004-05	Forecast Outturn 2004-05	Budget 2005-06	Plan 2006-07	Plan 2007-08
	£m	£m	£m	£m	£m
Opening balances	45.8	45.8	39.6	34.4	34.1
Transfers to/from					
Earmarked reserves	-4.1	-7.5	-1.0	1.1	2.4
General reserves	-0.8	1.3	-4.2	-1.4	4.0
Closing balances	40.9	39.6	34.4	34.1	40.5

Earmarked reserves

5.12 There is planned movement on earmarked reserves netting off to £1m as follows: £2.4m from the pension reserve to meet the cost of officers retiring and £1.4m to the PFI reserve to meet future costs on this contract, the Government grant for which is 'front loaded'.

Earmarked reserves	Budget 2004-05	Forecast Outturn 2004-05	Budget 2005-06	Plan 2006-07	Plan 2007-08
	£m	£m	£m	£m	£m
Opening balances	37.2	37.2	29.7	28.7	29.8
Transfers to/from	-4.1	-7.5	-1.0	1.1	2.4
Closing balances	33.1	29.7	28.7	29.8	32.2

General reserves

5.13 There are budgeted movements of £4.2m from the general reserves in 2005-06.

General reserves	Budget 2004-05	Forecast Outturn 2004-05	Budget 2005-06	Plan 2006-07	Plan 2007-08
	£m	£m	£m	£m	£m
Opening balances	8.6	8.6	9.9	5.7	4.3
Transfers to/from	-0.8	1.3	-4.2	-1.4	4.0
Closing balances	7.8	9.9	5.7	4.3	8.3

Section 6 – Transport for London

- 6.1 Transport for London is responsible for the commercial businesses of London Underground, London Buses, Victoria Coach Station, London River Services and the Docklands Light Railway. It manages the Transport for London road network, traffic signals in London and the Public Carriage Office (taxi and private hire vehicle licensing). It also provides grant-aid to London Boroughs for their local transport plans.
- 6.2 This year, following a landmark five year funding settlement, the funding position is much more certain than in the past and this has enabled TfL to develop a five year budget and business plan that is fully funded. This plan provides some £10bn to be invested in London's transport system over the next five years, and will support continued transport operations.

Key deliverables

- 6.3 The key deliverables in the five year plan are:

A growing London

- Renewal and upgrading of London Underground to improve reliability and capacity;
- Schemes to relieve traffic congestion and improve the local environment at Coulsdon, Bounds Green and Thames Road, Bexley;
- A possible Western extension of the congestion charge;
- Design testing and final working of air conditioning on some trains on the Metropolitan Line will be in the plan period with final roll out of new trains starting in 2012;
- Construction of the Thames Gateway Bridge linking Greenwich and Newham – the first new road bridge over the Thames in London for 70 years;
- Extending the East London Line to Dalston, West Croydon and Crystal Palace;
- New DLR links to Woolwich, Stratford and other projects vital for regeneration and the Olympics, and upgrading to three car service on the Bank to Lewisham line;
- The completion of Wembley Park station;
- Extending the Metropolitan Line to Watford Junction;
- Plans to obtain powers to extend Croydon Tramlink to Crystal Palace;
- Obtaining powers for the proposed West London Tram and Cross River Tram and then to proceed once additional funding has been secured;
- Greenwich Waterfront Transit and East London Transit the new high quality bus transit systems linking Greenwich to Abbey Wood, and Ilford to Dagenham Dock.

Section 6 – Transport for London

An accessible and safer London

- London Buses will complete the retendering programme of the Bus Network to new Quality Incentive Contracts which have resulted in the transformation of the bus system throughout London to low-floor accessible buses equipped with CCTV by December 2005;
- An accelerated programme to make more London Underground stations step-free;
- CCTV on trains and in stations on ONE, Southern, Thameslink and South East trains to give passengers greater security;
- Schemes across London to make pavements safer, install new crossings and improve street lighting;
- New bus radio system to improve reliability and real-time passenger information.

A cleaner, greener London

- The introduction, subject to consultation, of a Low Emission Zone by the end of 2007;
- Energy savings on the Underground;
- More accessible and environmentally friendly buses;
- Enhanced cycling network and improvements to encourage walking.

6.4 The highlights for 2005-06 are:

- DLR City Airport Extension;
- New Wembley Park London Underground Station;
- A23 Coulsdon bypass;
- A programme of capital renewal and programme of improvements for pedestrians on the Transport for London Road Network and Borough Principal Road Network;
- Increasing support to encourage cycling;
- New Bus Garages at Hanworth and North Acton;
- 100% CCTV on buses by December 2005;
- 100% of buses to have low floor access by March 2006;
- New tram stop in Tamworth Road, Croydon serving the Centrale development;
- Silverlink Metro to be Oyster compatible;
- Increased funding for town centres and Streets for People;
- Increased funding for Safer Routes to School and travel awareness.

Section 6 – Transport for London

Budget requirement

- 6.5 TfL's gross expenditure in 2005-06 is estimated to be £5.6bn, consisting of operating costs, capital projects, debt servicing and contingency. Deducting income and third party contributions of £3bn, leaves £2.8bn to be met from external sources. The bulk of this funding is in the form of the Transport Grant for TfL from Government, although for the first time TfL has the ability to borrow under the new Prudential Borrowing regime. This borrowing will amount to £550m in 2005-06 and some £2.9bn over the 5 years of the Budget and Plan period. TfL's budget requirement (which for TfL is the amount to be raised in the GLA council tax precept) for 2005-06 is £26m, the same real terms level as 2004-05.

Changes in TfL's spending plans	£m
2004-05 budget requirement	26
<i>Changes due to:</i>	
Inflation	163
Full year cost of existing services	149
New initiatives	140
Savings and efficiencies	-33
Changes in transport grants	71
Changes in prudential borrowing	-150
Movement in reserves, working capital and use of DLR set aside	-340
2005-06 budget requirement	26

Service analysis

- 6.6 The key changes in income and expenditure areas between years and projected for the following two years for each of the key service areas are set out in the table overleaf. A more detailed breakdown covering separately operating expenditure and capital expenditure over the full five years of TfL's budget and business plan is provided in Appendices A.6 to A.7.
- 6.7 The table overleaf includes a comparison of the 2005-06 figures against the revised 2004-05 budget that was approved by the TfL Board on 27 October 2004. This revised budget reflects changes arising from significant events that have occurred since the original 2004-05 Budget was set. The most significant of these was the announcement of the government's SR2004 Settlement in July 2004. When the original budget was approved in March 2004, the TfL Board was advised that programmes and operations in 2004-05 would be maintained in such a way that commitments into 2005-06 would not be in excess of baseline (indicative) funding levels. This revised budget has allowed an additional review to determine other significant events. These include improved traffic income trends, further savings being achieved and delays in consultation and planning consents that delay the expenditure.

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Service analysis	Budget 2004-05 £m	Forecast 2004-05 £m	Budget 2005-06 £m	Plan 2006-07 £m	Plan 2007-08 £m
Income					
Fares and charges*	-2,314	-2,307	-2,477	-2,635	-2,788
Other income	-290	-318	-262	-249	-264
Sub total	-2,604	-2,625	-2,739	-2,884	-3,052
Operating costs					
London Underground	2,188	2,285	2,516	2,632	2,683
Surface Transport	1,973	1,942	2,071	2,221	2,371
London Rail	121	117	107	113	111
Corporate Directorates	254	199	202	195	195
Over-programming	-	40	-20	-20	-28
Sub total	4,535	4,583	4,876	5,141	5,332
Net capital expenditure					
London Underground	161	83	196	211	305
Surface Transport	250	300	418	356	357
London Rail	18	23	83	191	337
Corporate Directorates	12	52	82	48	43
Over-programming	-80	-64	-140	-140	-140
Sub total	361	394	639	666	902
Contingency	25	25	26	26	27
Net services expenditure	2,317	2,377	2,802	2,948	3,209
Capital financing costs	-	10	72	115	157
Interest receipts	-	-	-68	-62	-53
Specific grants	-2,230	-2,232	-2,161	-2,383	-2,544
Financing set aside	-127	-127	-	-	-
Prudential borrowing inflow	-	-400	-550	-550	-550
Movements in working capital	-229	-128	2	106	32
Net revenue expenditure**	-269	-500	97	174	251
Application of reserves	295	526	-71	-147	-223
Budget requirement	26	26	26	27	28

This table contains some rounding differences.

* LUL traffic income, bus network income, CCS income from licences and penalty charge notices, transport policing income and DLR income.

** The resultant level of net revenue expenditure in 2004-05 reflects the TfL Board decision of 27 October 2004 in respect of its five year investment and borrowing programme and provides for the establishment of an increased capital reserve to manage this programme. See paragraphs 7.18 to 7.24 for further information.

Section 6 – Transport for London

- 6.8 Previous Business Plans have been based on an increase in fares at the rate of inflation for these years. This Business Plan includes a £10bn investment programme to improve and expand London's transport system, to support London's growth. To ensure that this investment can be financed, the Plan is predicated upon above inflation increases in fares, the congestion charge and other transport-related income. Fare decisions are taken annually by the Mayor, and should the fare increases be different from those in this Plan, the spending profile will need to be varied to ensure that financial balance over the Plan period is maintained.
- 6.9 Further financial information is also provided in the following appendices: Appendix A.9: a breakdown of Borough spending; and Appendix A.10: the application of net congestion charging revenue.
- 6.10 Unlike the other organisations in the GLA group, TfL's wide range of programmes is mainly carried out through subsidiary trading companies and in any year TfL funds the companies' cash flow requirement. There can be quite significant short-term cash flow fluctuations and the above table therefore includes an adjustment for movements in working capital to reconcile the cash phasing with the accrued liabilities.
- 6.11 The above table also includes provision for over-programming of £160m in 2005-06, increasing to £168m by 2007-08. This is an increase above the 2004-05 budget provision of £80m, reflecting the increased size and scope of the organisation. This provision for over-programming reflects that a significant element of TfL's expenditure plans comprise the management and delivery of capital programmes including road maintenance and route improvement schemes, bus priority measures, road safety, walking, cycling and accessibility improvements, bus and underground station improvements and major transport interchange projects. It provides financial recognition for stages of the investment plan that are not entirely under TfL control. For instance delays can arise from consultation, planning and obtaining of powers, resulting in some elements of planned schemes being delayed, changes in scope and or removal from the programme. Over-programming allows TfL to maintain a full programme of committed work, yet ensuring that it is utilising the funds allocated.

Inflation

- 6.12 Inflation is estimated to add £163m to TfL's costs in 2005-06. This is based on an underlying inflation assumption of 2.5% and the expected costs of bus contracts being tendered in 2004-05 and 2005-06 where the actual costs of operating these services have increased significantly in real terms over the contracts being re-tendered.

Inflation	£m
2005-06 contractual increases on bus network	64
Inflation on continuing London Underground programme	48
Inflation on continuing Street Management programme	37
Inflation on other programmes	14
Total	163

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Full year cost of existing services

6.13 The full year effect of 2004-05 budget decisions and those items of expenditure which are unavoidable or to which TfL is contractually committed adds £149m to TfL's budget for 2005-06. This is summarised below, with a detailed breakdown of service increases and service decreases is provided in Appendix A.12.

Committed change	£m
Committed service increases	154
Committed service decreases	-81
Existing capital projects	-4
Fees, charges and ticket/trading revenues	80
Total	149

New initiatives

6.14 Budgeted spending on new initiatives is summarised below.

New initiatives	2005-06 £m	2006-07 £m	2006-07 £m
Oyster extension to parts of National Rail network	40	-5	-11
Free Travel for Under 16s	33	75	75
East London Line Extension	31	141	228
Additional Jubilee Line Works	13	1	1
Bus Garages	8	-	-
Silverlink Metro Rail Franchise	5	9	9
Other minor initiatives	10	2	2
Total	140	223	304

Savings and efficiencies

6.15 TfL directs the expenditure of over £2bn net of public funds every year. A significant proportion of this expenditure is already committed in long term contracts. The most significant are the PPP and PFI contracts amounting to over 25% of TfL's annual expenditure. Its efficiencies programme was established in 2002-03, and originally planned to save £325m between 2003-04 and 2008-09, however this has now increased to in excess of £1bn in the extended period to 2009-10. Key initiatives have been:

- Business Procurement Efficiencies Programme. This is a coordinated programme of re-procurement of key categories of expenditure across the TfL group. This includes reduced unit costs for items, demand management (e.g. better/more appropriate use of consultant resources) and new methods of contracting including better long term supplier relationship management;

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- Rationalisation of support services – includes the establishment of shared service functions in HR and Finance and reduction of duplication in administrative functions across the group resulting in staff savings;
- Business Improvement Programme (BIP)- realising the benefits of the introduction of one common resource management package, SAP, across the group;
- Marketing – savings in common procurement of customer research and better use/realignment of marketing expenditure to TfL’s strategic objectives.

6.16 Key future operational initiatives include:

- Cashless bus – realising the savings from the introduction of cashless bus operations across the network from January 2006: such a scheme has already been introduced in a zone in Central London;
- Reassessment of plans to deliver real-time customer information and train management information on London Underground through better use of existing contractual arrangements;
- Further benefits from the introduction of Oyster Card in enabling more effective ticket options for our customers.

6.17 In light of the success of the programme to date, and in order to meet the challenges of the TfL SR2004 settlement, TfL has increased its targets, and now plans to save £866m over the life of its five year plan, in addition to the £149m that will have been saved by the end of 2004-05, the overall programme target of £1bn is more than double what was originally planned. Appendix A.11 provides a breakdown of the overall programme targets.

Reserves

6.18 TfL as a large trading and project delivery organisation with the potential for fluctuations in both costs and income levels needs to hold reserves to meet unforeseen events and maintain service delivery.

6.19 When TfL was established in July 2000, the organisation inherited no provisions for reserves. This is in direct contrast with the Underground where specific provisions for risks have been included within the Government funding settlement (see below). The creation of a satisfactory level of TfL reserves has been a financial priority since July 2000, where TfL has sought to build reserves through budget savings and modest additions through the budget. The overall movement in TfL’s reserves is summarised in the table overleaf.

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TfL reserves	Budget 2004-05	Forecast Outturn 2004-05	Budget 2005-06	Plan 2006-07	Plan 2007-08
	£m	£m	£m	£m	£m
Opening balances	560	560	1,086	1,014	868
Transfers to/from:					
LUL reserve provision	-	-	40	-	-
TfL general reserve	15	-16	-10	-	-
TfL capital reserve	540	542	-102	-146	-223
Closing balances	1,115	1,086	1,014	868	645

6.20 The most significant planned movements in the level of reserves is in respect of the TfL capital reserve. This is a consequence of the landmark five year funding settlement and its build up and use in full over the five year plan period to 2009-10 reflects the difference in incidence of receipt of income, prudential borrowing and capital expenditure over that period. Further details of this and other reserve movements are explained below.

London Underground reserve provision

6.21 The Government funding settlement for London Underground includes specific budgets and provisions for risks. The risk management framework within London Underground includes a comprehensive review process of costs, timescales and probabilities to assess the level of risks in project delivery and operational activities, in order to manage and reduce the level of risks. The London Underground budget includes specific provisions within the PFI and PPP programmes; to allow for the costs for identified risks materialising on the business.

6.22 In addition to the Underground budgets for risk areas, the Government funding settlement includes provision to establish a reserve provision to manage future business risks for major unplanned and unforeseen expenditure. This is forecast to be achieved and will build up to a level of £170m by 2006-07. The drawdown from this Underground reserve provision is subject to consultation with the Secretary of State, with any significant depletion against this reserve provision subject to review as part of the Government spending reviews in order to maintain this provision at the agreed level.

LUL reserve provision	Budget 2004-05	Forecast Outturn 2004-05	Budget 2005-06	Plan 2006-07	Plan 2007-08
	£m	£m	£m	£m	£m
Opening balance	130	130	130	170	170
Transfers to/from	-	-	40	-	-
Closing balance	130	130	170	170	170

Section 6 – Transport for London

General reserve

6.23 TfL's general reserves are budgeted to reduce by some £10m in 2005-06 to £100m; this balance represents under 2% of TfL's gross budget. It is considered that this level of reserves is appropriate to meet general requirements; it is not therefore proposed to increase the level of TfL's general reserves in the remaining plan years.

General reserve	Budget 2004-05	Forecast Outturn 2004-05	Budget 2005-06	Plan 2006-07	Plan 2007-08
	£m	£m	£m	£m	£m
Opening balance	126	126	110	100	100
Transfers to/from	87	-16	-10	-	-
Closing balance	213	110	100	100	100

Capital reserve

6.24 In order to manage its investment and borrowing programme TfL is creating a capital reserve to hold monies that will be raised to meet its capital expenditure over the plan period. The reserve is fully used by the end of the five plan period.

Capital reserve	Budget 2004-05	Forecast Outturn 2004-05	Budget 2005-06	Plan 2006-07	Plan 2007-08
	£m	£m	£m	£m	£m
Opening balance	255	304	846	744	598
Transfers to/from	540	542	-102	-146	-223
Closing balance	795	846	744	598	375

Section 7 – Greater London Authority

7.1 The Authority is set up to enable the Mayor to deliver strategies dealing with London-wide issues, co-ordinate action on a London-wide basis and give effect to his priorities through the functional bodies and key external stakeholders. It is also set up to enable the Assembly to carry out its scrutiny and investigative role.

Key deliverables

- 7.2 The budget has been framed to provide sufficient resources for:
- Implementation of the London Plan and the Mayor's other statutory and non-strategies and policies;
 - Development and implementation of initiatives to promote and support the Mayor's duties in respect of equality of opportunity, health and sustainable development;
 - Developing a strategic approach to social inclusion and poverty and maximising London's capacity to improve the income and well being of those most at risk of exclusion and poverty;
 - Communicating with Londoners, including using the Londoner and the London Portal;
 - Supporting London's 2012 Olympic Bid;
 - Preparing for a Low Emission Zone (by improving air quality and saving lives) with the aim this will be in place by 2007;
 - The promotion of strategic housing, education and health issues;
 - Delivering a programme of cultural events which promote London's diversity;
 - Implementing a London Climate Change Agency to reduce energy and emissions and to increase the use of renewable energy.

Budget requirement

7.3 The Authority's proposed gross expenditure is £68.8m. After deducting fees, charges, investment income and the application of the election reserve, the budget requirement is **£60.9**. This is £4.6m (8%) higher than that for 2004-05.

Changes in the GLA's spending plans	£m
2004-05 budget requirement	56.3
<i>Changes due to:</i>	0
Inflation	2.7
Full year cost of existing services	1.7
New initiatives	1.6
2004 Elections	-12.0
Savings and efficiencies	-0.5
Change in specific grants	-0.5
Change in use of reserves	11.6
2005-06 budget requirement	60.9

Section 7 – Greater London Authority

Service analysis

7.4 The key changes in net revenue expenditure between years and forecasts for the following two years are set out below.

Service analysis	Original Budget 2004-05 £m	Forecast Outturn 2004-05 £m	Budget 2005-06 £m	Plan 2006-07 £m	Plan 2007-08 £m
Mayor's Office*	9.5	10.9	13.9	14.6	15.0
Assembly and Secretariat	6.0	6.0	6.2	6.5	6.6
London Transport Users Committee	1.4	1.4	1.5	1.5	1.5
Trafalgar and Parliament Squares	1.5	1.6	1.7	1.7	1.7
2004 Elections	12.3	12.3	0.3	0.3	0.3
Management and support services	45.2	46.6	45.0	45.8	47.0
Service income	-9.3	-8.0	-8.1	-8.1	-8.1
Contingency	0.2	0.1	0.1	0.1	0.1
Net service expenditure	66.8	70.9	60.6	62.4	64.1
Interest receipts	-1.5	-2.1	-1.8	-1.8	-1.8
Specific grants	-2.3	-2.7	-2.8	-2.8	-2.8
Net revenue expenditure	63.0	66.1	56.0	57.8	59.5
Application of reserves	-6.7	-9.8	4.9	5.1	5.2
Budget requirement	56.3	56.3	60.9	62.9	64.7

* The cost of the Mayor's Office in 2005-06 and future years includes functions transferred from other Directorates following the 2004 Elections

Inflation

7.5 Inflation is budgeted to add £2.7m to GLA costs in 2005-06 and is mainly due to pay awards for the Mayor, Assembly Members and staff.

Inflation	£m
Pay (including ongoing cost of 2004 pay award)	2.5
Other running costs	0.4
Income	-0.2
Total	2.7

Full year cost of existing services

7.6 The main reason for the £0.8m increase in the cost of existing services is due to a restructuring of the Mayor's Office and the Assembly Secretariat following the June 2004 Elections. Higher interest receipts offset other contractually committed increases.

Section 7 – Greater London Authority

New initiatives

7.7 Budgeted spending on new initiatives in 2005-06 is summarised below.

New initiatives	2005-06	2006-07	2006-07
	£m	£m	£m
Corporate Pay and Grading Review	0.2	0.2	0.2
Projects – Mayor’s Office, Media and Marketing	0.2	0.2	0.2
Projects – Policy and Partnership	1.0	1.0	1.0
Projects – Finance and Performance	0.2	0.2	0.2
Total	1.6	1.6	1.6

Savings and efficiencies

7.8 Savings of £0.5m, representing 1% of reducible budgets have been included in the budget proposals and these are summarised below:

Savings and efficiencies	£m
Reductions on programmes	0.3
Reductions in contingency budget	0.1
Other running costs	0.1
Total	0.5

7.9 The strategic functions and structure of the GLA are not considered to be compatible with the delivery of significant Gershon-type efficiencies. However, in keeping with the conclusions of the Gershon Review, the Authority has already established ‘networking and collaborative processes for joint working’ and has put in place mechanisms to help enable wider efficiency savings/gains across the GLA group or across London.

Reserves

7.10 The expected movements in reserves are:

GLA reserves	Budget	Forecast	Budget	Plan	Plan
	2004-05	Outturn	2005-06	2006-07	2007-08
	£m	£m	£m	£m	£m
Opening balances	23.7	23.7	15.3	20.2	25.3
Transfers to/from:					
Earmarked reserves	-10.5	-9.8	5.3	5.5	5.6
General reserves	-0.1	1.4	-0.4	-0.4	-0.4
Closing balances	13.1	15.3	20.2	25.3	30.5

Section 7 – Greater London Authority

Earmarked reserves

7.11 There is planned movement into earmarked reserves totalling £5.3m made up as follows: £3.7m into the election reserve towards the cost of the 2008 elections; £0.8m into the asset replacement reserve, £0.6m into the pensions reserve to fund an expected pensions deficit and £0.2m into other earmarked reserves.

Earmarked reserves	Budget 2004-05	Forecast Outturn 2004-05	Budget 2005-06	Plan 2006-07	Plan 2007-08
	£m	£m	£m	£m	£m
Opening balances	22.5	22.5	12.7	18.0	23.5
Transfers to/from	-10.5	-9.8	5.3	5.5	5.6
Closing balances	12.0	12.7	18.0	23.5	29.1

7.12 There is planned movement from the general reserve of £0.4m in 2005-06.

General reserves	Budget 2004-05	Forecast Outturn 2004-05	Budget 2005-06	Plan 2006-07	Plan 2007-08
	£m	£m	£m	£m	£m
Opening balances	1.2	1.2	2.6	2.2	1.8
Transfers to/from	-0.1	1.4	-0.4	-0.4	-0.4
Closing balances	1.1	2.6	2.2	1.8	1.4

Section 8 – London Development Agency

- 8.1 The London Development Agency is one of nine Regional Development Agencies (RDAs) in England and acts as the Mayor's agency for business and jobs in London. The Agency's work is centred around four themes: regenerating London by supporting areas in need of renewal, supporting people by improving access to skills and jobs, encouraging business by strengthening competitiveness and raising the profile of key sectors, and marketing and promoting London as a place to live, study, visit and do business.

Key deliverables

- 8.2 The overarching activity is to publish in January 2005 the Mayor's revised Economic Development Strategy, as the strategic framework for the economic development of the capital for the next 10 years, and play a leading role in its implementation, working with other delivery stakeholders. The key deliverables for the LDA are as follows:

London's Places and Infrastructure

- To facilitate 1,500 housing units to support London's future growth and development in the Thames Gateway;
- To remediate and/or invest in reclaiming and redeveloping 50 hectares of brownfield land;
- To lever in £250m for private regeneration infrastructure;
- To lead the physical aspects of the London 2012 Olympic and Paralympic Games bid, and work with the Mayor and other partners to develop a 'social masterplan' to target training and enterprise support for local people and businesses in the Lower Lea Valley and Thames Gateway and capture legacy benefits.

London's People

- To bring 8,000 people into jobs, of which 40% of beneficiaries are to be black and minority ethnic (BME) Londoners, 50% women and 10% disabled;
- To support the creation of new affordable childcare places, all located in the 20% most deprived wards in London (this year's target 800, next year's target to be agreed);
- To support adults to gain basic skills as a part of the Skills for Life Strategy that count towards the skills PSA target (new target to be agreed);
- To support adults in the workforce who lack full level 2 skills or equivalent to achieve at least full level 2 or equivalent as a result of LDA programmes (new target to be agreed);
- To assist people in their skills development as a result of LDA programmes (new target to be agreed).

London's Enterprises

- To provide support to 15,000 businesses to improve their performance, with 29%, 15% and 5% benefiting BME, women and disabled people or business owners respectively;
- To create or attract 2,000 new businesses and which demonstrate growth after 12 months with 29%, 15% and 5% to be owned by BME, women and disabled people respectively;

Section 8 – London Development Agency

- To create or safeguard 12,500 jobs.

London's Marketing and Promotion

- To maintain, develop and London as a visitor destination and ensure a coherent approach to marketing and promoting London to deliver real growth in visitor spending and growth in domestic and international visitors over the economic cycle.

Budget requirement

- 8.3 The LDA's activities are met entirely from specific grants and capital receipts and therefore the LDA does not make a call upon the precept and continues to have a nil budget requirement in 2005-06.

Changes in the LDA's spending plans	£m
2004-05 budget requirement	Nil
<i>Changes due to:</i>	
London's places and infrastructure	9.5
London's people	12.2
London's enterprises	34.0
London's marketing and promotion	1.3
SRB and exit strategies	-9.0
Policy and programme support	-1.6
Contingency	1.0
Government grants	-47.4
2005-06 budget requirement	Nil

Service analysis

- 8.4 Budget descriptions for 2005-08 have now been aligned with the Mayor's new Economic Development Strategy and indicate more plainly the work being undertaken, rather than department structure, and this is shown in the analysis overleaf which is not relevant for 2004-05.
- 8.5 The grant settlement has not been finalised but the table overleaf sets out the government's indicative allocations. The grant funding stream is expected to remain stable over the three year planning period.
- 8.6 The 2005-08 investment programme is well developed and at the end of October 2004, 83% of 2005-06 investment is approved, although the budget for 2005-06 is fully allocated to priorities. In order to balance the need for planning certainty with a degree of flexibility for future corporate planning, 92% and 87% respectively of the 2006-7 and 2007-08 budgets are allocated at this stage of the planning cycle.
- 8.7 If the Olympic bid is not successful the physical regeneration of the Lower Lea Valley will still be driven forward but the pace of investment would be slower. A non-Olympic budget is to be developed for consideration by the LDA Board in January 2005.

Section 8 – London Development Agency

8.8 Policy and Programme Support covers the Agency's staffing and running costs, with those staff costs relating to programme development and delivery recharged to the appropriate programme.

Service analysis	Original Budget 2004-05 £m	Forecast Outturn 2004-05 £m	Budget 2005-06 £m	Plan 2006-07 £m	Plan 2007-08 £m
London's Places & Infrastructure					
Thames Gateway regeneration and London Olympic Bid	98.2	98.2	98.0	98.0	98.0
Green City and improving the Urban Fabric	4.9	4.9	7.0	7.0	7.0
Catalysing Change in areas of opportunity and need (rest of London excluding Thames Gateway)	29.4	29.4	37.0	37.0	37.0
Sub total	132.5	132.5	142.0	142.0	142.0
London's People					
Diversity Works	3.0	3.0	5.0	5.0	5.0
Childcare	-	-	8.0	8.0	8.0
Developing Skills for our city	9.8	9.8	12.0	12.0	12.0
Sub total	12.8	12.8	25.0	25.0	25.0
London's Enterprises					
Startup and Enterprise	5.0	5.0	31.0	31.0	31.0
Innovation and Sector Development	25.0	25.0	30.0	30.0	30.0
Medium sized business growth	-	-	3.0	3.0	3.0
Sub total	30.0	30.0	64.0	64.0	64.0
London's Marketing & Promotion					
Global City	44.7	44.7	46.0	46.0	46.0
Sub total	44.7	44.7	46.0	46.0	46.0
Implementation of the EDS					
SRB and exit strategies	84.0	84.0	75.0	40.0	10.0
Creating Opportunities	11.0	11.0	11.0	12.0	12.0
Policy & Programme Support	29.6	29.6	28.0	29.0	29.0
Sustainable communities	-	29.2	-	-	-
Contingency/unallocated funds	-	-	1.0	54.5	84.5
Sub total	124.6	153.8	115.0	135.5	135.5
Expenditure	344.6	373.8	392.0	412.5	412.5
Core government funding	331.7	360.9	377.5	389.0	398.0
European Social Fund	1.9	1.9	2.0	2.0	2.0
Income from receipts	11.0	11.0	12.5	21.5	12.5
Total income	-344.6	-373.8	-392.0	-412.5	-412.5
Interest receipts	-	-	-	-	-
Transfer to reserves	-	-	-	-	-
Budget requirement	Nil	Nil	Nil	Nil	Nil

Savings and efficiencies

8.9 The LDA is required by the Treasury to deliver 2.5% efficiency savings a year (i.e. 7.5% over the corporate plan period) of which at least half must be cash releasing. For 2005-06 this equates to £9.75m of which £4.9m needs to be cash releasing. There is a very strong presumption that administration costs will be held flat so savings will be identified within the Policy and Programme Support Budget and within programmes. An efficiency savings plan for 2005-8 is being finalised but current plans include:

- Streamlining LDA corporate communications and promotional activities;
- Establishing best value efficiency targets including targets for each Directorate;
- Delivering new activities devolved to RDAs (e.g. planning, Lambert review) within current budgets;
- Funding new posts from within existing staffing budgets;
- Streamlining and delivering more effective service delivery in LDA business processes including contract administration & procurement practices including e-government;
- Reduced consultancy expenditure & professional fees including project management support & externally provided legal services;
- More efficient 'outsourcing' of programme delivery;
- Increased out-sourcing and rationalising support services including opportunities for collaboration with the GLA and the GLA's functional bodies and the transfer of Business Link 4 London;
- Spend to save initiatives; consider the opportunity of developing an in-house spend to save programme including accessing Government funded programmes;
- Improving cost management of overheads e.g. travel and subsistence;
- Web site strategy review; a more coordinated and cost effective approach to project and partner website development including London Portal development.

Reserves

8.10 At present the LDA is constrained by the rules attached to its grant on the income streams that can be used to fund reserves. The Department for Trade and Industry require the retention of a £1million contingency fund for 2005-6 from within the grant allocation.

Section 9 – Consolidated budget requirement and funding

Consolidated budget requirement

9.1 The budget proposals set out in Sections 5 to 9 provide for a consolidated budget requirement for 2005-06 of £2,978.6m (£2,813.8m in 2004-05).

Budget requirements	2004-05	2005-06
	£m	£m
Metropolitan Police Authority	2,343.3	2,488.3
London Fire and Emergency Planning Authority	388.4	403.4
Greater London Authority	56.3	60.9
Transport for London	25.8	26.0
London Development Agency	Nil	Nil
Total	2,813.8	2,978.6

General government funding

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

Government grants	2004-05	2005-06
	£m	£m
Non – Domestic Rates	171.3	205.2
Revenue Support Grant	796.0	822.6
Police Grant	1,123.1	1,177.2
General GLA Grant	36.4	37.5
Total	2,126.8	2,242.5

9.3 The difference between the consolidated budget requirement and government funding represents the amount to be raised from council taxpayers by issuing precepts on the City and the London boroughs.

Council tax for police services

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

Council tax for police services	2004-05	2005-06
	£m	£m
MPA budget requirement	2,343.3	2,488.3
General government funding	-1,822.0	-1,928.0
Amount for police services	521.3	560.3

9.5 This is equivalent to a band D council tax of about **£198** for 2005-06 in the London boroughs (£184 in 2004-05). The precise band D amount will depend on the tax base for 2005-06.

Section 9 – Consolidated budget requirement and funding

Council tax for other services

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

Council tax for other services	2004-05	2005-06
	£m	£m
GLA, TfL and LFEPA budget requirements	470.5	490.3
General government funding	-304.8	-314.5
Share of borough net collection fund surplus	-3.3	-3.3
Amount for other services	162.4	172.5

9.7 This is equivalent to a band D council tax of about **£61** for 2005-06 in the City and the London boroughs (£57 in 2004-05). Again the precise band D amount will depend on the tax base.

Funding analysis by body

9.8 There are two sets of council tax calculations because the Metropolitan Police District does not include the City. Although the statutory arrangements only require a distinction to be made between police and other services, a summary of spending, funding and the resultant council tax attributable to each body is provided in Appendix A.15.

Section 10 – Capital spending plan

10.1 In accordance with the requirements of the GLA Act 1999, as amended by the Local Government Act 2003, a capital spending plan will be prepared covering the functional bodies. Although not statutorily required, the GLA will be included in the plan.

10.2 The plan will be in four sections.

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

Section B – a statement of the resources each functional body expects to have for capital expenditure from borrowing.

Section C – is a statement for each functional body of total capital expenditure that the Mayor expects the body to incur, and of the total amounts that the Mayor expects the body to treat as borrowing.

Section D – a breakdown of this total capital spending showing how much the Mayor expects the body to meet out of capital grants; capital receipts; borrowing; revenue.

10.3 As part of the preparation of the capital spending plan, the Mayor will also develop a borrowing proposal under the Prudential Code, as required by the Local Government Act 2003.

10.4 Before 15 January 2005 the draft capital spending plan has to be sent to the Assembly and functional bodies, inviting them to submit written comments on the draft, with 21 days. The final plan has to be approved by the Mayor before 28 February 2005.

Metropolitan Police Authority

10.5 The Police Authority expects to spend £162.6m on capital projects in 2005-06, funded from government grants, borrowing and capital receipts.

Capital plan summary	2005-06 £m	2006-07 £m	2007-08 £m	2008-09 £m	2009-10 £m
Property Services Department	31.8	29.2	29.2	29.2	27.1
Directorate of Information	34.4	32.9	32.9	32.9	28.7
Transport projects	12.9	17.2	17.8	14.9	14.9
Other plant and equipment	10.9	5.5	0.3	0.3	0.3
C3i Programme	41.9	1.0	-	-	-
'Step Change' programme	30.7	4.5	-	-	-
Total	162.6	90.3	80.2	77.3	71.0

Section 10 – Capital spending plan

London Fire and Emergency Planning Authority

10.6 The Fire Authority expects to spend £13.1m on capital projects in 2005-06, funded from borrowing and capital receipts.

Capital plan summary	2005-06 £m	2006-07 £m	2007-08 £m	2008-09 £m	2009-10 £m
Control and Communications Project	1.3	4.3	2.5	-	-
London Resilience	2.3	0.1	-	-	-
London Safety Plan	0.3	0.1	0.1	-	-
Fire station refurbishments	2.3	4.8	4.2	9.3	11.3
Fire station extensions	1.7	0.2	0.5	0.1	1.6
Community fire station projects	1.2	1.4	1.3	0.2	-
Computer operating system upgrade	2.0	1.0	1.1	0.1	-
Access for people with disabilities	0.2	0.2	0.2	0.2	-
Women's facilities	0.5	0.3	0.3	0.3	-
Minor improvements programme	1.0	1.0	1.0	1.0	1.0
Other projects	0.3	1.1	1.8	0.9	0.3
Total	13.1	14.5	13.0	12.1	14.2

Greater London Authority

10.7 The GLA expects to spend £1.2m on capital projects in 2005-06, funded from government grants and revenue contributions.

Capital plan summary	2005-06 £m	2006-07 £m	2007-08 £m	2008-09 £m	2009-10 £m
City Hall Infrastructure	-	-	0.1	0.1	-
ICT Infrastructure	0.5	0.4	0.8	1.4	1.2
ICT Development	0.7	0.6	0.6	0.6	0.6
Total	1.2	1.0	1.5	2.1	1.8

Section 10 – Capital spending plan

Transport for London

10.8 TfL expects to spend £1,803m on capital projects in 2005-06, funded from government grants, revenue contributions, borrowing, third party contributions and transfers from earmarked reserves. The TfL business plan is based on the Government's agreement to allow TfL to borrow under the new 'prudential borrowing' regime. To reassure financial markets that TfL maintains financial discipline and to be consistent with the statutory borrowing regime, the level of borrowing proposed will not cause TfL's recurring income to exceed its recurring costs. Overall levels of borrowing planned are well within the levels found in Europe, and debt service ratios would be within the average level for AA rated transport entities.

Capital plan summary	2005-06 £m	2006-07 £m	2007-08 £m	2008-09 £m	2009-10 £m
London Underground	1,063	1,051	1,124	1,076	1,139
Surface Transport	558	520	545	486	448
London Rail	101	198	337	437	237
Corporate Services	26	11	6	4	3
Finance and Planning	87	40	60	27	31
Borough	108	104	105	101	99
Total capital expenditure	1,943	1,924	2,178	2,130	1,957
Less over-programming	-140	-140	-140	-140	-140
Total	1,803	1,784	2,038	1,990	1,817

London Development Agency

10.9 The LDA expects to spend £189.3m on capital projects in 2005-06, funded from government grants.

Capital plan summary	2005-06 £m
Thames Gateway regeneration and London Olympic Bid	90.0
Green City and improving the Urban Fabric	2.0
Catalysing Change in areas of opportunity and need (rest of London excl Thames Gateway)	20.0
Diversity Works	0.3
Childcare	5.0
Startup and Enterprise	1.0
Innovation and Sector Development	14.0
Global City	9.5
SRB and exit strategies	46.0
Creating Opportunities	1.5
Total	189.3

Section 10 – Capital spending plan

10.10 The information for capital expenditure for the LDA for 2006-07 and future years is not currently available. This will be developed further as part of the preparation of the capital spending plan.

Borrowing

10.11 The above draft capital programmes are expected to require new borrowing of £631.9m under the Prudential Code in 2005-06.

Borrowing	2005-06	2006-07	2007-08	2008-09	2009-10
	£m	£m	£m	£m	£m
Metropolitan Police Authority	70.5	41.3	34.0	34.0	34.0
London Fire and Emergency Planning Authority	11.4	11.2	12.5	11.0	13.7
Greater London Authority	-	-	-	-	-
Transport for London	550.0	550.0	550.0	700.0	550.0
London Development Agency	-	-	-	-	-
Total	631.9	602.5	596.5	745.0	597.7

A.1 Progress on 2004-05 key deliverables

Metropolitan Police Authority

1. Begin the implementation of community based policing with the introduction of three dedicated neighbourhood teams in each of the 32 boroughs, to provide a visible, familiar and accessible police presence to tackle public disorder, anti-social behaviour and reduce the fear of crime.

All 96 Safer Neighbourhood teams were in place by September 2004, along with another four funded by Government. The impact of the teams is already beginning to be experienced with residents reporting improved policing services. For the period April to October 2004, areas with Safer Neighbourhoods teams had witnessed higher rates of reduction in burglary (11% compared with 8%) and robbery (11% compared with 5%) levels than had been experienced in other areas since the same period in 2003.

2. Make progress towards the targets that 30% of police officers will be from black and minority ethnic communities and 25% will be women, so that the MPS workforce better reflects the diversity of London's community.

Some progress has been made. As at the mid-point of 2004-05, the proportion of police officers who are female had risen from 17% to 19% since the mid-point of 2003-04. The proportion of black and minority ethnic police officers has risen from 6% to 7% over the same period.

3. Continue the civilianisation of police officer posts, releasing 206 officers for front-line duty in 2004-05.

The MPS Civilianisation Programme has been successful in releasing officers for frontline duties. As at the mid-point of 2004-05, actual MPS strength exceeded the budgeted workforce target (BWT), reversing the position which existed at the mid-point of 2003-04. Over that period, actual MPS strength rose by 5% against a BWT increase of 3%.

4. Increase police visibility during 2004-05, as measured by the operational policing measure, against a baseline set in April 2004.

The operational policing measure counts the hours uniformed police are engaged in operational visible duties. It shows that, compared with the same period (April to October) in 2003-04, there has been an increase of over 3.5% in those hours in 2004-05.

5. Deliver improvements in public confidence in policing and Londoners' feelings of safety and security.

As at the mid-point of 2004-05, policing numbers stood at record levels with 30,624 police officers, 1,810 PCSOs and 12,855 police staff, which contribute to Londoners' feelings of safety and security.

6. Deliver specific projects that lead to a demonstrable improvement in women's safety in the capital.

Much of the work of the Royal Parks and Transport Operational Command Units centre on women's safety. Other initiatives include the pan-London Haven service and work on station front office and police cell design.

A.1 Progress on 2004-05 key deliverables – continued

London Fire and Emergency Planning Authority

7. Progress in meeting the London Safety Plan proposals using a risk-based approach and concentrating more resources on preventing fires and other emergencies.

The Draft London Safety Plan for the period 2005-2008 was issued in November 2004 with a consultation period up to February 2005. The cornerstones of the Plan are a risk-based approach and a focus on proactive fire prevention – including, for example, the development of a risk-based inspection programme for 600,000 places of work and entertainment and plans for 25,000 Home Safety Check calls in 2005-06. The Audit Commission has commended LFEPA on its adoption of a risk-based approach.

8. Recruitment of a further 200 officers to improve the capacity to respond to catastrophic acts of terrorism or other major emergencies (London Resilience) and allow an expansion in the role of fire rescue units (specialist units used to release people trapped in transport accidents and other major incidents), doubling their number from five to ten.

An extra 200 firefighters have been recruited and London Resilience work is being carried out by that number of full time equivalents. The programme to roll out the fire rescue units has begun and will be complete in 2004-05.

9. Progress in meeting government targets for the recruitment and career development of female and black and minority ethnic staff, the recruitment of additional officers will assist in meeting this target.

Some progress has been made. As at the mid-point of 2004-05, the proportion of firefighters who are female has risen from 2% to 3% since the mid-point of 2003-04. The proportion of firefighters from black and minority ethnic communities has risen from 7% to 8% over the same period.

10. Progress in meeting the Authority's key targets over five years to 2004-05 to achieve 20% reductions in the number of fires, fire deaths, fire injuries and false alarm calls, and setting of a new target for the five years to 2009-10.

Very good progress has been made towards the targets in respect of fire deaths (15% reduction at year four of five), fire injuries (15%) and hoax calls (target achieved with a year to spare), though not with the total number of false alarms. New targets have been set for the period up to 2009-10 and are included in the Draft London Safety Plan. One of the new measures is to improve the time it takes for a second engine to attend an incident.

A.1 Progress on 2004-05 key deliverables – continued

Transport for London

11. Continuing improvements to the quality and capacity of London's bus network, including network expansion to cater for passenger growth and to provide new facilities where these are required, including the Thames Gateway. Bus passenger journeys are expected to reach 1,706m in 2004-05, an increase of over a quarter since 2000-01.

Bus patronage has continued to grow on a year-by-year basis and was 5% higher in the second quarter of 2004-05 than for the equivalent quarter in the previous year. This results from a combination of low and simple fares and the improved quality of the service offered, including the impact of congestion charging, Quality Incentivised Contracts (QICs) and better supervision. Bus kilometres operated in the second quarter of 2004-05 were 103.9m. This represents an increase of 4% on the equivalent quarter in 2003-04 and is in line with the target for 2004-05.

Excess Wait Time on high frequency routes, at 1.1 minutes for the second quarter of 2004-05, is an improvement on the same quarter last year of 21%. This improvement is as a consequence of the ongoing expansion of QICs, as well as policing and enforcement initiatives. The percentage of schedule operated, at 97.8% for the second quarter of 2004-05, was slightly above target.

London has the world's largest fleet of accessible buses – more than 93% of London's 8,000 buses are modern, low floor and wheelchair accessible. 90% of all London's households are now within 400 metres of a bus service.

12. Continuing with a policy of affordable fares, combined with incentives to encourage passengers to prepay to speed up operations and reduce administrative and running costs.

The fares agreed for 2004 contain significant incentives to encourage passengers to prepay, including prepay incentives on the tube. As a result 30% of tube ticket single purchases and 50% of bus ticket purchases are expected to transfer to prepay, led by the expansion of the Oyster smartcard. The new fares will also generate over £80m pa in extra revenue for TfL.

Oyster is now operational on the bus, rail, underground, DLR and Tramlink systems. The Oyster Card is now the largest smartcard programme in Europe. Well over 2m smartcards are now in use on TfL services, of which 950,000 are Freedom Passes and the majority of the rest are used for Travelcard season tickets. Pre-pay accounts for a small, but growing proportion. Oystercards are now used for 28% of Tube journeys and 27% of bus journeys. Single ticket journeys on buses have decreased from 20% to 13% of all bus journeys in the last year, whilst single/return ticket journeys on the Tube have gone down from 20% to 15% on Tube over the same period.

13. Network-wide cashless bus operations by January 2005, further speeding bus operations and also reducing overall costs in 2005-06 and succeeding years.

To minimise risks, and to ensure the smooth roll-out of Oyster, cashless bus operations have been programmed for early 2006.

A.1 Progress on 2004-05 key deliverables – continued

Transport for London – continued

14. Promoting more effective use of public transport capacity by encouraging weekend travel.

Prepaid weekend tube fares have been greatly reduced, being more than halved in some cases; and children will travel free as part of family travelcard packages at weekends.

Family travelcards were implemented in January 2004. These can be used after 9.30am on Monday to Friday and all day on Saturdays, Sundays and public holidays. A 1-6 travelcard costs £3.60 for each adult and 80p for each child. Children will not be charged on Saturdays, Sundays and public holidays. This is compared with £5.40 for adults and £2.00 for children for a standard 1-6 travelcard. Pre-pay weekend pricing was implemented in early 2004. For example, the price of a 1-6 zone tube ticket using pre-pay at the weekend is £1.80, compared with £3.60 for a pre-pay ticket on Monday to Friday and £3.70 for an adult single. This will be extended in January 2005 to all tube trips made before 6.30am and after 7pm on weekdays. On the bus network, an off-peak pre-pay fare of £1 will be charged for all trips between 6.30am and 9.30am on weekdays, with an 80p fare at all other time. All cash trips will cost £1.20.

15. Extending the provision of cheaper season tickets for 16 and 17 year olds and students on national rail in London.

Discount travelcard season tickets was implemented in January 2004, allowing 16 and 17 year olds to travel at child rate. This applies to all modes. This extended the eligibility from London transport services to all national rail.

16. Employing an additional 100 British Transport Police on the Underground.

The first 100 BTP officers were provided for through the budget setting process were fully deployed on the network by October 2004. The second 100 BTP officers will be fully deployed on the network by March 2005.

17. Delivering Underground station improvements including the Wembley Park development and a start on the Bank congestion relief programme.

Wembley Park is being developed into a showpiece station and is being built in conjunction with the new National Stadium. It is due to open in Spring 2005 and will enable more than 37,000 customers an hour to pass through it. A programme of station modernisations and refurbishments is in place to deliver improvements to 200 stations by 2010.

18. Making efficiency savings of £54m (£42m net), through maximising economies of scale, the Business Improvement Programme and full integration of LUL into TfL.

TfL delivered £42 million of net efficiency saving, made up of £25m from procurement, £6m from the Business Improvement Programme and Staffing, £10m from marketing and £1m from other sources.

A.1 Progress on 2004-05 key deliverables – continued

Transport for London – continued

19. Building on licensing of private hire vehicles (“minicabs”) operators, by completing licensing of the vehicles by March 2005.

The licensing of vehicles began in June 2004 and was due to take a year. As at the end of November 2004, 22,475 private hire vehicles were licensed out of a total of some 40,000 vehicles working in the licensed private hire sector. All vehicles are expected to be licensed by April 2005.

20. Implementing the TfL’s Women’s Action Plan, to ensure that the needs of women are fully integrated into the planning and delivery of transport services in London.

TfL is working to deliver the Women’s Action Plan. These and other items are included in their Equalities and Inclusion Work Programme, which is monitored by the GLA.

21. Continue implementation work for the proposed extension to the west of the current central London congestion charging zone (subject to consultation during 2004).

Consultation took place earlier this year on a revision to the Transport Strategy so as to extend the area of the current central London congestion charging scheme westwards to cover most of Kensington & Chelsea and Westminster. The revised transport strategy was published on 12 August 2004.

22. Support the formal approval processes for Crossrail and take forward the Thames Gateway Bridge.

A new local road bridge is proposed connecting Beckton to Thamesmead in East London, with two segregated and dedicated public transport lanes and separate lanes for pedestrians and cyclists. It will join existing dual carriageways on the north side (the A406 North Circular and A13 at their junction with the A1020 Royal Docks Road) with an existing dual carriageway on the south (the A2016 Eastern and Western Way). The Government has granted up to £200m of PFI credits towards development and construction costs. The planning application was submitted to the London Boroughs of Newham and Greenwich in July 2004 and a public inquiry is expected in 2005. Should the bridge receive approval, construction could begin in 2009 and be completed in 2012.

A.1 Progress on 2004-05 key deliverables – continued

Greater London Authority

23. Implementation of the London Plan and associated regional frameworks.

Work has progressed on the production of London Plan Supplementary Planning Guidance and Best Practice Guidance as well as drafting stages for all 5 Sub Regional Development Frameworks. A comprehensive programme of research is also in place covering critical issues such as future housing capacity, demand for office, employment and retail accommodation and the need for land for waste facilities. This research will inform the first review of the London Plan which will start in 2005-06 with an exploration of the main issues. Alterations to London Plan policies on waste and minerals will be made during 2005. These will be subject to a sustainability appraisal and tested in the Examination in Public.

24. Implementation of the Mayor's Environmental, Culture, Children and Young People's and other strategies.

The implementation of the Mayor's environment programme has continued in 2004-05 with the first direction issued to a London waste authority. Major initiatives include working with the LDA to set up a London Climate Change Agency and with TfL to make preparations for a London-wide Low Emissions Zone (LEZ). A series of events has been held to support the implementation of the Culture and Children and Young People's strategies.

25. Revising the Mayor's Transport and Economic Development Strategies.

Revisions to the Transport Strategy are to be twin-tracked with revisions to the London Plan. The revised Transport Strategy is expected to be issued in 2007. The Economic Development strategy has been revised following Assembly and public consultation. The new document, to be published in January 2005, identifies the areas where continued or increased investment and partnership working are required along with four key themes: places, people, enterprise and marketing/promotion. An implementation action plan sets out key objectives and the role of GLA Group.

26. Development and implementation of initiatives to promote and support the Mayor's duties in respect of equality of opportunity, health and sustainable development.

On equalities, progress has been made in 2004-05 towards achieving Levels 4 and 5 of the Equalities Standard for local government, particularly through the establishment of a mayoral Equalities Commission. On health, the Crack Cocaine Strategy has been launched with GLADA partners, the 2004 Health in London report has been produced, a best value review of the health function has been carried out and an event for World Aids day has been staged. A review of evidence and policy on addressing health and housing has been commissioned, which will culminate in an event in December 2004 at Canary Wharf. On sustainable development, the London Sustainable Development Commission's work programme has continued to evolve, including launching their guide aimed at making projects more sustainable. An annual review of Quality of Life indicators for London has been produced. The review's role is to monitor progress on making London a more sustainable City. A programme of raising awareness of sustainability issues in the GLA has also been run, so that sustainable development considerations incorporated into all aspects of the GLA's work.

27. The Mayor and London Assembly elections in June 2004.

The Mayor and London Assembly elections were successfully staged in June 2004.

A.1 Progress on 2004-05 key deliverables – continued

Greater London Authority - continued

28. The promotion of strategic housing issues.

Since April 2004, the GLA has played a key role in the delivery of many actions arising from the London Housing Strategy 2003 Action Plan, including the publication of *A Feasibility Study for an Accessible Housing Register* in November and *The London Housing Advice Strategy* in December 2004. The GLA has also played an active role in the development of the London Housing Strategy 2005, publishing the *Draft Evidence Base* and a report on *Community Land Trusts* in November 2004 and *The London Housing Requirements Study* in December 2004. The GLA chaired the London Housing Board's Land Assembly Taskforce and produced its report, and co-chaired the Housing Forum for London with the ALG. The NOTIFY system was rolled out to 14 boroughs across London in 2004-05.

29. Developing a strategic approach to social inclusion and poverty and maximising London's capacity to improve the income and well being of those most at risk of exclusion and poverty.

Policy advice and research on immigration and asylum, including "Destitution by Design", have been published, an EU Observatory with other European partners on the reception and social inclusion of asylum seekers and refugees in three capital cities has been established and a community safety forum for refugees has also been run. An "Inclusive Access Guide " for the public sector on how to make their buildings more accessible for disabled people has been published and a "Back to Work" scheme with partners to help make work pay in London has been piloted. Implementation of the childcare strategy has begun and work has started on the development of the Older People's Strategy.

30. Supporting the preparation of London's bid to host the 2012 Olympics.

Since April 2004, and London's selection as an official Candidate City in May 2004, the GLA has worked closely with London 2012 Ltd, the Department for Culture, Media & Sport, the British Olympic Association and others to support London's bid to host the 2012 Olympic and Paralympic Games. This has included a significant contribution to the preparation of London's Candidature File, which was submitted to the International Olympic Committee on November 15, as well as ongoing work in marketing the bid to Londoners, detailed preparation of project plans and delivery structures that will be required should London be elected host city in July 2005 and a strong focus on ensuring a sustainable legacy for London in the years after 2012.

31. Delivering a programme of cultural events which promote London's diversity.

A number of events have been successfully staged thus far in 2004-05: the Torch Relay and Concert in the Mall, Respect, Diwali, and Liberty (disability rights), as well as over 30 culturally diverse events in Trafalgar Square. By the end of March 2005, the New Year's Eve celebrations, the Russian New Year Festival, the Chinese New Year and the St Patrick's Day festival will all have been delivered.

A.1 Progress on 2004-05 key deliverables – continued

Greater London Authority - continued

32. Effective scrutiny by the London Assembly.

With the election of a new Assembly in June 2004, six scrutiny committees with a strategic focus were established. Completed scrutinies include a response to the Mayor's proposals for a West London tram service, an investigation into sewage dumping in the Thames and a review of the arrangements in place for the disposal of hazardous waste in London. Other topics being examined range from prostitution in London to proposals for a smoke free London and the workings of London's night time economy. The Assembly has re-established the Commission on London Governance, an advisory committee jointly with the Association of London Government. A review of parking in London is under way. Regular scrutiny of the Mayor's budget plans has continued and a review of the 2004 Mayor and Assembly elections is nearing completion. Mayor's Question Time and Assembly plenary sessions remain a key forum for holding the Mayor and the functional bodies to account.

A.1 Progress on 2004-05 key deliverables – continued

London Development Agency

33. To remediate 50 hectares of brownfield land.

As at the mid-point of 2004-05, the LDA had remediated 10.7 hectares of brownfield land, 21% of the target.

34. To create 150,000 square meters of net additional workspace and facilitate the development of 1,300 to 1,500 additional housing units.

As at the mid-point of 2004-05, the LDA had created 44,757 square metres, 30% of the target, and facilitated the development of 329 housing units, 22% of the target.

35. To play a leading role in the regeneration and development of the Thames Gateway region of London, working with the Mayor, the government and other key stakeholders.

During 2004-05, the LDA has, with the cooperation of the Thames Gateway London Partnership, formulated proposals for further ODPM Sustainable Communities Plan funding, with £32m of projects submitted.

36. To create or safeguard between 7,000 and 9,000 jobs, with 29% to be jobs for black and minority ethnic (BME) Londoners.

As at the mid-point of 2004-05, the LDA had created or safeguarded 6,369 jobs, which constitutes 51% of the target of 12,500 contained in the LDA's Corporate Plan.

37. To enable 8,000 to 8,500 people access employment, with 50%, 29% and 5% to be women, BME and disabled people respectively.

As at the mid-point of 2004-05, the LDA had enabled 4,063 to access employment, 48%/51% of the target, with 896 (22%), 1,591 (39%) and 91 (2%) accessed by women, BME and disabled people respectively.

38. To create at least 15,000 learning opportunities, with 50%, 29% and 10% benefiting women, BME and disabled people respectively.

As at the mid-point of 2004-05, the LDA had created 10,142 learning opportunities, 34% of the LDA's corporate plan target of 30,000, with 2,303, 4,146 and 204 benefiting women, BME and disabled people respectively.

39. To support the creation of 500 new affordable childcare places, all located in the 20% most deprived wards in London (this is a new target proposed for 2004-05).

As at the mid-point of 2004-05, the LDA had created 95 places, 12% of the target.

A.1 Progress on 2004-05 key deliverables – continued

London Development Agency – continued

40. To provide advice or support to 13,000 to 15,000 businesses, with 33%, 29% and 5% benefiting women, BME and disabled people or business owners respectively.

As at the mid-point of 2004-05, the LDA had provided advice to 10,158 firms, 844 (8%), 1,001 (10%) and 34 (less than 1%) of which benefit women, BME and disabled people respectively.

41. To stimulate the investment of £250m of private funds to benefit London's most deprived wards.

As at the mid-point of 2004-05, the LDA had secured £187.3m, 75% of the target, in London's most deprived communities.

42. To create or attract 900 new businesses with 33%, 29% and 5% to be owned by women, BME and disabled people respectively.

As at the mid-point of 2004-05, the LDA had attracted 326 new businesses, 70 (21%), 65 (20%) and 1(0%) of which are owned by women, BME and disabled people respectively.

43. To develop and sustain London's status as a top international destination and gateway to the UK for tourism, inward investment, learning, trade and culture and continue the implementation of the Tourism Action Plan.

During Q2, the number of visits to the UK by overseas visitors increased by 8 per cent, to 6.6 million, compared with the same period a year earlier. Spending increased by 2 per cent to £3.1 billion over the same period. Visit London continued to develop major overseas campaigns, including work in the recovering US market, in Europe and in the Far East, as well as new joint campaigns with Visit Britain and private sector partners. Delivery against Action Plan indicators is progressing well.

In the twelve months ending August 2004, the number of visits to the UK by overseas residents increased from all parts of the world when compared with a year earlier. There was an 11 per cent increase in visits by residents of Western Europe, 11 per cent from North America and 12 per cent from other areas of the world.

44. To play, through master planning and land assembly, a leading role in London's Olympic bid working with the Mayor, the government and other key stakeholders, and jointly with government, underwrite the cost of the Olympic bid.

As at the mid-point of 2004-05, the LDA had succeeded in securing planning permissions for the Olympic and Legacy planning applications. This will enable the 500 acre Olympic Park to be built in the Lower Lea if the bid succeeds. LDA is continuing to develop relocation and consultation strategies for supporting businesses, residents and other groups who would be directly affected by a successful bid.

A.2 Metropolitan Police Authority: subjective analysis

	Budget 2004-05	Inflation	Growth	Budget 2005-06
	£m	£m	£m	£m
Police officer pay	1,277.2	35.3	7.3	1,319.8
Police staff (civil staff) pay	428.2	12.9	43.4	484.5
Police staff (traffic warden) pay	14.8	0.4	0.3	15.5
Police staff (PCSO) pay	42.4	1.7	6.3	50.4
Sub total: pay	1,762.6	50.3	57.3	1870.2
Police officer overtime	105.8	3.3	-4.0	105.1
Police staff (civil staff) overtime	22.5	0.7	0.1	23.3
Police staff (traffic warden) overtime	1.4	-	-	1.4
Police staff (PCSO) overtime	0.8	-	-	0.8
Sub total: overtime	130.5	4.0	-3.9	130.6
Other	6.3	0.1	-0.1	6.3
Pensions	381.3	9.5	21.5	412.3
Total employment costs	2,280.7	63.9	74.8	2,419.4
Employee related	17.1	0.4	5.6	23.1
Premises costs	193.6	4.1	-10.0	187.7
Transport costs	48.0	1.0	-1.4	47.6
Supplies and services	344.1	7.0	19.9	371.0
Capital financing costs	16.5	-	4.1	20.6
Total running expenses	619.3	12.5	18.2	650.0
'Step Change' phase 2	-	-	45.5	45.5
Centrally held budgets	-1.0	-	-	-1.0
Total revenue expenditure	2,899.0	76.4	138.5	3,113.9
Total income	-331.4	-7.4	-42.0	-380.8
Net revenue expenditure before specific grants	2,567.6	69.0	96.5	2,733.1

Appendices

A.3 Metropolitan Police Authority: full year effect of 2004-05 decisions

Committed change	2005-06	2006-07	2007-08
	£m	£m	£m
Increase in employer's pension contributions for police staff	21.3	27.0	28.5
Full year costs of 'Step Change' phase 1	15.6	15.6	15.6
Additional counter-terrorism expenditure 2004-05	14.0	14.0	14.0
Free rail travel	9.3	9.3	9.3
Police staff – Hay award increments	6.6	12.5	14.7
Dual running of Airwave and Metradio	6.4	2.7	-
Additional revenue costs of C3i	5.5	8.8	6.2
Transfer of functions to the centralised Traffic Unit	4.5	7.2	7.2
Special priority payments under Police Reform	4.5	6.1	6.9
One off savings in 2004-05 re-instated (custody suites)	4.5	4.5	4.5
Cessation of Airwave grant provision	4.1	4.1	4.1
Revenue costs of IT capital programme	3.7	6.8	9.5
Effect of other Police Reform changes	3.6	5.6	5.9
Debt finance for capital programme	3.2	5.9	8.0
Increase in number of officers receiving London pay lead	2.6	5.2	7.8
Re-tendering outsourced contracts (Directorate of Information)	2.4	2.4	2.4
Burglary Sole Response	1.5	2.8	2.8
IT support for modernising operations	1.5	1.8	2.1
DCC (DoI) transitional outsourced contracts	1.1	1.6	1.6
Mobile data terminals (revenue element)	0.8	1.6	1.6
Development of victim and witness focus desks	0.7	0.7	0.7
PFI unitary charges	0.6	1.0	1.6
DNA analysis growth	0.6	1.8	1.8
Modernising operations	0.5	3.3	3.2
Career development, Occupational Health and Health & Safety	0.5	1.0	1.0
Information Management Business Change Programme (Fol)	0.3	0.2	1.4
One of savings in 2004-05 re-instated (uniform services)	0.2	0.2	0.2
Full year costs of additional accommodation Dean Farrar Street	0.1	0.1	0.1
Sub total: committed increases	120.2	153.8	162.7
Street crime	-10.0	-10.0	-10.0
Progressive reduction in housing related allowances	-5.6	-10.8	-15.8
Estate resilience	-2.3	-2.3	-2.3
Provision of pre-charge advice services from the CPS	-1.7	-1.7	-1.7
Counter Terrorism Fingerprinting Team	-1.4	-1.4	-1.4
Process re-letting outsourced contracts	-1.0	-1.0	-2.0
Equipment for firearms forensic capability	-0.6	-0.6	-0.6
Sub total: committed decreases	-22.6	-27.8	-33.8
Total	97.6	126.0	128.9

A.4 Metropolitan Police Authority: savings and efficiencies

Savings and efficiencies	£m
Decriminalisation of red routes	16.0
Officer enquiry posts	2.5
Reduction in Inspector posts	1.7
Contribution to TfL overheads from decriminalisation	1.5
Additional Immigration income	1.0
Reduction in police overtime	1.0
Leadership programme	0.1
Sub total: Territorial Policing	23.8
Directorate of Information	
Capitalisation of revenue expenditure	5.2
Reductions in various ICT related costs	3.4
Reductions in various minor non-pay related expenditure	2.2
Rationalisation of employee and consultancy costs	2.1
Reductions in development charges	0.5
DCC other	
Additional income from special enquiries	0.8
DPA savings	0.4
DPS savings	0.6
DCC7 savings	0.5
Diversity Directorate savings	0.4
DCC Central savings	0.2
DCC1 restructuring	0.1
DCC Business Support savings	0.1
Other DCC savings	0.1
Sub total: Deputy Commissioner's Command	16.6
Property Services	
Capitalisation of existing revenue expenditure	5.0
Vacancy management, reduced FM expenditure	4.3
Catering	
Trading hours, closure of units and vacancy management	0.3
2% above inflation increase in retail prices	0.2
Peel Centre – reduce hours and withdraw free meals	0.2
Subsidy charge to FSS at Lambeth	0.1
Commercial Services	
Reduce running costs	0.2
Increased income from travel commissions	0.1
Resources Personnel Development Unit	
External training and overtime budget and vacancy management	0.1
Vehicle Recovery and Examination Services	
Additional income from an extended contract with TfL	0.3

A.4 Metropolitan Police Authority: savings and efficiencies - continued

Savings and efficiencies (cont)	£m
Performance and Communication Unit	
Vacancy management	0.1
Transport	
Reduce size of owned fleet and disposal of temp loaned vehicles	1.0
Bring forward outsourcing programme	0.2
Review driver services and additional maintenance income	0.2
Finance and Procurement Services	
Financial Services savings	1.2
Procurement Services savings	0.1
Sub total: Resources Directorate	13.6
Efficiency savings review of SCD configuration and services	9.0
Operation Enterprise (Telephone Investigation Unit)	1.0
Sub total: Specialist Crime	10.0
Lower average police pay rates	5.0
Balance of overhead charged to TfL following decriminalisation	1.5
Increase police overtime savings to meet PNB target of £1.9m	0.7
Sub total: Corporate	7.2
Employee expenditure and HR recruitment	1.0
Sub total: Human Resources	1.0
Increase in DPG House of Lords income	0.8
Sub total: Specialist Operations	0.8
2005-06 savings and efficiencies	73.0

A.5 London Fire and Emergency Planning Authority: subjective analysis

	Budget 2004-05	Inflation	Growth	Budget 2005-06
	£m	£m	£m	£m
Operational staff	211.5	5.4	-4.4	212.5
Other staff	41.9	3.3	1.4	46.6
Employee related	10.0	0.1	-0.4	9.7
Pensions	105.7	3.8	0.9	110.4
Sub total: employment costs	369.1	12.6	-2.5	379.2
Premises	20.0	0.4	0.2	20.6
Transport	19.4	0.4	0.4	20.2
Supplies and services	19.8	0.1	0.4	20.3
Third party payments	0.5	-	-	0.5
New initiatives	1.6	-	-0.8	0.8
Sub total: running costs	61.3	0.9	0.2	62.4
Capital financing costs	8.3	-	0.9	9.2
Total revenue expenditure	438.7	13.5	-1.4	450.8
Total income	-45.4	-	3.2	-42.2
Net revenue expenditure	393.3	13.5	1.8	408.6

Appendices

A.6 Transport for London: operating expenditure

Operating expenditure	Budget 2004-05 £m	Forecast 2004-05 £m	Budget 2005-06 £m	Plan 2006-07 £m	Plan 2007-08 £m	Plan 2008-09 £m	Plan 2009-10 £m
Operations	608	610	629	637	647	662	682
Programmes	1,321	1,511	1,688	1,784	1,809	1,893	2,074
Central Services	258	164	199	211	228	246	263
London Underground	2,187	2,285	2,516	2,632	2,684	2,801	3,019
London Buses	1,422	1,427	1,559	1,676	1,767	1,850	1,937
Congestion Charging	111	114	107	122	146	136	124
Road Network Operations	204	161	177	185	202	207	207
Transport Policing & Enforcement	107	108	112	118	125	128	126
Bus Priority	9	10	17	17	18	18	18
Walking, Cycling & Accessibility	1	1	12	13	15	16	16
Director of Traffic Management	13	11	11	11	12	12	12
Public Carriage Office	13	13	13	14	14	14	14
East Thames Buses	15	14	2	2	2	2	2
Dial a Ride	21	21	23	23	24	24	24
London River Services	2	2	2	2	2	2	2
Victoria Coach Station	21	21	22	22	23	24	23
Management, Support & Strategy	34	39	14	16	21	23	20
Surface Transport	1,973	1,942	2,071	2,221	2,371	2,456	2,525
Docklands Light Railway	79	73	77	90	95	102	121
London Rail Core	42	44	30	23	16	16	18
London Rail	121	117	107	113	111	118	139
Office of the Commissioner	8	10	16	17	17	18	18
General Counsel	11	11	10	11	11	11	11
Group Communications	13	6	6	6	6	6	6
Finance and Planning	104	67	66	62	63	61	61
LT Insurance (Guernsey)	-	1	-	-	-	-	-
Corporate Services	118	104	104	99	97	98	93
Corporate Directorates	254	199	202	195	194	194	189
Over-programming	-	40	-20	-20	-20	-20	-20
Additional efficiencies	-	-	-	-	-8	-16	-25
Group items	-	40	-20	-20	-28	-36	-45
Total operating expenditure	4,535	4,583	4,876	5,141	5,332	5,533	5,827

A.7 Transport for London: net capital expenditure and capital projects

Net capital expenditure	Budget 2004-05 £m	Forecast 2004-05 £m	Budget 2005-06 £m	Plan 2006-07 £m	Plan 2007-08 £m	Plan 2008-09 £m	Plan 2009-10 £m
Operations	33	32	73	160	225	221	221
Programmes	151	68	133	60	49	61	47
Central Services	-23	-17	-10	-9	31	41	45
London Underground	161	83	196	211	305	323	313
London Buses	29	39	62	52	51	28	24
Congestion Charging	11	10	73	65	74	45	-
Road Network Operations	134	177	207	159	150	132	127
Transport Policing & Enforcement	2	2	4	8	8	5	4
Bus Priority	42	40	38	37	36	36	37
Walking, Cycling & Accessibility	25	25	20	24	26	27	31
Other Surface Transport operations	7	7	14	11	12	7	8
Surface Transport	250	300	418	356	357	280	231
Docklands Light Railway	18	23	43	39	99	116	47
London Rail Core	-	-	40	152	238	321	190
London Rail	18	23	83	191	337	437	237
Group Communications	2	-	-	-	-	-	-
Finance and Planning	2	38	91	46	73	41	43
Corporate Services	8	14	-9	2	-30	-33	-32
Corporate Directorates	12	52	82	48	43	8	11
Over-programming	-80	-64	-140	-140	-140	-140	-140
Net capital expenditure	362	392	639	665	902	909	654
Third Party Funding	178	188	148	114	93	102	81
Capital projects	540	580	787	779	995	1,011	735

This table contains some rounding differences.

A.8 Transport for London: net cash requirement and funding

TfL budget and business plan	Budget 2004-05 £m	Forecast 2004-05 £m	Budget 2005-06 £m	Plan 2006-07 £m	Plan 2007-08 £m	Plan 2008-09 £m	Plan 2009-10 £m	2005-06 to 2009-10 £m
Income	-2,605	-2,623	-2,808	-2,946	-3,105	-3,272	-3,439	-15,570
Operating costs	4,535	4,583	4,876	5,141	5,332	5,533	5,827	26,709
Net operating expenditure	1,930	1,960	2,069	2,195	2,227	2,261	2,389	11,139
Capital projects*	540	580	787	779	995	1,011	735	4,307
PPP capital**	632	650	688	663	685	663	779	3,478
PFI capital**	117	120	75	94	100	49	26	344
Payments to Borough, operators, etc**	170	175	253	247	259	266	277	1,302
Net investment programme	1,459	1,525	1,803	1,783	2,039	1,989	1,817	9,431
Third party funding	-178	-188	-148	-114	-93	-102	-81	-538
Capital included in operating costs	-919	-945	-1,016	-1,004	-1,044	-978	-1,082	-5,123
Net capital expenditure	362	392	639	665	902	909	654	3,770
Debt service	-	10	72	115	157	211	253	808
Contingency	25	25	26	26	27	28	28	134
Net services expenditure	2,317	2,387	2,806	3,001	3,313	3,408	3,323	15,851
Working capital/reserve transfers	66	398	-69	-41	-191	-151	-93	-545
Net cash required	2,383	2,785	2,737	2,960	3,122	3,257	3,230	15,306
Funded by:								
Transport grant - LUL	-1,070	-1,070	-1,161	-1,281	-1,340	-1,280	-1,370	-6,432
Transport grant - other TfL	-1,137	-1,137	-1,000	-1,102	-1,204	-1,248	-1,281	-5,835
Other grants	-23	-25	-	-	-	-	-	0
Total specific grants	-2,230	-2,232	-2,161	-2,383	-2,544	-2,528	-2,651	-12,267
Prudential borrowing		-400	-550	-550	-550	-700	-550	-2,900
Financing set aside	-127	-127	-	-	-	-	-	0
Precept	-26	-26	-26	-27	-28	-29	-29	-139
Total Funding	-2,383	-2,785	-2,737	-2,960	-3,122	-3,257	-3,230	-15,306

* Net of over programming

** Capital work which this budget and business plan classifies as operating expenditure

This table contains some rounding differences.

A.9 Transport for London: analysis of Borough spending

TfL provides financial support for borough schemes that improve the quality, safety and accessibility of the local traveling environment through Borough Spending Plans (BSPs). £155m support for BSPs is included in the Budget and Business Plan for 2005-06. This is significantly in excess of the Mayor's existing commitment to a minimum of £140m of funding in 2005-06.

Most of the Borough Spending Plan is accounted for in bus priority, road/structure strengthening and renewal, walking, cycling and road safety programmes. For these London-wide programmes, TfL has assessed individual schemes for TfL and Borough roads using a consistent set of criteria. Other borough spend includes funding for town centre improvements, and safer routes to schools and travel awareness programmes.

The following table details the Borough Spending Plans. In addition to this Borough Partnerships is also managing the Thames Road Bexley project, which consists of widening the A206 (Thames Road) in Bexley for 1.8 km between Perry Street and University Way to a dual carriageway. The project is jointly funded with the Office of the Deputy Prime Minister, and the new road will open in 2007.

Borough investment programme	Budget 2004-05	Forecast 2004-05	Budget 2005-06	Plan** 2006-07	Plan 2007-08	Plan 2009-10	Plan 2009-10
	£m	£m	£m	£m	£m	£m	£m
Principal road renewal	40	49	34	28	26	19	18
Bridge structure strengthening	12	13	11	9	7	7	7
Bus priority	21	20	19	19	20	20	21
Road safety plan	21	23	29	29	30	31	32
Walking	3	4	5	5	5	5	5
Cycling	9	9	12	13	15	18	18
Traffic signals	8	6	8	8	8	9	9
Bus route access	3	3	3	3	4	4	4
FRACA*	5	1	6	6	6	6	6
Local area schemes	17	26	18	19	18	19	19
Safer routes to school and travel awareness	8	3	10	11	12	12	12
Over programming	-7	-	-	-	-	-	-
Borough spending plans	140	155	155	150	151	149	152

This table contains some rounding differences.

* Freight, Regeneration area schemes, air quality, controlled parking zones and accessibility – local area

** Individual BSP programme totals are indicative at this stage for 2006-07 and future years.

A.10 Transport for London: application of net congestion charging revenue

On 17 February 2003, London became one of the first cities in the world to reduce substantially congestion in the city centre, through the congestion charging scheme.

- Traffic delays in Central London have been reduced by 30%, with 65,000 fewer car movements per day in the charging zone;
- Congestion levels in the zone are now the lowest they have been since the mid-1980s;
- During 2004-05 congestion charging is forecast to generate £82m for spending on transport improvements;
- It is anticipated that £97m will be generated in 2005-06.

An indicative attribution on how the £97m net revenue in 2005-06 will be applied in line with the Congestion Charging scheme order is shown in the following table.

Congestion charging	£m
Bus Network Improvements: Significant improvement in the bus network is planned for 2005-06. All buses will be low-floor with wheel chair access. 1,400 illuminated bus stops will be introduced. A radio and vehicle location system will be introduced giving more and better quality real time information. Cashless bus operation will be extended to the rest of London in 2006. This will reduce bus-boarding time and improve bus operating and road network efficiency. The bus infrastructure will be modernised and expanded with new bus garages and stations to improve accessibility and increased capacity	79
Borough Plans: Funds will be allocated to London Boroughs for local transport improvements including safety schemes, new crossings and safer routes to schools programme.	1
Roads and Bridges: TfL to continue to support programme for improving the quality of street conditions and bridges. Major safety work will continue on Blackwall, Rotherhithe and Fore Street Tunnels. Work will also continue on Westminster Bridge.	11
Road Safety Plan: Encourage sustainable means of getting children to and from school and reducing child accidents across London. Includes physical highway measures aimed at reducing car usage, assisting walking, cycling and public transport as well as education initiatives.	3
Environment: Increase measures to reduce the effects of the emission of greenhouse gasses. TfL will be implementing the low emission zone which will improve air quality through reduction in nitrogen oxide from 2007.	1
Walking and Cycling: Continued improvements for pedestrians through new upgraded pedestrian crossings, removal of footbridges and closure of subways and replacement with surface level facilities, pavement widening and other walking initiatives. Fees, charges and ticket/trading revenues	2
Congestion charge net income	97

A.11 Transport for London: efficiency programme targets

Efficiency programme	Actual 2003-04 £m	Target 2004-05 £m	Target 2005-06 £m	Target 2006-07 £m	Target 2007-08 £m	Target 2008-09 £m	Target 2009-10 £m
Procurement	25	38	58	59	61	62	64
BIP / staff	6	18	22	23	25	26	29
Marketing	10	11	11	11	11	12	12
Other	1	7	9	12	13	14	16
Total back office	42	74	100	105	110	114	121
Cashless bus	-	-	1	11	22	37	42
Tube Lines refinancing	-	1	2	2	2	2	2
Road maintenance contracts	-	-	-	-	-	10	17
Ticket channel mix	-	-	7	7	11	19	35
LU contractual efficiencies	-	32	15	13	6	4	-
Total operational	-	33	25	33	41	72	96
Additional efficiencies	-	-	-	-	8	16	25
Total cashable (annual)	42	107	125	138	159	202	242
Cumulative total	42	149	274	412	571	773	1,015

Additional London-wide non-cashable efficiencies are also generated such as Tube customer journey time savings and faster ticket transactions (Oyster Card).

A.12 Transport for London: Full year cost of existing services

Committed change	£m
London Underground station projects	37
London Underground PFI initiatives	21
TLRN renewal	14
Enforcement	13
Group Marketing	8
Bus Network Operation Costs	6
London Underground Customer Services Initiatives	6
Road Safety Plan	6
Equality & Inclusion	6
Other service increases	37
Service Increases	154
Transport Policing	-14
Borough Principal Road Renewal	-13
Group Facilities	-11
Fares Integration	-5
Finance & IT	-4
Group Property	-4
Other service decreases	-30
Service Decreases	-81
Existing Projects	-4
Fees, Charges And Ticket/Trading Revenues	80
Total	149

Appendices

A.13 GLA and functional body analysis

	Gross expenditure	Specific grants	Other income	Net expenditure	Reserves	Budget Requirement
	£m	£m	£m	£m	£m	£m
Metropolitan Police Authority	3,113.9	-222.8	-380.8	2,510.3	-22.0	2,488.3
London Fire and Emergency Planning Authority	449.4	-6.6	-34.2	408.6	-5.2	403.4
Transport for London	5,615.0	-2,161.0	-3,357.0	97.0	-71.0	26.0
Greater London Authority	68.8	-	-12.8	56.0	4.9	60.9
London Development Agency	392.0	-392.0	-	-	-	Nil
Total Other Services	6,525.2	-2,559.6	-3,404.0	561.6	-71.3	490.3
Total GLA Group	9,639.1	-2,782.4	-3,784.8	3,071.9	-93.3	2,978.6

External financing

	Total to be financed	Police Grant	General GLA Grant	RSG/NDR	Council Tax income	Band D Amount
	£m	£m	£m	£m	£m	£
Metropolitan Police Authority	2,488.3	-1,177.2	-	-750.8	560.3	197.83
London Fire and Emergency Planning Authority	403.4	-	-	-277.0	126.4	44.54
Transport for London	26.0	-	-	-	26.0	9.17
Greater London Authority	60.9	-	-37.5	-	23.4	8.25
London Development Agency	-	-	-	-	-	Nil
Collection fund surplus	-3.3	-	-	-	-3.3	-1.18
Total Other Services	487.0	-	-37.5	-277.0	172.4	60.78
Total GLA Group	2,975.3	-1,177.2	-37.5	-1,027.8	732.7	258.61

A.14 Key dates

14 December 2004	Draft consolidated budget distributed for consultation to the City of London Corporation, London Boroughs, Association of London Government and other key stakeholders
14 January 2005	Deadline for consultation responses
26 January 2005	Mayor to present his draft consolidated budget to the London Assembly
14 February 2005	Mayor to present his final draft consolidated budget to the London Assembly

Other formats and languages

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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

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਸ਼ਤਾ 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 नीचेर फोन नम्बरे वा ठिकনায় 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.

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