

Report to the Assembly on the Mayor's Draft Consolidated Budget for 2013 – 2014

Report to: London Assembly

Date: 8 February 2013

Report of: Liberal Democrat Group

Proposed by: Stephen Knight AM

Seconded by: Caroline Pidgeon AM

PART A: INTRODUCTION & COMMENTARY¹

Delivering Homes, Jobs and Growth whilst protecting emergency services

A floundering economy; a growing housing crisis

There is a shared understanding, across all political parties in London, that the biggest challenges we face are the lack of investment in the economy and the shortage of affordable homes for Londoners.

The Mayor himself has acknowledged the obvious solution is a large scale home-building initiative to boost jobs and growth, thus stimulating demand across the whole economy, and at the same time addressing the economic and social imperative to tackle London's growing overcrowding and homelessness problems.

However, whilst the Mayor looks forward to a day when government will grant him control over Stamp Duty receipts to fund affordable housing initiatives, this Liberal Democrat budget amendment demonstrates how the Mayor can kick-start London's economy himself. We propose directly investing in more affordable homes for Londoners, resulting in the creation of 37,000 permanent jobs.

£1.7 billion extra investment to build 55,000 additional affordable homes

This bold proposal demonstrates how the Mayor could raise an additional £1.7 billion of investment – by using new flexibilities over the allocation of Business Rates – to build an additional 55,000 affordable homes across London.

¹ This report is made up of two Parts, A and B. The text in Part A does not form part of the formal budget amendments, which are set out in Part B.

37,000 new construction jobs, each lasting three years

This affordable housing programme would create 37,000 additional permanent construction jobs over its three-year lifetime, giving a huge boost to London's economy.

The new flexibility over the distribution of Business Rates income affords the Mayor the opportunity to release some of the ongoing significant revenue surpluses generated by Transport for London (TfL) to meet the financing cost of the prudential borrowing needed to provide this investment.

In order to avoid any reduction in TfL's important capital investment plans for 2013/14, we would seek a small increase in prudential borrowing by TfL to cover its capital budget. We have shown how the revenue financing costs of this extra prudential borrowing could easily be found through modest savings elsewhere within the TfL budget, ensuring that the economic benefits of upgrading London's trains, buses and roads are not lost to future years.

Safeguarding London's Fire and Police services

Fire and Police cuts on the scale proposed by the Mayor are unacceptable to Londoners. They are also unnecessary.

This Liberal Democrat budget proposal demonstrates how the extra resources needed to avoid fire and police cuts can be found by **freezing** the Greater London Authority's (GLA) council tax precept rather than making the trivial cuts proposed by the Mayor.

The Mayor has proposed a precept cut of 1.2 per cent next year (equivalent to 7p a week for a typical Band D household) as the first stage of his plan to cut the precept by a total of 59p a week (10%) by 2016. Reversing this year's cut would provide an extra £9.428 million for London's Fire and Police services.

A sustained freeze over the next four years would release a total of £78 million per year of extra revenue funding by 2016. This freeze would therefore eliminate the need for fire engine cuts and station closures, and would provide funding to retain threatened police front counters and maintain dedicated ward Safer Neighbourhood Teams (SNTs).

In addition to the extra resources recouped through a freeze in the precept, our proposals show that cutting wasteful expenditure and redirecting reserves from unnecessary redundancy payments would contribute to protecting SNTs and retaining police front counters – ensuring Londoners retain the right to set local policing priorities in their area.

A fairer deal for Londoners

This budget proposal also offers solutions to some of London's other pressing challenges, such as a fairer transport fare structure, of targeting reductions to help part-time workers and those on low incomes; a new commission on childcare to support London's parents to enter the job market; and action to tackle rogue landlords who are exploiting tenants.

A cleaner, greener London

To help clean up London's dirty environment, the London Assembly Liberal Democrats propose a significant boost in cycling investment and action to tackle dangerous air pollution. We also offer funding to help Londoners with the up-front costs associated with the Green Deal to ensure it helps the growing number of Londoners suffering from fuel poverty.

Greater London Authority (GLA): Mayor of London

Increased expenditure	Additional cost 2013/14	Explanatory notes
<p>Homes for Growth Fund We would create a new £1.7 billion housing investment fund – doubling the number of affordable homes being delivered by the current programme.</p> <p>The shortage of affordable housing in London is fast becoming the single biggest threat to London's international competitiveness, with rents becoming unaffordable and house prices well beyond the reach of most ordinary Londoners. This must change if we are to meet the challenge of accommodating London's growing population.</p>	£100m	Note 1
<p>Homes for Growth Team We would increase the number of staff working in the new Development and Enterprise directorate to reflect the additional workload involved in our £1.7 billion <i>Homes for Growth</i> fund.</p> <p>While a number of posts have been maintained following the absorption of functions from the London Development Agency, Homes and Communities Agency and London Thames Gateway Development Corporation, additional staff would be required to support the delivery of affordable homes on the scale envisaged by our new fund.</p>	£0.5m	Note 2
<p>Institutional Investment Team We would establish a new team within the Development and Enterprise directorate to support the supply of additional homes through attracting greater investment from pension and wealth funds – focusing initially on Local Government Pension Funds.</p> <p>London faces an estimated £35 billion investment challenge if it is to meet the Mayor's ambition to build at least 33,400 new homes each year. While there is clear interest among institutions for long-term investment in housing, the benefits of large-scale finance have yet to be realised.</p>	£0.2m	Note 3
<p>Tackling Rogue Landlords We would set up a dedicated legal team to support boroughs in using the full range of enforcement powers at their disposal, including selective licensing and other powers granted under the 2004 Housing Act.</p> <p>The last two decades have seen considerable growth in the number of London's households living in the private rented sector, with one in four now renting privately. As the sector is increasingly used to meet the housing needs of vulnerable households, more must be done to ensure that homes are safe and habitable - ending the scandal of 'beds in sheds'.</p>	£0.2m	Note 4

Homes Insulation Programme To encourage early take-up of the Government's 'Green Deal' we would part-fund the cost of property assessments for low-income and vulnerable households interested in improving the energy efficiency of their homes – ensuring no up-front cost to the property owner while creating thousands of additional jobs in the insulation sector. With an estimated one in five households living in fuel poverty, it will be crucial that London receives its fair share of funding via the Government's new energy saving scheme.	£2.738m	Note 5
Apprenticeships campaign We would expand the scale of the Mayor's apprenticeships campaign to create over 100,000 apprenticeships annually - ensuring that individuals who need help to access employment are provided with the necessary skills and support. Liberal Democrats have long opposed the Mayor's involvement in developing up to 10 Academies. By redirecting this funding we would increase the training and employment opportunities for job seekers across London.	£0.42m	Note 6
Childcare Commission We would establish a childcare commission bringing together a team of experts to review the Mayor's role in providing access to affordable childcare. By examining the full range of Mayoral powers – including planning control – we would see what more can be done to support families across London. The cost of childcare in London is significantly more expensive than in other parts of the UK. This represents a major barrier to parents accessing training and employment opportunities. The GLA has previously supported a range of projects to improve access to childcare, but more must be done to address the fundamental inequality of access to high quality, affordable childcare.	£0.1m	
Total additional expenditure	£104.158m	

Savings	Identified Savings 2013/14	<i>Explanatory notes</i>
Reduce expenditure on Consultancy by 10%	£ 1.142m	Note 7
Reduce expenditure on Advertising and PR by 10%	£ 0.126m	Note 8
Reduce expenditure on Marketing by 10%	£ 2.261m	Note 9
Reduce expenditure on Agency Staff by 10%	£ 0.209m	Note 10
Redirect Academies Programme Budget	£ 0.420m	Note 11
Total savings	£ 4.158m	

Allocation of Rates Retention Funding	2013/14	Change on provisional allocation (£)	Explanatory notes
This year the Government is introducing a new system of business rates retention giving the Mayor huge new powers over the allocation of funding across the GLA Group. We would use this flexibility to allocate an additional £100m to the GLA, driving growth and jobs through creating a new home building programme.	£131.8m	+£100m	

<i>Note 1</i>	This borrowing would be subject to the successful renegotiation of the GLA's long term borrowing limits with central Government. This would require the profile of the GLA's debt rescheduling (set out in Annex C of the Mayor's Final Draft Consolidated Budget) to be adjusted to reflect the capital finance-expenditure ratio (1:17) of this additional borrowing over a 50 year period.
<i>Note 2</i>	This would cover the cost of creating an additional 10 posts (including on-costs) at Grades 5 - 9 responsible for programme delivery, monitoring and reporting.
<i>Note 3</i>	The new team would be responsible for maintaining investment-partner relationships and developing new finance schemes focused on attracting investment from local authority pension funds such as the London Pension Fund Authority.
<i>Note 4</i>	Expert legal advice would be offered to boroughs, drawing on the experience of local authorities where work is already taking place to tackle rogue landlords (e.g. selective licensing in Newham).
<i>Note 5</i>	It is envisaged these grants would cover the cost of up to half the average assessment fee (£100) with the outstanding balance deducted from the cost of any work done. Where no work is commissioned the full assessment cost would be shared between the GLA and its chosen delivery partner, thereby incentivising assessors to offer the best possible advice.
<i>Note 6</i>	As with the Mayor's existing campaign, it is anticipated that the National Apprenticeships Service will match GLA investment where possible through their national and regional budget allocations. While a Stage 1 business case is yet to be submitted, the Mayor is seeking to achieve 62,500 apprenticeship starts per year as part of his target to create 250,000 apprenticeships in London over the next four years (Apprenticeships Campaign, Project Appraisal Form, 19 July 2012)
<i>Note 7</i>	In the year-to-date (i.e. periods 1-10 in 2012/13; and 11-13 in 2011/12) the GLA spent £11,418,466 on consultancy [Consultants (Contractors); Consultancy-Project Management; Management & Support Consultancy; IT Consultancy; Consultancy-Commissioned Report]. Data from expenditure over £250 lists: http://www.london.gov.uk/mayor-assembly/gla/budget-expenditure-charges/expenditure
<i>Note 8</i>	In the year-to-date (i.e. periods 1-10 in 2012/13; and 11-13 in 2011/12) the GLA spent £1,255,580 on advertising, public affairs and media relations [Advertising; Recruitment Advertising; Public Affairs and Media Relations]. Data from expenditure over £250 lists: http://www.london.gov.uk/mayor-assembly/gla/budget-expenditure-charges/expenditure
<i>Note 9</i>	In the year-to-date (i.e. periods 1-10 in 2012/13; and 11-13 in 2011/12) the GLA spent £22,606,506 on marketing and publicity [Marketing Services; Marketing Exhibitions & Events Marketing Design and Artwork; Publications & Publicity Material]. Data from expenditure over £250 lists: http://www.london.gov.uk/mayor-assembly/gla/budget-expenditure-charges/expenditure
<i>Note 10</i>	In the year-to-date (i.e. periods 1-10 in 2012/13; and 11-13 in 2011/12) the GLA spent £2,086,274 on Agency staff. Data from expenditure over £250 lists: http://www.london.gov.uk/mayor-assembly/gla/budget-expenditure-charges/expenditure
<i>Note 11</i>	Papers from the Investment & Performance Board (19 June 2012) confirm the Mayor's academies programme will cost £420,297 in 2013/14.

Greater London Authority (GLA): London Assembly

We are not proposing any change to the Assembly's budget this year.

We believe it is vital that the Assembly has sufficient resources to be able to hold the Mayor to account, particularly at a time when the Mayor has been exercising significant new powers around policing, housing, regeneration and education. We note however that the Assembly has identified significant savings for 2013-14 of £0.3m (3.9% of controllable costs).

Mayor's Office for Policing and Crime (MOPAC)

Increased expenditure	Additional cost 2013/14	<i>Explanatory notes</i>
Protect Front Counters Police front counters continue to provide a visible and trusted police presence where victims of serious crime can report their incident face-to-face rather than over the phone. With no suitable replacements yet proposed we would retain all police front counters currently threatened with closure, guaranteeing Londoners access to the police at all times.	£1.438m	Note 1
Retain dedicated Safer Neighbourhood Teams The Mayor's budget proposals signal the end of dedicated safer neighbourhood teams (SNTs) that have operated successfully across London for the last decade. We would protect the trusted structure of neighbourhood policing teams by ensuring each ward in London retains a dedicated team of at least two PCs and three PCSOs - giving local people the power to set policing priorities in their area.	£ 23.4m	Note 2
Total additional expenditure	£24.838m	

Savings	Identified Savings 2013/14	<i>Explanatory notes</i>
ACPO Contribution We would halve MOPAC's contribution to the Association of Chief Police Officers (ACPO).	£0.088m	Note 3
ACPO Accommodation We would sell the 10 flats which MOPAC currently maintains for ACPO officers. This would generate revenue savings on maintenance costs.	£ 0.061m	Note 4
Chauffeurs and Limousines We would remove chauffeurs and limousines for ACPO officers except where required for security reasons.	£1.157m	Note 5
Consultants We would reduce expenditure on consultants by 10%.	£ 0.42m	Note 6
Advertising and PR We would reduce the budget for the Directorate of Media and Communication; and advertising campaigns by 10%.	£ 0.7m	Note 7
Temporary Staff We would reduce expenditure on temporary staff by 10%.	£ 7.5m	Note 8
Total savings	£9.926m	

Use of Reserves / (saving)	2013/14	Explanatory notes
Reduce redundancy costs MOPAC has allocated a "Budget Pressures" Reserve of £125m. This is largely expected to fund redundancy costs across the service. By maintaining PCSO numbers at the current level we would reduce the call on budget reserves. [In future years we would fund these costs by reversing the Mayor's planned cut in the precept, which amounts to over £68m by 2016]	£10.912m	Note 9

Note 1	The Draft MOPAC/MPS Estate Strategy states that direct running costs for 233 smaller police stations and the Safer Neighbourhood Estate was £15,314,000 in 2011/12 adding that it is aimed to reduce this to £11,000,000 by 2015/16 (p.13). This is a saving of £4,314,000. We have therefore assumed this will be spread equally over three years, and includes front counter savings.
Note 2	MOPAC's proposals in the Draft Police and Crime Plan (p.9) are for dedicated officers in SNTs to be reduced to 1PC and 1PCSO with the remaining officers covering a cluster of wards. (See also MOPAC's presentation on the Police and Crime Plan, p.14). To retain the existing SNT structure requires reversing planned cuts to PCSO numbers. The MOPAC draft Budget submission includes a saving of £23,400,000 in 2013/14 "To reflect Local Policing Model reducing PCSOs by 968,"
Note 3	In 2012/13 MOPAC's contribution was £175,538. Source: MQ 3921/2012 ; 19/12/2012
Note 4	MPS residential properties for ACPO officers MQ 3381/2012 ; 21/11/2012 Question by Caroline Pidgeon How many MPS ACPO officers use properties provided by the MPS/MOPAC? How many of these are rented and how many have been purchased? Are any of these properties not in use? What is the current valuation of these properties? What is the annual cost of upkeep? Answer by Boris Johnson Ten MPS ACPO officers use properties provided by the MPS/MOPAC all of which have been purchased by MPA/MOPAC on long leases. Two flats are used on an ad hoc basis for temporary overnight accommodation in lieu of booking a hotel room. As at September 2011 (the last time the properties were valued) the valuation of the 10 properties ranged from £223,000 to £249,000 with a total value of £2,340,000. The annual cost of maintenance costs in 2011/12 for the 10 properties was £61,053
Note 5	In 2012/13 the forecast spend on drivers for senior officers is £980,000. The forecast revenue spend on maintenance of the vehicle fleet for senior officers in 2012/13 is £177,000. Source: MQ 3989/2012 ; 19/12/2012
Note 6	The MPS spent £4.2 million on external consultants in 2010/11 (Source: MQT 3227/2011).
Note 7	In 2013/14 the proposed budget for the Metropolitan Police's Directorate of Media and Communication (formally the Directorate of Public Affairs) is £5.4m. We have proposed a 10% saving in the 2013/14 figure. Source: MQ 3496/2012 ; 21/11/2012. In 2012/13 MOPAC/MPS have spent £1.6 million to date on advertising campaigns. Source: MQ 48/2013 ; 30/01/2013. We have assumed a 10% saving in the 2012/13 figure.
Note 8	The Metropolitan Police contract for 'Provision of Temporary Agency Workers' from 01/12/09 to 31/12/12 cost £224,000,000. Equating to approximately £75m per annum. Source: Contracts List , p.24.
Note 9	The MOPAC Budget Submission 2013-14 to 2015-16 outlines MOPAC's reserves policy (no page or table numbers in document). The Budget Pressures Reserve forecast balance at 31/3/2013 is £124,271,046.

London Fire and Emergency Planning Authority (LFEPA)

Increased expenditure	Additional cost 2013/14	Explanatory notes
Stop the plans to close fire stations and cut fire engine numbers We would put the safety of Londoners before a trivial 7p a week council tax cut and use the £9.428m saved by not cutting the precept to avoid cuts to fire and police services. In 2013/14 we would use £5.428m of this total to close LFEPA's budget gap, with the remainder helping to reverse police cuts.	£5.428m	Note 1
Total additional expenditure	£5.428m	

Use of reserves	2013/14	Explanatory notes
Blue Light Museum A feasibility study commissioned in late 2009 concluded that "if no action is taken to address collections care and management facilities and capacity, it can be safely assumed that within ten years the [blue light] collections will have suffered great losses." We believe the rich history of our emergency services deserves a permanent home in London. We would fund a one-off endowment to kick-start the development of a blue light museum. Such an attraction would have the potential to generate significant sums of additional income in future years as well as providing a strong educational mission.	£1.0m	Note 2

<i>Note 1</i>	<p>Paragraph 71 of LFEPA report FEP2021, "The draft Fifth London Safety Plan 2013-2016", identifies £23.5m as the saving generated by closing 12 fire stations and removing 18 fire engines. It is due to be implemented by the end of December 2013. We estimate that the part year effect of these cuts in 2013/14 amounts to £5.428m.</p> <p>Liberal Democrats have called for the latest modelling data to be used to optimize second appliance locations. This would reduce response times in the four boroughs performing outside the set target (Barnet, Bromley, Harrow and Richmond) without making any changes to first fire engine response times in other boroughs.</p> <p>In future years, Liberal Democrats propose that the total saving of £23.5m due from LSP5 cuts and closures be met instead by reversing the Mayor's proposed cut to the Council Tax precept. His plan for a 10% cut by 2016 amounts to over £68m per annum by 2016, which more than covers the annual £23.5m needed to save the 12 fire stations and 18 fire engines. The exact profile of revenue generated by freezing the precept compared to the cuts being considered by the Mayor can be smoothed as required by a temporary use of reserves.</p> <p>This Liberal Democrat proposal demonstrates that by cancelling the small cut in the Mayor's Council Tax Precept it is possible to protect London's fire cover and reject fire station cuts and closures.</p>
<i>Note 2</i>	<p>Paragraph 34 of LFEPA report FEP2022, "Budget Submission", identifies the reserves position at LFEPA as follows,</p> <p><i>...it is anticipated that the balance of the general reserve will be £14,356k at the end of 2012/13. This is £4,111k above the stated minimum general reserve position of £10,245k which is 2.5% of the annual budget. This means that there will potentially be funds available to provide one off support to the budget should that be required...</i></p> <p>This proposal uses £1m to fund a one-off endowment to kick-start the development of a blue light museum which includes the fire brigade's collection.</p>

Liberal Democrat Budget Proposals: Transport for London (TfL)

Increased expenditure	Additional cost 2013/14	<i>Explanatory notes</i>
Funding the cycling revolution Liberal Democrats would significantly increase the investment in cycling across London by ensuring that £145m – equivalent to 2% of TfL’s annual budget – is spent on supporting the cycling revolution. It’s time to move beyond blue paint, towards safe, consistent and high-quality cycle routes suitable for all Londoners – from eight to eighty-year-olds – to transform London into a truly cycling city.	£41m	Note 1
Pedestrianising Oxford Street – feasibility study We would transform Oxford Street to ensure it remains the world’s most desirable shopping location. Currently the street is plagued by through-traffic, congestion and dangerous levels of air pollution. By conducting a feasibility study we would start to identify the obstacles and solutions to improving the local environment, helping to support London’s economy.	£0.1m	Note 2
One Hour Bus Ticket Liberal Democrats have long called for the introduction of a One Hour bus ticket – allowing passengers to change from bus to bus without having to buy a new ticket. Other European cities have recognised the benefits of time limited bus tickets and passengers on the Tube have long been able to change trains without being charged again – it’s time this benefit was enjoyed by bus passengers too.	£9.5m	Note 3
Early Bird Fares We would offer a discount to Londoners travelling before 7.30am on all Tube, DLR and TfL Overground services. By rewarding these passengers with an off-peak rate we would help to reduce the cost of travel for thousands of hard-working Londoners – such as cleaners and shift workers – easing peak congestion in the process.	£2.4m	Note 4
Part-time Travelcards Currently part-time workers are penalised by having to buy either a weekly or monthly travelcard. Introducing a new part-time travelcard would help to reduce the cost of travel for many part-time workers, ensuring a fairer deal for those travelling less frequently.	£10.5m	Note 5
‘Year of Air’ – public information and education campaign The 2013 ‘European Year of Air’ represents a tremendous opportunity to improve public understanding of air quality, and to help those affected by pollution episodes. We would offer grants to enable all boroughs to participate in the London Air Quality Network (LAQN), ensuring that monitoring stations are located at representative locations across London. We would also fund further improvements to the airTEXT service while helping schools to develop green travel plans to reduce children’s exposure to polluted air.	£0.4m	Note 6

Clean Air Zone – feasibility study The current breaching of air quality limits has serious public health implications, with recent research estimating that poor air quality in London contributes to over 4200 premature deaths each year. Radical proposals are needed urgently in order for London to meet health-based legal limits. We would fund a feasibility study into the development of Clean Air Zones in those areas which continue to suffer from exceptionally poor air quality such as inner London and Heathrow.	£0.1m	Note 7
Finance costs of prudential borrowing for capital investment Using the surplus generated through additional savings we would finance the costs of borrowing an additional £100m to balance our part-reallocation of TfL's provisional share of business rates, thereby maintaining the current funding available for capital investment in London's transport network in 2013/14.	£12.5m	Note 8
Total additional expenditure	£76.5m	

Savings	Identified Savings 2013/14	<i>Explanatory notes</i>
Removing TfL Staff Nominee free travel TfL employees would retain the right to free travel themselves, but their right to nominate another person of their choice for free travel would be withdrawn. We would phase the withdrawal of the nominees' cards when they are due for renewal.	£24.0m	Note 9
Fairer Congestion Charging The cost of the congestion charge has not increased at a similar rate to bus and tube fares. This means that driving in the capital is gradually becoming more attractive as the relative cost difference decreases. We would raise the congestion charge by £3, using the additional revenue to take TfL cycle spending to 2% of its total budget. This would help create a real alternative for drivers.	£45.0m	Note 10
Reduce expenditure on consultants We would cut spending on consultants and plough this money back into improving services for passengers.	£5.075m	Note 11
Reduce expenditure on Press and Advertising In tough financial times TfL spending on press and advertising must be reduced. This will enable more money to be spent on the things that matter most to Londoners, namely getting from A to B cheaply and efficiently.	£2.425m	Note 12
Total savings	£76.5m	

Allocation of Rates Retention Funding	2013/14	<i>Change on provisional allocation (£)</i>	<i>Explanatory notes</i>
We would re-direct £100m from TfL's provisional share of rates retention funding to the GLA, using additional savings in TfL's budget to balance this reallocation – thereby ensuring no overall reduction in the amount of funding available for capital investment in 2013/14.	£702.8m	-£100m	Note 8

<i>Note 1</i>	Over the coming year TfL plans to spend £104m on cycling. We would raise this figure in line with the Assembly's Transport Committee recommendation to allocate at least £145m to cycling (equivalent to 2 per cent of TfL's 2012/13 budget). www.london.gov.uk/sites/default/files/For%20print%20-%20Gearing%20up%20-%20safer%20cycling%20in%20London%2029%20Nov.pdf . To achieve this aim we would allocate an additional £41m in 2013/14.
<i>Note 2</i>	We would fund a small team of 2 officers to work with voluntary and business organisations to investigate the feasibility and costs of such a project. Cost includes salaries, project and other costs.
<i>Note 3</i>	TfL figures (MQ0123/2011) suggest this would have cost £30-40m in 2012. Applying this years' fares rise of 4.2% brings the total cost to £31-42million in 2013. Our additional expenditure would enable the introduction of a one hour bus ticket when the new fares package is announced, and therefore reflects the quarter-year cost (£8-11m)
<i>Note 4</i>	2012 TfL figures state that offering off-peak fares to all Tube, DLR and Overground rail travellers before 7.30am would cost £9m. Applying the 2013 fares increase of 4.2% brings this cost to £9.4million. We would roll this out from next January, therefore the cost reflects funding for a quarter of the year.
<i>Note 5</i>	2012 TfL figures show that this will cost £40m. Applying the 2013 fares increase brings this cost to £42m. We would roll this out from next January. Expenditure therefore reflects quarter-year costs.
<i>Note 6</i>	Grants would initially be offered to the five boroughs which are not currently participating in the LAQN. Improvements to the airTEXT service would ensure that the full range of pollutants are monitored (including black carbon and PM2.5), while work on developing air quality action plans would target schools within 150 metres of roads carrying over 10,000 vehicles per day.
<i>Note 7</i>	We would adopt a "polluter pays" principle, charging users according to their vehicle type and emissions standard. In the first instance we would look at removing current exemptions for Euro 5 diesel vehicles within central London (with reasonable allowances made for small and medium-sized businesses).
<i>Note 8</i>	While we would conform to the advice set out by the Secretary of State for Transport on 18 th May 2012 – by ensuring no overall reduction in the amount of funding available for capital investment over the Spending Review period – this proposal would require the renegotiation of TfL's agreed borrowing limit to allow for additional headroom. However, given the relatively small sum of additional borrowing (equivalent to 1.3 per cent of TfL's total borrowing as at 15 September 2012); its likely conformity with the Prudential Code of Borrowing, and TfL's substantial cash balance (£3.6bn) it is envisaged that renegotiation could be carried out relatively swiftly and without any adverse impact on TfL's credit rating. This cost reflects the current GLA non-BRS (business rate supplement) borrowing ratio of 8:1 (i.e. for every £8 of capital expenditure, £1 of capital financing is required) and assumes a 25 year repayment period.
<i>Note 9</i>	There are 21,788 staff nominee Oyster cards currently in use across TfL (MQ3339/2012; 21/11/2012). These entitle holders to free travel across London. The cost of an annual Zone 1-6 Travelcard is £2,224 which, if provided to all nominees', would cost £48m in travel that would otherwise be paid for. Under our proposals TfL staff nominee's travel would be withdrawn across the year, so we have therefore halved the potential saving.
<i>Note 10</i>	TfL estimates that every increase of £1 on the congestion charge generates an additional £15m of revenue (MQ3222/2009)
<i>Note 11</i>	Last year TfL spent £18,800,000 on consultants (MQ3842/2012; 19/12/12).
<i>Note 12</i>	In 2010/11 TfL spent £1.8m on press officers and £6.4m on advertising (MQ4901/2011).

London Legacy Development Corporation (LLDC)

We are not proposing any change to the LLDC budget this year.

It is early days in the existence of the LLDC and it has an important job to do to ensure a successful Olympic and Paralympic legacy. The Assembly will naturally want to scrutinise the LLDC's budget over the coming years to ensure that it is delivering what is needed, but it is too soon to offer alternatives at this stage.

PART B: Proposal to approve, with amendments, the Draft Consolidated Budget for the 2013-14 financial year for the Greater London Authority and the Functional Bodies.

RECOMMENDATIONS:

FORMAL BUDGET AMENDMENT

1. The Mayor's draft consolidated budget (together with the component budgets comprised within it) for 2013-14 be amended by the sum(s) shown in column number 3 of the table for each constituent body, as set out and in accordance with the attached Schedule.

(These sums are the calculations under sections 85(4) to (8) of the Greater London Authority Act 1999 (as amended) ('The GLA Act') which give rise to each of the amounts mentioned in recommendations 2 and 3 below.)

2. The calculations referred to in recommendation 1 above, give rise to a component council tax requirement for 2013-14 for each constituent body as follows:

<i>Constituent body</i>	<i>Component council tax requirement</i>
Greater London Authority: Mayor of London	£72,756,150
Greater London Authority: London Assembly	£2,600,000
Mayor's Office for Policing and Crime	£561,105,432
London Fire and Emergency Planning Authority	£133,798,375
Transport for London	£6,000,000
London Legacy Development Corporation	£NIL

3. The component council tax requirements shown in recommendation 2 above, give rise to a consolidated council tax requirement for the Authority for 2013-14 (shown at Line 73 in the attached Schedule) of **£776,259,957**.

BUDGET RELATED MOTIONS

4. None

NOTES:

- a. A simple majority of votes cast by Assembly Members is required to approve any amendment to recommendations (1) to (3) above concerning the Draft Consolidated Budget; abstentions are not counted.
- b. To approve the Draft Consolidated Budget, without amendment, only a simple majority of votes cast is required. Again, abstentions are not counted.
- c. The Mayor is required to set a consolidated and component council tax requirement and it is this amount which the Assembly has the power to amend. The council tax requirement equates to the amount which will be allocated to the Mayor, the Assembly and for each functional body from the Mayor's council tax precept. These individual functional body requirements are consolidated to form the consolidated council tax requirement for the GLA Group.
- d. The income estimates calculated under section 85 5(a) of the GLA Act are presented in four parts within the statutory calculations:
 - Income not in respect of government grant, council tax precept or retained business rates. This includes fare revenues, congestion charging, the Crossrail business rate supplement and all other income not received from central government, council tax precept or retained business rates. This also includes for the GLA (Mayor) the GLA's share of the aggregate forecast net collection fund surplus at 31 March 2013 reported by the 33 London billing authorities (line 6 for the Mayor, line 18 for the Assembly, line 30 for MOPAC, line 42 for LFEPA , line 54 for TfL, and line 66 for the LLDC);
 - Income in respect of specific and special government grants. This includes those grants which are not regarded as general grants. This includes the GLA Transport grant for TfL and specific grants for the GLA, LFEPA and MOPAC (line 7 for the Mayor, line 19 for the Assembly, line 31 for MOPAC, line 43 for LFEPA , line 55 for TfL, and line 67 for the LLDC);
 - Income in respect of general government grants. From 2013-14 this comprises Revenue Support Grant and for MOPAC only core Home Office police and principal police formula grant (line 8 for the Mayor, line 20 for the Assembly, line 32 for MOPAC, line 44 for LFEPA, line 56 for TfL, and line 68 for the LLDC); and
 - Income in respect of retained business rates (line 9 for the Mayor, line 21 for the Assembly, line 33 for MOPAC, line 45 for LFEPA, line 57 for TfL, and line 69 for the LLDC).
- e. The LLDC came into being on 9 March 2012 (under SI 2012/ 310) as a Mayoral development corporation and is a functional body; the LLDC is also a constituent body for the purposes of sections 85 to 99 of the Act. The property rights and liabilities of the Olympic Park Legacy Company were substantially transferred to the LLDC during 2012-13.

SCHEDULE

Part 1: Greater London Authority: Mayor of London ("Mayor") draft component budget

NOTE: Amendments to the draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's Proposal	Budget amendment	Description
(1)	£738,743,407	£838,743,407	estimated expenditure of the Mayor for the year calculated in accordance with s85(4)(a) of the GLA Act
(2)	£5,600,000	£	estimated allowance for contingencies for the Mayor under s85(4)(b) of the GLA Act
(3)	£0	£	estimated reserves to be raised for meeting future expenditure of the Mayor under s85(4)(c) of the GLA Act
(4)	£0	£	estimate of reserves to meet a revenue account deficit of the Mayor under s85(4)(d) of the GLA Act
(5)	£744,343,407	£844,343,407	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the Mayor (lines (1) + (2) + (3) + (4) above)
(6)	-£495,518,000	-£	estimate of the Mayor's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act including the GLA share of the collection fund surplus for the 33 London council tax billing authorities
(7)	- £14,573,214	-£	estimate of the Mayor's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(8)	- £35,849,927	-£	estimate of the Mayor's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
(9)	- £29,838,491	-£129,838,491	estimate of the Mayor's income in respect of retained business rates calculated in accordance with s85(5)(a) of the GLA Act
(10)	-£95,807,625	-£	estimate of Mayor's reserves to be used in meeting amounts in lines (1) and (2) above under s85(5)(b) of the GLA Act
(11)	- £671,587,257	-£771,587,257	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Mayor (lines (6) + (7) + (8) + (9) + (10) above)
(12)	£ 72,756,150	£	the component council tax requirement for the Mayor (being the amount by which the aggregate at (5) above exceeds the aggregate at (11) above calculated in accordance with section 85(6) of the GLA Act)

The draft component council tax requirement for the Mayor for 2013-14 is £72,756,150

Part 2: Greater London Authority: London Assembly ("Assembly") draft component budget

NOTE: Amendments to the draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
(13)	£7,607,000	£	estimated expenditure of the Assembly for the year calculated in accordance with s85(4)(a) of the GLA Act
(14)	£0	£	estimated allowance for contingencies for the Assembly under s85(4)(b) of the GLA Act
(15)	£0	£	estimated reserves to be raised for meeting future expenditure of the Assembly under s85(4)(c) of the GLA Act
(16)	£0	£	estimate of reserves to meet a revenue account deficit of the Assembly under s85(4)(d) of the GLA Act
(17)	£7,607,000	£	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the Assembly (lines (13) + (14) + (15) + (16) above)
(18)	-£175,313	-£	estimate of the Assembly's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
(19)	-£0	-£	estimate of the Assembly's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(20)	-£2,786,405	-£	estimate of the Assembly's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
(21)	-£2,045,282	-£	estimate of the Assembly's income in respect of retained business rates calculated in accordance with s85(5)(a) of the GLA Act
(22)	£0	-£	estimate of Assembly's reserves to be used in meeting amounts in lines (13) and (14) above under s85(5)(b) of the GLA Act
(23)	-£5,007,000	-£	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the Assembly (lines (18) + (19) + (20) + (21) + (22) above)
(24)	£ 2,600,000	£	the component council tax requirement for the Assembly (being the amount by which the aggregate at (17) above exceeds the aggregate at (23) above calculated in accordance with section 85(6) of the GLA Act)

The draft component council tax requirement for the Assembly for 2013-14 is: £2,600,000

Part 3: Mayor's Office for Policing and Crime ("MOPAC") draft component budget

NOTE: Amendments to the draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
(25)	£3,269,900,000	£3,284,812,000	estimated expenditure of the MOPAC calculated in accordance with s85(4)(a) of the GLA Act
(26)	£0	£	estimated allowance for contingencies for the MOPAC under s85(4)(b) of the GLA Act
(27)	£27,300,000	£16,388,000	estimated reserves to be raised for meeting future expenditure of the MOPAC under s85(4)(c) of the GLA Act
(28)	£0	£	estimate of reserves to meet a revenue account deficit of the MOPAC under s85(4)(d) of the GLA Act
(29)	£3,297,200,000	£3,301,200,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the MOPAC (lines (25) + (26) + (27) + (28) above)
(30)	-£297,100,000	-£	estimate of the MOPAC's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
(31)	-£473,800,000	-£	estimate of the MOPAC's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(32)	-£1,969,194,568	-£	estimate of the MOPAC's income in respect of general government grants (revenue support grant, core Home Office police grant and principal police formula grant) calculated in accordance with s85(5)(a) of the GLA Act
(33)	£0	-£	estimate of the MOPAC's income in respect of retained business rates calculated in accordance with s85(5)(a) of the GLA Act
(34)	£0	-£	estimate of MOPAC's reserves to be used in meeting amounts in lines (25) and (26) above under s85(5)(b) of the GLA Act
(35)	-£2,740,094,568	-£	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for the MOPAC (lines (30) + (31) + (32) + (33) + (34) above)
(36)	£557,105,432	£561,105,432	the component council tax requirement for MOPAC (being the amount by which the aggregate at (29) above exceeds the aggregate at (35) above calculated in accordance with section 85(6) of the GLA Act)

The draft component council tax requirement for the MOPAC for 2013-14 is: £561,105,432

Part 4: London Fire and Emergency Planning Authority ("LFEPA") draft component budget

NOTE: Amendments to the draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
	Mayor's Proposal	Budget amendment	Description
(37)	£445,071,409	£451,499,409	estimated expenditure of LFEPA for the year calculated in accordance with s85(4)(a) of the GLA Act
(38)	£0	£	estimated allowance for contingencies for LFEPA under s85(4)(b) of the GLA Act
(39)	£0	£	estimated reserves to be raised for meeting future expenditure of LFEPA under s85(4)(c) of the GLA Act
(40)	£0	£	estimate of reserves to meet a revenue account deficit of LFEPA under s85(4)(d) of the GLA Act
(41)	£445,071,409	£451,499,409	aggregate of the amounts for the items set out in s85(4) of the GLA Act for LFEPA (lines (37) + (38) + (39) + (40) above)
(42)	-£30,100,000	-£	estimate of LFEPA's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
(43)	-£10,900,000	-£	estimate of LFEPA's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(44)	-£163,550,650	-£	estimate of LFEPA's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
(45)	-£108,850,384	-£	estimate of LFEPA's income in respect of retained business rates calculated in accordance with s85(5)(a) of the GLA Act
(46)	-£3,300,000	-£4,300,000	estimate of LFEPA's reserves to be used in meeting amounts in lines (37) and (38) above under s85(5)(b) of the GLA Act
(47)	-£316,701,034	-£317,701,034	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LFEPA (lines (42) + (43) + (44) + (45) + (46) above)
(48)	£128,370,375	£133,798,375	the component council tax requirement for LFEPA (being the amount by which the aggregate at (41) above exceeds the aggregate at (47) above calculated in accordance with section 85(6) of the GLA Act)

The final draft component council tax requirement for LFEPA for 2013-14 is: £133,798,375.

Part 5: Transport for London ("TfL") draft component budget

NOTE: Amendments to the draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
(49)	£6,731,775,000	£6,700,775,000	estimated expenditure of TfL for the year calculated in accordance with s85(4)(a) of the GLA Act
(50)	£0	£	estimated allowance for contingencies for TfL under s85(4)(b) of the GLA Act
(51)	£0	£	estimated reserves to be raised for meeting future expenditure of TfL under s85(4)(c) of the GLA Act
(52)	£0	£	estimate of reserves to meet a revenue account deficit of TfL under s85(4)(d) of the GLA Act
(53)	£6,731,775,000	£6,700,775,000	aggregate of the amounts for the items set out in s85(4) of the GLA Act for the TfL (lines (49) + (50) + (51) + (52) above)
(54)	-£4,773,000,000	-£4,842,000,000	estimate of TfL's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
(55)	-£1,150,000,000	-£	estimate of TfL's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(56)	£0	-£	estimate of TfL's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
(57)	-£802,775,000	-£702,775,000	estimate of TfL's income in respect of retained business rates calculated in accordance with s85(5)(a) of the GLA Act
(58)	£0	-£	estimate of TfL's reserves to be used in meeting amounts in lines (49) and (50) above under s85(5)(b) of the GLA Act
(59)	-£6,725,775,000	-£6,694,775,000	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for TfL (lines (54) + (55) + (56) + (57) + (58) above)
(60)	£6,000,000	£	the component council tax requirement for TfL (being the amount by which the aggregate at (53) above exceeds the aggregate at (59) above calculated in accordance with section 85(6) of the GLA Act)

The draft component council tax requirement for TfL for 2013-14 is: £ 6,000,000

Part 6: London Legacy Development Corporation ("LLDC") draft component budget

NOTE: Amendments to the draft component council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
(61)	£44,200,000	£	estimated expenditure of LLDC for the year calculated in accordance with s85(4)(a) of the GLA Act
(62)	£0	£	estimated allowance for contingencies for LLDC under s85(4)(b) of the GLA Act
(63)	£0	£	estimated reserves to be raised for meeting future expenditure of LLDC under s85(4)(c) of the GLA Act
(64)	£0	£	estimate of reserves to meet a revenue account deficit of LLDC under s85(4)(d) of the GLA Act
(65)	£44,200,000	£	aggregate of the amounts for the items set out in s85(4) of the GLA Act for LLDC (lines (61) + (62) + (63) + (64) above)
(66)	-£38,700,000	-£	estimate of LLDC's income not in respect of Government grant, retained business rates or council tax precept calculated in accordance with s85(5)(a) of the GLA Act
(67)	£0	-£	estimate of LLDC's special & specific government grant income calculated in accordance with s85(5)(a) of the GLA Act
(68)	£0	-£	estimate of LLDC's income in respect of general government grants (revenue support grant) calculated in accordance with s85(5)(a) of the GLA Act
(69)	£0	-£	estimate of LLDC's income in respect of retained business rates calculated in accordance with s85(5)(a) of the GLA Act
(70)	-£5,500,000	-£	estimate of LLDC's reserves to be used in meeting amounts in lines (61) and (62) above under s85(5)(b) of the GLA Act
(71)	-£44,200,000	-£	aggregate of the amounts for the items set out in section 85(5) of the GLA Act for LLDC (lines (66) + (67) + (68) + (69) + (70) above)
(72)	£0	£	the component council tax requirement for LLDC (being the amount by which the aggregate at (65) above exceeds the aggregate at (71) above calculated in accordance with section 85(6) of the GLA Act)

The draft component budget requirement for LLDC for 2013-14 is: £_0

Part 7: The Greater London Authority ("GLA") draft consolidated council tax requirement calculations

NOTE: Amendments to the draft consolidated council tax will take effect as follows. Where a figure is shown in column 3, the figure in column 2 is amended to the figure in column 3. If no figure is shown in column 3, then the figure in column 2 shall be taken to apply un-amended. If "nil" or "£0" is shown in column 3, then the figure in column 2 is amended to nil.

1	2	3	4
Line	Mayor's proposal	Budget amendment	Description
(73)	£766,831,957	£776,259,957	the GLA's consolidated council tax requirement (the sum of the amounts in lines (12) + (24) + (36) + (48) +(60) +(72) calculated in accordance with section 85(8) of the GLA Act

The final consolidated council tax requirement for 2013-14 is: £776,259,957