

**This paper will be considered in public**

**1 Summary**

- 1.1 This paper provides the TfL submission into the Mayor's consolidated budget process for 2016/17.

**2 Recommendation**

- 2.1 The Board is asked to note the paper.

**3 Background**

- 3.1 The document is set out in two parts; the Business Plan update and the formal financial tables in the consultation extract.
- 3.2 The Business Plan update anticipates meeting the principal objectives of the Mayor's 2020 vision and outlines new additional schemes the Mayor is keen to develop. The impact of the Comprehensive Spending Review (CSR) on the Business Plan and the new spending areas presented in the update is now under review to determine the implications on TfL's financing and to re-prioritise investment plans accordingly.
- 3.3 The financial submission reflects the financially balanced plan approved by the Board in March 2015 and the latest forecast for the 2015/16 outturn. The financial forecasts do not reflect the CSR settlement from 25 November 2015. The Mayor's proposed council tax precept and Business Rate retention funding for 2016/17 have been included as per the guidance from the GLA.
- 3.4 Next Steps:
- (a) 21 December 2015 – Mayor's Budget consultation document to be issued (including impact of CSR settlement);
  - (b) 7 January 2016 – London Assembly Budget & Performance Committee meeting;
  - (c) 12 January 2016 – Initial response to be issued on managing impact of CSR;
  - (d) 8 February 2016 – Final response to be issued on managing impact of CSR;
  - (e) 12 February 2016 – Final draft consolidated budget to be issued to the London Assembly; and
  - (f) 28 February 2016 – Statutory deadline for GLA precept approval and Capital Spending Plan published.

**List of appendices to this report:**

TfL Mayor's Budget 2015/16 – Business Plan Update November 2015

TfL Mayor's Budget 2015/16 – GLA Consultation Extracts

**List of Background Papers:**

None

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# TfL Mayor's Budget 2016/17

Business Plan update November 2015

## Introduction

This document summarises the latest position in TfL's Business Plan, and forms the submission into the Mayor's Budget process. TfL has continued to perform strongly over the last 12 months in the lead up to the Spending Review. During this period the Four Lines Modernisation programme has seen the signalling element successfully re-let, with Thales bringing the experience of the Northern line signalling upgrade and Jubilee line into a rebased programme plan.

As a Mayoral Direction, TfL has been asked to take on a lead role in the Metropolitan line extension to Croyley, replacing Hertfordshire County Council, with funding and additional borrowing now being placed directly with TfL.

This Business Plan update anticipates meeting the goals of the Mayor's 2020 vision. As TfL completes delivery of the schemes within the current Mayor's Budget period to 2018/19, the next phase of the enhancement of transport in the Capital will include further accessibility improvements at more Tube stations, development at Old Oak Common and new funding for cycling beyond the £913 million previously committed. This is on top of the development of the proposed schemes on Crossrail 2, Bakerloo line extension, further river crossings, road tunnels and tram enhancements that the Mayor continues to discuss with the Chancellor, and which the recently formed National Infrastructure Commission is taking an interest in.

All of the tables, numbers and commentary contained in the Budget submission reflect a financially balanced **pre-Comprehensive Spending Review (CSR) position**. This represents the baseline from which we will determine the impact of the revised funding envelope announced on 25 November 2015. The CSR impact of the removal of the General grant by the end of 2017/18 is summarised in the table below:

(£m)	2016/17	2017/18	2018/19	2019/20	2020/21	Total
General Grant*	687	699	711	723	735	3,555
Investment Grant*	941	957	973	990	1,007	4,868
<b>Total DfT funding</b>	<b>1,628</b>	<b>1,656</b>	<b>1,684</b>	<b>1,713</b>	<b>1,742</b>	<b>8,423</b>
Settlement reduction	(240)	(471)	(711)	(723)	(735)	(2,880)
<b>Revised DfT funding</b>	<b>1,388</b>	<b>1,185</b>	<b>973</b>	<b>990</b>	<b>1,007</b>	<b>5,543</b>
<b>% reduction</b>	<b>15%</b>	<b>28%</b>	<b>42%</b>	<b>42%</b>	<b>42%</b>	<b>34%</b>

\* current Business Plan assumptions

## New schemes

The 2014 Business Plan presents a balanced and affordable capital expenditure budget to the end of 2020/21. During the course of the year, projects are monitored and the implications of slippage or bringing expenditure forward are reflected in TfL's borrowing and balances. This allowed, before the Spending Review, the adoption of these new projects within the Business Plan period. The impact of the Spending Review on the Business Plan and these schemes is now under review, and this includes prioritising the schemes within the funding envelope and other projects.

**TfL Growth Fund, £300m:** The fund is a mechanism to stimulate growth and regeneration through transport enhancements. Increasing the fund will allow TfL to support the GLA Group in unlocking further growth and regeneration potential across London through transport enhancements.

**Station accessibility, £75m:** TfL introduced an innovative £75 million fund making use of third party funding opportunities in the last Business Plan and there is a long list of stations that would benefit from an expanded programme. An additional £75 million would see around 12 more stations made step-free. It would cost some £7 billion to make the whole network accessible.

**Old Oak Common, £250m:** New London Overground stations on the West London line and the North London line are critical for unlocking the regeneration of the area and providing connections to the planned Old Oak Common HS2, Crossrail and national rail stations. HS2 Ltd will not fund delivery of the Overground stations so responsibility for doing this will rest with TfL, the new OPDC and through new development. Early feasibility work indicates a total capital cost for delivering two new London Overground stations and upgrading both North Acton and Willesden Junction stations would be in the region of £425 million. The shortfall would be funded through additional fares and commercial revenues as well as contributions from new development. These costs solely represent new and improved rail station capacity and further work and investment will be needed to put in place a new transport network including bus routes, cycling and pedestrian facilities and roads.

**Sutton tram extension, £100m:** Work continues into feasibility and funding options. Sutton and Merton have identified c£50 million of local funding, although there remains a £200 million shortfall for the full scheme. We are working to reduce this by looking at the scope of the scheme, value engineering costs out of the scheme and increasing the local contribution from development.

**Road safety, £20m:** There is an increasing need to develop new road safety and autonomous vehicle technologies in London to tackle road safety, congestion and emissions. TfL is already looking at technologies for use on buses such as autonomous emergency braking and intelligent speed adaptation.

**Cycling infrastructure, £100m:** Beyond the measures that are already funded TfL will go further in making more junctions safer by introducing more Superhighways,

Quietways and Grid routes, Mini-Holland locations, cycle parking and expanding the Cycle Hire scheme.

**Cycle hire integration with the rest of the public transport network, £105m:** The Cycle Hire Integrated Payment Solution will allow users to pay using Oyster and Contactless cards and bring the Cycle Hire scheme into TfL's wider Oyster and contactless fares structure.

**Roads and Traffic Policing Command, c. £25m:** An additional 100 Traffic Police Community Support Officers are being brought in to the MPs Roads and Transport Policing Command for a two year initiative to help tackle congestion, improve road safety and support cab enforcement activity. During this two year period TfL is looking to replace these officers with its own Roads and Transport Enforcement Officers.

**Air Quality, £100m:** As part of its National Air Quality Action Plan, the Government expects London to play its part in meeting legal limits for NO<sub>2</sub> by 2025 and that TfL will need to prioritise this objective as part of its Business Planning process. As part of a wider plan to achieve NO<sub>2</sub> compliance in London the Mayor has asked the Government for further powers and a minimum of £174 million of additional air quality funding, but no such funding has been forthcoming. While the Mayor will continue to press the Government, TfL could further contribute by fully delivering the Ultra Low Emission Zone and identifying an additional £100m for measures to reduce emissions from buses and taxis.

**Capital expenditure summary:** The investment programme over the next five years, including the TfL contribution to Crossrail but before prioritisation following the CSR, is as follows:

TfL Group (£m)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
<b>Capital</b>							
Capital expenditure (pre-CSR)	(4,066)	(3,581)	(3,280)	(2,632)	(2,647)	(2,664)	(18,870)
Additional Schemes	0	(133)	(193)	(203)	(147)	(400)	(1,075)
Capital expenditure	(4,066)	(3,714)	(3,473)	(2,835)	(2,794)	(3,064)	(19,945)

Nb: this table assumes preliminary phasing for some of the additional schemes

## TfL Mayor's Budget Submission

As part of the Mayor's Budget process, TfL is providing the following detailed Business Plan update which includes:

- Detailed 2016/17 budget and preliminary 2017/18 and 2018/19 revenue budgets
- Comparative figures for the 2015/16 budget and latest forecast outturn and actual 2014/15 outturn
- Detailed capital spending plan for 2016/17 to 2018/19
- Borrowing limit figures for three years up to and including 2018/19

In addition, TfL has been asked to provide supplementary information for the Mayor to understand the current levels of group cash and borrowing balances in order to identify opportunities for synergies and savings and facilitate group wide analysis of borrowing and short term investment risks. These will feed into the determination of group prudential and treasury management indicators. The following information is being prepared by our Treasury team and includes:

- Projected closing capital financing requirement, excluding credit arrangements
- Annual committed capex expected to be funded by borrowing, including any firm commitments beyond the three year budgetary horizon
- Full series of annual Minimum Revenue Provision (MRP) and any Voluntary Revenue Provision (VRP) that will amortise the borrowing capital financing requirement (CFR) to nil
- Details of all borrowings, cash and treasury investments as at 30 September 2015
- Forecast balances of all reserves and provisions as at 1 March 2016 and the likely drawdown profile

The basis upon which the Budget proposal has been submitted is in accordance with the current balanced, long-term plan, approved by the TfL Board in March 2015 and the latest forecast which was completed in September 2015. The balanced plan and the latest forecast were prepared prior to the Spending Review settlement.

In this submission, we have reflected the Mayor's proposed council tax precept and Business Rate retention funding.

## Budget 2016/17

The Budget is structured around the four pillars of TfL's strategy: Customer, Delivery, People and Value. We explicitly link the objectives and work of employees to these pillars and provide a clear connection to TfL's priorities and the Mayor's Transport Strategy goals.

**Customers - the heart of our business:** putting customers and users at the centre of everything we do

**Delivery - our plans and our promises:** delivering safe, reliable, clean, sustainable and accessible transport

**Our People - dedicated to customer service:** valuing our people, being accountable, actively seeking solutions and working with others directly, fairly and consistently

**Value - providing value for money:** focusing on 'better, simpler and cheaper, and spending to save.

In 2016/17 we will continue to deliver:

- The modernisation of London Underground, including completion of the Circle, District, Hammersmith & City and Metropolitan lines by 2022 and the early stages of works on the Piccadilly, Central, Bakerloo and Waterloo & City lines
- The biggest ever investment in London's roads and streets. TfL's Road Modernisation Plan is delivering a greener, safer and more attractive network for all road users, including new safe, segregated cycle superhighways and improved spaces for pedestrians
- Further improvements to the TfL Rail network, including new trains, improvement to stations and faster, more frequent services for customers
- The delivery of Crossrail into operational service, with the full network open by 2019
- The development and delivery of new Thames river crossings to support regeneration and growth, particularly in east London



## Improving transport services

### Our vision for the future of London Underground

We are committed to operating Tube stations in a way that better reflects our customers' needs. Staff will be more visible and available to help, moving out of underused ticket offices and back office areas to assist customers in ticket halls and at ticket machines, gate lines and platforms. Every station will be rostered to be staffed while trains are running and tickets will be sold directly to passengers from our machines, with our people on hand to help. We will equip our staff with the latest mobile technology so they can provide customers with the information they need.

### Better customer service

We will continue to focus on improving customers' experience of our services. We have been listening to people's concerns and have identified areas where we need to improve. The three priorities this year are enhanced customer information, ticketing and better service from our staff.

### Improving information

At stations, we will be making better use of space and enhancing facilities. There will be a single focal point for all customer information at every station.

Seventy-five per cent of Londoners now use the internet on mobile devices while on the move; customers rely on our real-time travel information to help them reach their destination as seamlessly as possible.

We are leaders in the provision of free, open data and will continue to make this publicly available. This powers numerous travel apps and other services that allow people to obtain the latest information in the way that best suits them.

### Simplifying ticketing

In September 2014, we began accepting contactless payment on the Tube, London Overground, DLR, trams and National Rail routes where Oyster is valid. The use of this payment method has risen steadily and now accounts for 13 per cent of all pay as you go journeys. Contactless payment means people no longer have to top up their Oyster cards, or buy a ticket at all. Customers using contactless payment are charged the same fare as those using Oyster. In 2016 we will introduce contactless payment on River Services piers.

## Customers come first

All Tube stations will be rostered to be staffed at all times, and more of our people will be visible and available to help customers. All station staff will receive customer service training and be equipped with portable hand-held devices loaded with the information customers need to get around. This includes maps, real-time service levels, Journey Planner, ticketing options and local information.

In addition, our bus driver training programme has been extended to provide further content on the needs of older and disabled passengers. This focus on making our services more accessible will continue into 2016 alongside work to improve safety for more vulnerable road users.

## Accessibility

As part of our commitment to making the Tube easier for everyone to use, we will be introducing accessibility improvements throughout 2016. Investment continues in step-free stations and more platform humps to provide level access at a third of stations by 2016.

Our bus network is one of the most accessible in the world and a vital service for older and disabled passengers. Eighty-nine per cent of bus stops are planned to be wheelchair-accessible by the end of 2015/16, rising to 95 per cent by 2016.

The DLR network was the first fully accessible railway in the UK and provides step-free entrance and exits to all stations and trains, making journeys much easier for people using wheelchairs, with prams or carrying heavy bags.

## A safe and secure network

We have brought together a number of organisations and policing agencies as part of the London Transport Community Safety Partnership (LTCSP) to further improve the safety, security and reliability of travelling in London. We will continue to work with these partners to deliver on the key priorities and actions set out in *The Right Direction: The Mayor's strategy to improve transport safety, security and reliability in London 2015/17*.

We will continue to deliver effective policing and enforcement activities whether that be through our significant investment in transport policing services from the British Transport Police, City of London Police and Metropolitan Police or through our own enforcement and compliance activity to deal with the issues that matter most to London. This will include congestion reducing activities in priority locations, an uplift in roadside enforcement activity to tackle the sources of danger on London's roads, tackling illegal cab activity and other problem-solving and enforcement activities to improve the safety, security and reliability of travelling in London.

## Maximising capacity in our network

### Improving bus reliability

Bus reliability, measured by excess waiting time (EWT), has declined as a result of increased congestion and was recorded at 1.1 minutes in 2014/15. Continued pressures are expected as London's population grows and major highway and urban improvement schemes are carried out. We are still forecasting to maintain EWT at 1.1 minutes in 2015/16 and 2016/17 and, by continually reviewing the bus network and implementing bus priority measures, we aim to return reliability to our previous high of one minute by 2017/18.

### Bus priority

The Bus Priority Delivery Portfolio has three main areas:

- **Bus mitigation schemes** are small scale bus mitigation measures to ensure that bus journeys are not significantly impacted by the Road Modernisation Plan. These have been the focus of our efforts in 2015/16. Nearly 800 potential schemes have been identified for mitigating the impact of the RMP on bus network performance. Of these, 436 are in feasibility, 54 schemes have been dropped following feasibility, 32 are in design, 7 are in construction and 37 have been delivered. This is currently ahead of target and we expect to deliver more than the target 66 schemes by 2016
- **Growth schemes** such as those in Loampit Vale and Plumstead Road in Greenwich help unlock Opportunity Areas identified in the London Plan, supporting growth and increasing bus mode share in these areas. Growth studies will be completed for the Upper Lea Valley and Croydon, which will generate potential schemes for delivery in future years
- **Other reliability schemes** to help relieve identified pinch-points on the bus network not related to the Road Modernisation Plan are also progressing well. By 2016 we will implement schemes such as Camden Road, North End Road and Brentfield Road (to be implemented in conjunction with the traffic management of Neasden Super Scheme Phase 2). The programme team is working with boroughs to identify more potential schemes

### New Routemaster buses

A further 200 vehicles will be introduced to bring the total to 800 by 2016. Built in Northern Ireland, the New Routemaster is designed specifically for the Capital with three doors, two staircases and a fuel-efficient engine. The buses already operate on 17 routes following the recent conversion of route 149. Their hybrid engines make them, on average, up to 50 per cent more fuel-efficient than the vehicles they replaced and they emit far fewer oxides of nitrogen (NOx). The newest vehicles are also fitted with the latest Euro VI engine, which cut NOx and particulate matter emissions even further.

New Routemasters can operate in electric-only mode when the battery is fully charged, particularly at low speeds when caught in traffic. This helps reduce emissions in more congested parts of the Capital.

### **Bus infrastructure**

We have identified 15 major bus stations in need of redevelopment including Kingston, Harrow and Edgware, and we will renew as many as possible over the next ten years. We have started transforming West Croydon bus station into a lighter, more airy interchange with better customer information, fully-accessible bus stops and CCTV. Work will be completed by 2016. Overall, this programme will provide more capacity for customers, increasing the number of journeys to 1.6 million a year, and will create modern bus stations where passengers can board and exit vehicles more quickly and easily. We will also provide enhanced customer information, improved waiting areas and retail space for shops and cafés. In every case we will work with local communities and developers to produce a solution that not only transforms the bus passenger experience, but makes a significant contribution to the surrounding area.

### **The Road Modernisation Plan**

We are responsible for the management and maintenance of 13,600km of roads across London. This vast network includes more than 6,200 traffic signal sites, around 1,000 CCTVs, 2,500km of carriageways, 1,200km of footways, 1,800 structures, 12 major road tunnels, 40,000 lighting units, drainage and more than 40,000 trees.

With the Capital's population set to increase to ten million by 2030, we will see five million road trips a day added to the 26 million already taking place. The city's roads and bridges were not designed to withstand the pressures of today. To keep London moving and our economy growing, it is vital they are brought up to date, so we are investing more than £4bn to do so – the biggest investment in our roads in a generation.

### **Improving our assets**

Our plan is to transform London's roads to radically improve living and travelling conditions through safer, greener and more attractive streets and town centres. Projects for 2015/16 have included:

- Resurfacing 535,000 square metres of carriageway
- Re-laying 55,000 square metres of footway
- Replacing more than 17,500 metres of road safety barriers
- Renewing more than 700 lamp posts and replacing in excess of 6,000 conventional street lights with energy-efficient LEDs

This work will take place alongside maintenance on a number of bridges and tunnels.

## **The Structures and Tunnels Investment Programme (STIP)**

Spanning the next ten years, this is a collection of major renewal and replacement works on vital bridges and tunnels on the Transport for London Road Network (TLRN). They are all being strengthened or refurbished to prolong their life and reduce the need for emergency repairs or maintenance, which have an impact on residents, road users and businesses. These assets have been prioritised owing to their poor state of repair, existing traffic load and speed restrictions.

In 2015, construction work has been completed on:

- Strengthening the Hammersmith Flyover
- Refurbishing Chiswick Bridge
- Upgrading safety systems and components in the Fore Street Tunnel on the A12
- Replacing the Woodlands retaining wall on the A406

Four road-over-rail bridges also need replacing – Highbury Corner Bridge, Upper Holloway Bridge and structures at Ardleigh Green and Power Road. The work will involve repairing and renewing concrete and metal components, waterproofing bridge decks and replacing mechanical and electrical equipment in tunnels.

## **Transforming streets and places**

As part of the Road Modernisation Plan, substantial investment will continue for transformational projects designed to radically improve living and travelling conditions through safer, greener and more attractive streets and town centres, as well as safer conditions for cyclists and pedestrians.

We are already seeing the benefits of completed major highway enhancements, for example at Euston Circus and Tottenham Hale. These are now operating a two-way system improving road safety, cycle routes and cycle parking, more pedestrian crossing points, improved street lighting and a better bus station. In addition an interim scheme at King Cross has provided better pedestrian and cycle facilities. In summer 2015 at Malden Rushett in Kingston a scheme was completed to improve road safety and reduce congestion/delay at the junction of the A243 Leatherhead Road and Fair Oak Lane. An improved urban realm at Colliers Wood has also been delivered with better pedestrian and cyclist facilities in the area. Construction has just been completed to transform Elephant & Castle northern roundabout.

Design and consultations will be progressed prior to the Mayoral election for a number of transformational projects including Wandsworth town centre gyratory, Vauxhall Cross gyratory, Euston Road, Highbury Corner, Stoke Newington, King's Cross and Croydon Fiveways.

## Local Implementation Plan (LIPs) & borough schemes

LIPs Major Schemes is a programme of projects funded by TfL and delivered by London boroughs, bringing transformational improvements alongside the delivery of the Mayor's Great Outdoors/Better Streets agenda. The projects address road users' needs; enhance the public realm; improve and regenerate local areas; support trips made by walking, cycling and public transport modes; improve safety and reduce the fear of crime.

In the last 12 months projects have been completed at Wood Green (LB Haringey), Bromley North Village (LB Bromley), and Woodford Bridge (LB Redbridge). Twickenham Town Centre (LB Richmond) is expected to be completed by March 2016.

## The Mayor's vision for cycling

The Mayor published his Vision for Cycling in March 2013, with plans to spend £913 million through to 2021/22. This investment will provide a major boost, supporting the growing numbers of cyclists in central London and encouraging further growth across the Capital.

## Central London Cycle Grid

The Grid will provide a dense network of routes on borough and TfL roads within Central London, complementing other cycling programmes such as the Cycle Superhighways, Better Junctions, Cycle Hire and cycle parking programmes. The programme is being delivered by TfL and its delivery partners (eight inner London Boroughs, the Royal Parks and the Canal and River Trust). There are 125 schemes that will make up approximately 100km of Central London Grid routes. A hundred schemes have now received TfL approval and 24 schemes are complete or on site. The programme remains on target with peak construction forecast for January and February 2016.

## Quietways

The Quietways programme is a network of radial and orbital cycle routes across London. They will be well-signed, linking key destinations that follow direct back-street routes, and may include parks or waterways. Quietways are designed to appeal to non-cyclists as well as existing cyclists, providing quieter routes away from main roads for cyclists who wish to travel at a more leisurely pace. Construction is well underway on the first two Quietways routes with Quietway 1, from Waterloo to Greenwich to be completed in February 2016 and Quietway 2 from St Pancras to Walthamstow completed by the end of 2016.

The next five Quietway routes will be:

- Regents Park/Marylebone to Gladstone Park in Dollis Hill
- Waterloo to Crystal Palace
- Aldgate to Hainault
- Waterloo to Wimbledon via Clapham Common

- Clapham Common to Croydon

Work is underway to define Phase 2 of the Quietways programme with rides having taken place with boroughs on prospective routes.

### Cycle Superhighways

To achieve aspirations set out in the Mayor's Vision for Cycling, future routes are being designed to even higher standards and the four existing Cycle Superhighways (CS) are being upgraded.

By the end of the Mayoral term, eight Cycle Superhighways comprising of over 60km of new cycling infrastructure will have been implemented, delivering a step-change in safety for cyclist across the capital. We have significantly improved existing routes and implemented innovative cycle priority junctions using cutting edge technology that will prevent serious collision between cyclists and left turning traffic.

TfL is currently on track to deliver the programme of new and significantly improved routes:

- CS1 (Tottenham to Liverpool Street Station) is scheduled to be completed by April 2016
- CS2 (Stratford to Aldgate), a full upgrade to the original route, will be completed by April 2016
- CS3 (Barking to Tower Gateway), a rolling programme of site specific upgrades, to be substantially completed by May 2016
- CS5 inner (Oval to Pimlico) was fully open in November 2015
- CS7 (Merton to the City), an on going programme of site specific upgrades, to be substantially completed by May 2016
- CS8 (Wandsworth to Westminster), a rolling programme of site specific upgrades, to be substantially completed by May 2016
- North-South Phase 1 is scheduled to be completed by May 2016
- East West Phase 1 is scheduled to be completed by July 2016

Consultations are planned for CS East West Westway (Phase 2), CS North South (Phase 2), CS4 Greenwich to Southwark and CS1 Swiss Cottage to Marylebone in early 2016.

### Mini-Hollands

The greatest potential for increasing cycling journeys is in outer London. The Mini-Hollands programme will provide significant investment in localised areas and town centres transforming the area for cycling and creating better places for all. The three boroughs selected to receive Mini-Holland funding are: LB Waltham Forest; LB

Enfield; RB Kingston upon Thames. Construction of schemes is well underway in each of these boroughs with some schemes such as Walthamstow Village scheme complete.

### **Cycle parking and cycle rail 'superhubs'**

We have agreed a new scheme to provide secure cycle parking facilities for cyclists at a central London rail terminus and several outer London stations. After feasibility work is complete, a delivery plan will be finalised in 2015/16 for selected stations. We are working with the boroughs and Network Rail to create a number of cycle hubs at suburban stations by 2016 and cycle hubs at Hounslow West and North Greenwich are on track to be delivered by March 2016.

The programme to increase the amount of on-street, station, residential and school cycle parking will continue as we work towards the Mayor's target of an additional 80,000 spaces by 2016.

### **Better junctions**

We are working closely with all road users and safety organisations to improve cycling provision at 33 of the Capital's biggest and busiest junctions. The Mayor's Vision for Cycling sets out our plan to concentrate resources on a number of high priority locations.

As part of the Better Junctions programme, TfL has also completed an extensive series of successful off-street trials testing various innovative, cycle friendly junction layouts, low level bicycle signals, bus stop by-passes and different formats for segregating cyclists from other traffic. The results of these trials are being used to bring innovative new features to London's roads through schemes delivered by the Better Junctions programme, on Cycle Superhighways, and through other schemes across London – including the 'UK first' junctions just opened at Oval and Mile End Road, and the new roundabout design at Queen's Circus in Wandsworth.

Many of the schemes will be completed as part of other major works, such as the Cycle Superhighways programme, and some will be stand-alone projects. By the time the Mayor leaves office consultations will have been undertaken at 26 out of the 33 junctions. By summer 2016, we will also have improved 10 of the 33 Better Junction locations including gyratory removals at Elephant & Castle and Stockwell Cross and schemes at Apex (Shoreditch), Blackfriars, Bow Roundabout, Lancaster Gate, Oval, Parliament Square, Spur Road and Tower Gateway.

### **Improving road safety**

Safer streets are vital to making life in London better. We have seen good progress but more needs to be achieved. We will continue to work towards reducing the number of people killed or seriously injured (KSI) on the Capital's roads by 50 per cent by 2020, compared with the 2005-2009 baseline.



We will replace aged and obsolete wet film safety cameras with new technology, in line with the recommendations from the Roads Task Force – a Mayoral initiative launched in 2012 to tackle the challenges facing London's streets and roads.

Work continues with the boroughs to implement more 20mph zones and limits where appropriate, and to prioritise the safety of pedestrians, cyclists and motorcyclists, who are involved in 80 per cent of serious and fatal collisions in London.

Trials will test the impact on road safety of mandatory Intelligent Speed Assistance technology, which can automatically reduce speeds either to comply with local restrictions or to prevent collisions. These will be supported by marketing and education campaigns to raise awareness among road user groups.

Our customer information campaigns, designed to protect vulnerable road users – particularly cyclists, pedestrians and those using powered two-wheeled vehicles – will continue.

### **Keeping London moving**

The aim of our Road Modernisation Plan is to keep journey times reliable. An important factor in achieving this will be the planned enhancements to traffic light technology and new developments to systems that help us manage traffic in real-time.

### **SCOOT (Split Cycle Offset Optimisation Technique)**

This technology allows us to vary signals according to traffic conditions and is proven to reduce delays by 12 per cent at each junction. It also gives priority to buses which, in peak periods, delivers an average saving of 2.3 seconds per bus, per junction.

The first 200 sites have been delivering benefits on street since September 2014. A further 400 sites went live in September 2015 (600 cumulative). By June 2016 SCOOT infrastructure will have been installed at a further 300 sites (900 cumulative). By September 2018 a total of 1,500 SCOOT sites will have been installed, by which point around 75 per cent of the Capital's traffic signals will be under SCOOT control.

### **Surface Intelligent Transport Systems (SITS)**

SITS is a programme that delivers a dynamic and co-ordinated approach to the management of the road network. It uses technology to analyse traffic in real-time, keep road users updated through various media channels and smooth traffic flows. SITS will unlock additional capacity to meet the changing needs of London, improve journey time reliability and enhance customer information to help people plan their journeys. The detailed business case was approved by TfL Board in September and we continue to develop the specification.

### **Corridor Improvement Programme**

The programme delivers schemes that help maintain or improve journey time reliability on the TLRN corridors. More than 600 congestion management initiatives

have been completed since 2011 and a further 100 are planned for 2015/16. These include:

- **Bus and cycle progression points** – enabling bus and cyclist priority at junctions on vital approaches to central London. The goal is to protect journey times and reliability for buses and cyclists during the implementation of our Road Modernisation Plan – 22 interventions are being progressed on the road network with seven progression points in design or construction
- **Trial of Pedestrian SCOOT** – this is currently in progress on two sites in south London. Using state-of-the-art video camera technology, people waiting at a crossing are automatically detected and, where there is a large number, Pedestrian SCOOT can increase the crossing time. The initial trial, at two sites in south London, was completed in March 2015. This trial was to establish the technology so further network trials are planned at five sites in 2015/16. The results are expected by May 2016
- **Trial of Bicycle SCOOT** – this is under way at nine central London sites and the results are expected by May 2016. The technology gives cyclists more time to travel through green traffic lights during periods of high demand where they have their own segregated movement
- **Trial of call cancelling crossing facilities** – we were the first UK authority to introduce Pedestrian Countdown at traffic signals and it has been extremely well received. We are now trialling a facility that cancels the pedestrian's request to stop the traffic if they manage to cross beforehand. This will mean traffic is no longer held at a red signal unnecessarily. The initial two site trial was completed in March 2015 and showed encouraging benefits for traffic - a further trial at 12 sites is currently in progress and is due to be completed by March 2016.

### **Working with stakeholders**

We continue to liaise closely with utility companies and our own contractors to promote closer working. In 2014/15, we saved 5,124 days of disruption by collaborating at the earliest opportunity.

We are monitoring roadworks on the TLRN to ensure compliance with agreed timescales and work permit conditions. In total, 47,000 inspections have been carried out, resulting in us issuing 1,477 Fixed Penalty Notices. We also applied lane rental charges to 156 TfL-initiated works and 749 utility works. Money recovered from these charges is used to fund future road programmes.

Roadworks enforcement activity is being improved through the use of mobile SMART cameras with built-in video analytics software. This cutting edge surveillance technology can automatically detect if site activity is taking place in accordance with approved permits, which will ensure that works promoters make full use of road space within their allocated time. These cameras can also be configured to spot

activity that shouldn't be taking place during lane rental operational hours or periods of peak traffic flow. Indications from the early deployments have been favourable; with work promoters being challenged where periods of inactivity has been evident.

We have produced guidance for contractors to help address the increase in development that is expected across London over the next few years. It outlines policies, processes and statutory works requirements associated with highways schemes.

We will also be extending our current stakeholder engagement programme to include regular meetings with the boroughs and local authorities that border London. This will provide a further opportunity for senior local authority officers and cabinet members to share information on, for instance, land use in their area, the outlook for education and healthcare, and new initiatives. This will make it easier to identify potential new schemes that meet the needs of all parties. We currently run a number of Working Groups across London (Elephant and Castle, Blackfriars, Vauxhall and Nine Elms, White City, London Bridge and Waterloo) involving developers and their contractors.

## **Maximising capacity on our network**

### **Record levels of demand and set to grow**

Overall passenger demand on the London Overground, DLR and Tramlink network in 2014/15 had increased by around 120% compared to 2009/10 demand and is projected to continue to increase over the course of the Business Plan. The 4 December 2015 was recorded as the Tube's busiest day ever with over 4.8m journeys and the first week in December 2015 recorded as the busiest ever with over 28.8m journeys made. When compared to 2014/15 levels, the demand for Tube services is forecast to grow by a further 10 per cent by 2020/21 and by a further 48 per cent across London Rail services (excluding Crossrail), underlining the importance of adding more capacity through the current capital programme.

Significant progress has been made in improving reliability on the Tube. Excluding industrial action, in 2015 we met the Mayor's commitment to cut delays by 30 per cent when compared to 2011. Reliability on the Tube has never been better, but there is still more to do. The Remote Track Condition Monitoring System, installed on the Victoria line over a year ago, has significantly reduced Lost Customer Hours by predicting and preventing signal failures. We continue to investigate innovative ways to improve reliability, and it remains our daily focus.

## Modernising the Tube

### The Four Lines Modernisation

The Four Lines Modernisation upgrade is one of the most important investments currently being made in the Tube. The Metropolitan, District, Hammersmith & City and Circle lines make up 40 per cent of the Underground network and to improve reliability and deliver a world class service on these lines a programmed replacement of fleet, signalling and supporting systems is necessary. The works will replace equipment which in some cases dates back to the 1920s.

New S-stock trains have been rolled out across the Metropolitan, Hammersmith & City and Circles lines. These trains are fully air-conditioned, walk-through providing increased capacity, have lower floors allowing step-free access from train to platform, have colour contrasting interiors and provide visual and voice announcements for service updates. Roll-out of these new trains will be completed on all lines by the end of 2016.

The Four Lines Modernisation programme is also upgrading the signalling control system across these lines. Following the contract award to Thales in July 2015, the signalling upgrade will deliver a significant proportion of benefits of the line upgrade programme. Journey times will improve and an overall capacity increase of 33 per cent will be provided. By 2022 the busiest sections of the four lines will run up to 32 trains per hour in operation at peak periods, there will also be uplifts on off-peak service patterns to meet the growing travel demand across these lines.

### New Tube for London

Once completed the New Tube for London programme will deliver significant capacity increases of 60 percent across the Piccadilly line, 25 per cent across both the Central and Bakerloo line and up to 50 per cent on the Waterloo & City line. This will be achieved through a combination of new signalling and rolling stock which will replace equipment that dates back to the 1970s on the Bakerloo and Piccadilly lines and 1990s on the Central and Waterloo & City lines.

2016/17 will see preparation work underway for the contract for the new Piccadilly line trains. These, higher capacity, energy-efficient trains will feature walk-through, air-cooled carriages so customers will benefit from more comfortable journeys. Work on the delivery of the wider New Tube for London programme will increase significantly in 2016/17 e.g. work will begin on upgrading infrastructure on the Piccadilly line to support the new power and signalling systems when introduced.

### World Class Capacity

By the end of 2016 there will be an increase in service to 36 trains per hour on the Victoria line at peak times, the equivalent of a train every 100 seconds, making it one of the most intensive railway services in the world. Additional improvements to train and signalling assets will help improve reliability on the line.

Work will start in mid 2016/17 on a two year programme for the refurbishment of Jubilee line trains. 2016/17 will also see work being undertaken on signalling pinch points, infrastructure improvements, train procurement and additional depot facilities to support increased peak services of up to 36 trains per hour by 2020.

## Reducing congestion at stations and improving accessibility

### Tottenham Court Road

As well as the works already delivered at Tottenham Court Road, the upgrade will deliver additional capacity to access platforms. This includes step-free access, as well as provision for future access and an interchange with Crossrail. Two distinctive new glass plaza entrances will be created at St. Giles Circus, forming part of a major new public space along with a gateway to the West End outside the adjacent Centre Point tower. The area will feature a wider pavement, improved pedestrian crossings and junction improvements benefit cycling and bus services. The new passenger facilities will be fully open in November 2016.

### Bank station

Every morning, up to 100,000 passengers use Bank station. This vital transport hub in the City often has a level of demand that overwhelms capacity, which means trains are held on platforms and customers regularly cannot enter it until the platforms are cleared. 2016/17 will see the delivery of a new modern station control room ahead of the main project.

### Bond Street

Bond Street station already accommodates in excess of 150,000 passengers each day, with this volume expected to grow to over 225,000 following the opening of Crossrail. The upgrade will provide additional capacity, step-free access and improved interchange capability including the eventual interchange with Crossrail. A new station entrance will be provided to the north side of Oxford St on Marylebone Lane. The new station is scheduled to be brought into use in 2017.

### Victoria

Almost 80 million passengers use the station each year, on average over 200,000 per day. The current station is at capacity and often has station controls in place during the peak period. The refurbishment of the northern ticket hall will be open in January 2017 providing capacity for an additional 40 per cent of Victoria line passengers

### Future Tube Station Capacity Programme

Camden Town station is used by approximately 28.6 million passengers each year, with peak period demand having grown by around 60 per cent over the last 10 years and substantial growth throughout the week. This has resulted in increased congestion and the need for 'exit only' station control at weekends. In 2016/17 we will commence detailed design on the station re-development and continue preparations for the required planning consent which is due to be sought in 2017.

Holborn provides a vital interchange between the Piccadilly and Central lines. Demand for services is already high and customers are sometimes prevented from changing lines or are held outside the station due to congestion. In 2016/17 we will complete the proposed concept design for station improvements and start consultation on this proposal.

At Elephant and Castle we are working with a third party to develop proposals for a new, expanded and accessible entrance to the Northern line which will be integrated with the redevelopment of the Elephant and Castle town centre. During 2016/17 we will be developing the proposals through concept to detailed design and expect work to start on site in 2017.

At Tottenham Hale, during 2016/17, we will complete the detailed design and begin work on a capacity upgrade that will include improvements to the interchange with National Rail services, including provision of step-free access and an expanded station.

2016/17 will also see feasibility designs produced for capacity enhancement schemes at Moorgate, Edgware Road, Walthamstow Central and Old Street.

The Finsbury Park step-free access and capacity upgrade project is in construction and works will continue throughout 2016/17 in advance of completion in 2018.

### **Integrated stations programme**

Stations are the gateway to our network. In order for them to perform effectively they need to be able to cope with the millions of passengers who use them everyday. The Integrated Stations Programme will deliver improvements to the safety, operability and maintainability of stations and enhance the customer's experience through improvements to ambience, information and provision of retail.

2016/17 will see the completion of five stations;

- Holland Park – improvement of the environment including walls and floors and new gateline installation
- Vauxhall – improvement of the walls and floors on platforms
- Sloane Square – improvement of the walls and floor, new gateline installation and entrance feature
- Paddington - improvement of the walls and floors on platforms
- Stepney Green - improvement of the environment including walls and floors and new gateline installation

Work will also commence on site for the next seven stations to be improved through this programme. The stations include Moorgate, Liverpool Street and Charing Cross.

### **Accessibility**

Following the successful achievement of over 45 per cent of TfL Rail and LU stations being made step-free in March 2015, a new £76 million step-free access partnership programme was announced in June 2015. This programme will target the delivery of step-free access at up to 12 further stations over the next 10 years. The programme will seek to maximise contributions from developers, local authorities and other external partners, to match TfL funding, providing a total of £152 million worth of funding.

2016/17 will see Ealing Broadway and Tottenham Court Road made step-free as part of wider Crossrail works.

### **London Overground improvements**

Demand for London Overground services has increased continuously since services were introduced. The introduction of five car trains on the London Overground network which was completed this year has helped to ease congestion. We expect demand for London Overground services to continue to increase. To meet this demand we intend to further boost train off-peak and evening frequencies, running more trains during the late evening period, and providing some later last trains. These service enhancements will be developed throughout 2016/17 and come into operation in December 2017.

The London Overground Station Capacity Programme (LOSTAT) will relieve congestion and improve accessibility. 2016/17 will see work start at the following stations;

- West Hampstead – new entrance, wider stairwells and wider platforms
- Dalston Kingsland – removal of newsagents from ticket office to improve capacity
- Hackney Central – planning proposals submitted for improved entrance access and congestion relief works

### **West Anglia stations improvements**

Station improvement work will take place at 14 stations across the West Anglia network in 2016/17. Works will include new customer information screens, passenger help points at all stations, new CCTV at all stations, improved general maintenance works, automatic gates installed and new vending machines. 2016/17 will see these improvements put in place at the following stations:

- Bush Hill Park
- Silver Street
- Bruce Grove
- Seven Sisters
- Stamford Hill
- Stoke Newington
- Rectory Road
- Chingford
- Highams Park
- Wood Street
- Walthamstow Central
- St James Street
- Clapton
- Emerson Park

### **Gospel Oak to Barking Line electrification**

The electrification of the Gospel Oak to Barking route by Network Rail (part funded by TfL) will commence in 2016/17 and complete in summer 2017. Platforms will be lengthened and eight London Overground two-car diesel trains will be replaced with the same number of four-car electric trains. The introduction of the new trains to the service will provide a 90 per cent increase in train capacity. Additionally, the improved acceleration and braking provided by these electric trains will improve journey times and reliability.

### **London Trams**

Demand for London Trams has doubled since 2000 and the service now carries 31 million passengers a year. With South London's population and job market growing, demand is expected to continue rising. The four new trams delivered in 2015/16, combined with 'double-tracking' and platform works at Wimbledon, will boost capacity by 50 per cent and alleviate congestion on the route between Wimbledon and Croydon by allowing 12 trams an hour to run in each direction during peak times.

### **Unlocking growth for the future of London**

#### **Crossrail**

Crossrail is Europe's largest infrastructure project with £14.8 billion committed for its construction. It will stretch from Reading and Heathrow in the west, across to Shenfield and Abbey Wood in the east. The first services, between Liverpool Street and Shenfield began operating last year with full Crossrail services due to operate from the end of 2019.

#### **Crossrail 2**

Crossrail 2 is planned to serve central London through an underground tunnelled section between Wimbledon and Tottenham Hale and New Southgate, connecting with existing National Rail networks in Surrey and Hertfordshire, and helping to relieve increasing pressure on London's transport network. The new railway would provide capacity for 270,000 more people to access central London during the morning peak. Current proposals would see Crossrail 2 services become operational in 2030. 2016/17 will see the development of the scheme following consultation feedback.

#### **Northern Line Extension**

The Northern Line Extension will connect Kennington on the Northern line to Battersea, with a new intermediate station to be built at Nine Elms. The extension will be designed and developed with latent capacity, with the capability to accommodate at least 30 trains per hour in the peak.

The tunnel excavation works between Kennington and Battersea will begin in late 2016/17. This year will also see the continuation of station works at Battersea and Nine Elms. The project is to be financed by GLA borrowing, repaid from developers'



contributions, the Community Infrastructure Levy and income from incremental business rates.

### **Metropolitan Line Extension**

The Metropolitan Line Extension is an extension to the Metropolitan line from Croxley up to Watford Junction. Six trains per hour will run to central London at peak times and four per hour at off peak times. 2016/17 will see the completion of detailed designs and the commencement of civil engineering works on site for a new 400m viaduct and two new stations.

### **Improving the environment**

We continue to improve London's natural environment and air quality, while reducing noise impacts and carbon dioxide (CO<sub>2</sub>) from ground-based transport.

### **Reducing carbon emissions**

CO<sub>2</sub> emissions are being managed across our services, both through sourcing lower carbon energy and improving the energy efficiency of our operations. In 2016, we will be looking to complete a deal to connect directly to 30 megawatts of locally-sourced, low-carbon electricity. This will cut costs and support our environmental strategy.

With the introduction of the remaining new sub-surface trains, we will increase the level of regenerative braking on the network. This technology re-uses the energy produced as the brakes are applied.

We will also carry on working with stakeholders on plans to develop a heat network around Greenwich Power Station which will supply heat to homes and businesses in the area. It will also reduce energy and CO<sub>2</sub> emissions, while further contributing to the Mayor's targets for decentralised energy.

### **Hybrid buses**

More than 17 per cent of London's bus fleet is hybrid, with 1,500 vehicles using diesel-electric technology. The proportion will rise to 20 per cent by 2016, when we expect to hit our initial target of 1,700 buses.

### **Reducing nitrogen oxide**

We have installed more than 1,600 buses with exhaust after-treatment technology to cut oxides of nitrogen (NOx) emissions from the bus fleet. By 2016 we also plan to fit at least a further 500 vehicles with selective catalytic reduction equipment and replace any un-retrofitted Euro III engine vehicles with new buses that benefit from the ultra-low-emission Euro VI engine. These two initiatives will cut 1,000 tonnes of NOx a year from the fleet – a 20 per cent reduction compared to 2012.

### **Introducing zero-emission capable taxis by 2018**

With our support, a number of manufacturers are developing zero-emission capable taxis suitable for use in London.

One manufacturer is currently trialling the new vehicle on the Capital's streets, providing valuable feedback from drivers and passengers on the innovative technology.

We will continue to work closely with manufacturers and drivers, from design through to prototype development, to ensure new taxis adhere to our operating requirements and meet standards on, for instance, accessibility.

### **Bus technology trials**

We remain firmly at the forefront of demonstrating and evaluating new technology that offers zero-tailpipe-emission transport in London. We have eight hydrogen fuel-cell buses that run on route RV1 from Covent Garden to Tower Gateway and 17 all-electric buses are being trialled across four bus routes. The overall number will then grow beyond 70 in autumn 2016 when routes 507 and 521 switch to all-electric operation. We are also introducing the world's first pure-electric double-deck buses to London.

With funding secured from the European Commission, we have also just started assessing diesel-electric hybrid buses using high-power wireless charging infrastructure. Two 'inductive power transfer' stations have been installed at bus stands at Walthamstow Central and Canning Town bus stations to serve route 69.

The funding has been secured as part of the umbrella project, ZeEUS, (zero-emission electric bus systems), which aims to demonstrate the wider benefits of electric buses in urban environments across eight European cities.

### **Alternative fuels**

We are also looking at the wider environmental benefits of harnessing used cooking oil and animal tallow that might otherwise end up in landfill. Bus operator Stagecoach has successfully trialled 20 per cent bio-diesel blends on 120 vehicles at its Barking garage for the past two years and has now converted four garages. We are now working with other operators to extend its use to 23 garages – around a third of the network – by March 2016, and encourage potential suppliers to move into the market so greater quantities can be made available from sustainable sources. The 20 per cent bio-diesel blend can produce carbon-emission savings of around 10 per cent compared with ordinary diesel.

### **Reducing emissions from our assets**

Our goal is to lead by example in reducing emissions from our assets while mitigating the impact our operations have on the environment. We have already earmarked funding to upgrade our street lighting to LEDs, and as part of this Budget have allocated further investment to do the same across other parts of our highway infrastructure, delivering significant CO<sub>2</sub> and energy savings. A further 6,000 street

lights will be converted to LEDs by March 2016 and all traffic signal replacements will use LED extra low voltage.



# TfL Mayor's Budget 2016/17

GLA Consultation Extracts

## Chief Finance Officer's Foreword

We are responsible for more than four billion passenger journeys on public transport every year, many billions more on the roads, and one of Europe's largest programmes of capital investment, which is safeguarding London's position as a world-leading city and engine of the UK economy. This must be delivered against the background of a rapidly growing population which is currently 8.6 million people. By 2030 London's population is forecast to reach 10 million, rising to 11 million in 2050. We must therefore balance our income and expenditure carefully to cope with ever-increasing demand to keep London working and growing and to make life here better.

TfL published its Business Plan to 2020/21 in December 2014. Throughout this document we have highlighted the schemes that will see the most significant developments or progress in 2016/17.

The Budget is structured around our four strategic pillars – customers, delivery, people and value. We explicitly link the objectives and work of our staff to these pillars, which provide a clear connection to our strategic priorities and the Mayor's Transport Strategy goals.

Every penny we get, whether from fares or from Government funding, is spent running or improving services. We understand our responsibility as a steward of public funds and the need for environmental and affordable solutions that take into account our wider social and economic responsibilities. Our ambitious £16 billion efficiencies programme continues to be vital in managing our budget especially at a time of continuing austerity.

Our cash balances directly fund the capital improvements we have committed to. Section 25 of Local Government Act 2003 requires that the Chief Finance Officer must report to an Authority on the adequacy of the proposed reserves and the robustness of the estimates, and that the Authority must have regard to this report when the Council Tax is being set.

As Chief Finance Officer for TfL, I advise that the proposed budget is robust and the level of reserves and balances in the draft budget is adequate.



Ian Nunn

## GLA SECTION 1

### Introduction

The Greater London Authority (GLA) is the strategic authority for London and supports the Mayor and the London Assembly in delivering their respective responsibilities and functions. The GLA's four functional bodies are its principal delivery arms: the Mayor's Office for Policing and Crime (MOPAC; overseeing the work of the Metropolitan Police Service - MPS); the London Fire and Emergency Planning Authority (LFEPA); Transport for London (TfL); and the London Legacy Development Corporation (LLDC).

### Overall Gross Revenue and Capital Expenditure of the Group

Set out below is a summary of the total capital and revenue expenditure of TfL.

TfL Gross Revenue and Capital Expenditure	2015/16 £m	2016/17 £m	Change £m	Change %
Revenue Expenditure	7,000.4	7,204.2	203.8	2.9%
Capital Expenditure	4,066.2	3,581.2	(484.9)	(11.9%)
<b>TOTAL CAPITAL AND REVENUE</b>	<b>11,066.6</b>	<b>10,785.5</b>	<b>(281.1)</b>	<b>(2.5%)</b>

### Component Council Tax Requirements

Component council tax requirements	Approved 2015/16 £m	Proposed 2016/17 £m	Plan 2017/18 £m	Plan 2018/19 £m
TfL	6.0	6.0	6.0	6.0

## GLA SECTION 6

### TfL Main Budget Section

#### Introduction

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

#### Key Deliverables

- 6.2 Full details of TfL's priorities are set out in its business plan which was published in December 2014. TfL's key deliverables over the next decade, include:
- investing £200 million in bus priority schemes;
  - making 95 per cent of all bus stops in London accessible by 2017;
  - delivering 800 New Routemaster buses by 2016;
  - investing in £913 million to support the Mayor's Cycling Vision through creating safer junctions across London, major segregated cycle routes, a network of Quietways on less busy streets and other far-reaching improvements;
  - reducing the number of people killed or seriously injured on London's roads by 40 per cent by 2020;
  - introducing a new 24-hour Tube service at weekends in 2016;
  - investing £250 million in step-free stations will contribute to meeting the Mayoral target of over 50 per cent of Rail & Underground stations being step-free by 2018. In addition to this the £150 million step-free match funding will make approximately a dozen stations step-free over the next 10 years
  - implementing new signalling on the Underground's 'sub surface' lines, providing increased capacity and reliability as part of the Four Lines Modernisation programme;



- upgrading Victoria, Bond Street, Bank, Tottenham Court Road and Finsbury Park stations;
- delivering the Northern Line Extension to Battersea via Nine Elms;
- making a £4 billion investment in London's roads between now and 2021/22;
- electrifying the Gospel Oak–Barking London Overground line and extending it to serve a new station at Barking Riverside;
- increasing capacity by 50 per cent on the Trams on the Wimbledon to Croydon line;
- continuing to deliver the Crossrail service linking east and west London from 2018, radically cutting journey times and reducing congestion

### Gross revenue and capital expenditure

- 6.3 The Mayor proposes that TfL's total gross expenditure budget for 2016/17 is to be increased by £203.8 million from £7,000.4 million to £7,204.2 million. This takes into account inflation, including bus contract and wage inflation, incremental efficiencies and an increase in the debt service provision due to greater levels of borrowings to provide for capital investment. In addition, total capital expenditure is planned to be £3,581.2 million which is £485 million lower than the 2015/16 forecast outturn of £4,066.2 million.
- 6.4 The Mayor's proposed Capital Plan for TfL is set out in Section 8 as part of the Group-wide Capital Spending Plan and more details are included in that section on TfL's capital expenditure. The Mayor's proposed budget for TfL is summarised below for 2016/17, 2017/18 and 2018/19.

### Net revenue expenditure and council tax requirement

- 6.5 The Mayor's **forecast for TfL's gross revenue expenditure for 2016/17 is £7,204.2 million**. After deducting fare income, fees, charges, other income and its planned use of reserves, the Mayor proposes that TfL's **net revenue expenditure for 2016/17 is £1,566.1 million**. An analysis of the revenue budget by service area is summarised in the table overleaf.
- 6.6 The Mayor is proposing that TfL's council tax requirement for 2016/17 is £6 million. The balance of its net revenue expenditure is financed by £854.3 million of resources allocated by the Mayor through business rates retention, £675.7 million via the general element of the GLA transport grant and £30.1 million through other specific revenue grants from the Department for Transport (DfT).

<b>TfL Service Analysis</b>	<b>Revised Budget</b>	<b>Forecast</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>
	<b>2015/16</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Income</b>					
Traffic Income	(4,639.7)	(4,592.5)	(4,958.4)	(5,249.9)	(5,699.6)
Congestion Charge	(172.2)	(170.8)	(171.1)	(170.0)	(191.4)
Other Income	(451.4)	(470.3)	(527.8)	(568.0)	(589.0)
Interest Income	(22.9)	(22.7)	(38.1)	(34.4)	(31.7)
Sub total income	<b>(5,286.2)</b>	<b>(5,256.3)</b>	<b>(5,695.4)</b>	<b>(6,022.3)</b>	<b>(6,511.7)</b>
<b>Operating costs</b>					
London Underground and Tube Lines	2,348.4	2,315.9	2,356.4	2,337.9	2,339.9
Surface Transport	2,955.7	2,908.8	3,057.2	3,173.8	3,300.6
London Rail	557.2	552.7	586.2	627.5	822.6
Corporate Directorates	760.5	732.4	725.8	721.2	740.8
London Transport Museum	12.0	12.1	12.3	12.7	13.1
Sub total operating costs	<b>6,633.7</b>	<b>6,522.0</b>	<b>6,738.0</b>	<b>6,873.2</b>	<b>7,216.9</b>
<b>Other</b>					
Third-party contributions	(17.4)	(20.7)	(18.6)	(18.7)	(18.1)
Debt servicing	401.1	377.7	452.5	527.6	578.0
Group items	(34.4)	(36.7)	13.7	47.0	(24.5)
Sub total other	<b>349.3</b>	<b>320.3</b>	<b>447.7</b>	<b>555.8</b>	<b>535.4</b>
<b>Spending Review Reduction</b>	<b>0.0</b>	<b>0.0</b>	<b>(240.0)</b>	<b>(471.0)</b>	<b>(711.0)</b>
<b>Net services expenditure</b>	<b>1,696.8</b>	<b>1,586.0</b>	<b>1,250.3</b>	<b>935.7</b>	<b>529.5</b>
Revenue resources used to support capital investment	(174.7)	(178.4)	75.8	192.0	387.9
<b>Financing requirement</b>	<b>1,522.2</b>	<b>1,407.6</b>	<b>1,326.1</b>	<b>1,127.7</b>	<b>917.5</b>
Financed by:					
GLA Transport grant (general element)	639.5	591.4	675.7	687.7	696.5
Spending Review reduction	0.0	0.0	(240.0)	(471.0)	(711.0)
Other Specific grants	29.2	37.7	30.1	31.1	32.0
Retained business rates	847.5	772.5	854.3	873.9	894.0
<b>Council tax requirement</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

## Explanation of budget changes

- 6.7 An analysis of the year on year movements in the council tax requirement is set out below and an explanation of each change is detailed in the paragraphs that follow.

Changes in the TfL's council tax requirement	£m
<b>2015/16 council tax requirement</b>	<b>6.0</b>
<i>Changes due to:</i>	
Inflation*	160.6
Savings and Efficiencies	(102.6)
Fares, charges and other income changes	(339.8)
New initiatives and service improvements (capital investment and net operational increases/decreases)	34.1
Change in use of reserves	0.0
Changes in Government revenue grants	(43.9)
Other adjustments	291.6
<b>2016/17 council tax requirement</b>	<b>6.0</b>

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

## Inflation

- 6.8 The Budget proposes that TfL will increase net costs by £160.6 million for inflation. This includes an estimate for Income inflation.

## Fares charges and other income

- 6.9 The Mayor has agreed an overall freeze on TfL fares in real terms relative to the one per cent annual increase in the Retail Price Index (RPI), in the benchmark month of July 2015. A number of fares, including single bus fares and all but two pay as you go single Tube fares, will be frozen at current prices. Travelcard season ticket prices will increase on average, by slightly less than one per cent, in January 2016.

- 6.10 Last year the fare package included a significant restructuring of one day fares to make it fairer for part-time commuters or people on zero hours contracts who could previously pay significantly more per day than Travelcard season holders. The lower all day pay as you go caps are now benefitting over 200,000 part-time commuters a day and over 700,000 a week.
- 6.11 TfL is increasingly covering its operating costs from fares and other income. It is cutting costs by 15 per cent through delivering a £1.6bn savings and efficiencies programme over the duration of its business plan to 2020/21. TfL also has ambitious plans to generate £3.4bn in non-fares commercial revenue by 2023 to reinvest in London's transport, supporting jobs and economic growth.

### **Savings and efficiencies**

- 6.12 The Mayor has proposed that TfL make additional efficiencies of £102.6 million in 2016/17 in addition to the significant savings achieved since 2009/10 which are already reflected in its base budget.
- 6.13 The following major initiatives are forecast to deliver savings towards our unsecured target in 2016/17 totalling £229 million:

- £149m Rail and Underground, including:

- Fit for the Future-Stations: a fundamental change to our London Underground customer service provision
- Improvement of procurement services
- Access transformation programme
- Improvements in maintenance unit rates

- £30 million Surface Transport, including improved negotiation of contracts
- £50 million Corporate and TfL wide, including changes to our insurance provision and pay and reward

### **New initiatives and service improvements**

- 6.14 The Budget includes £34.1 million of new initiatives and service improvements.

### **Change in use of reserves**

- 6.15 The Budget assumes no change in the use of general reserves.

## Change in Government grants

- 6.16 TfL's overall income from Government grants and retained business rates will increase by £43.9 million net in 2016/17 compared to the 2015/16 budget assumptions. The general element of TfL's transport grant will be £675.7 million in 2016/17 and it is also forecast to receive £30.1 million in specific grant income for revenue purposes.
- 6.17 The Mayor has allocated £854.3 million in rates retention funding in 2016/17 to TfL. This represents an increase of 0.8 per cent in line with September 2015 RPI compared to the 2015/16 allocation of £847.5 million. The inflation rate is marginally lower than the 1 per cent uplift assumed in the original Mayor's budget guidance to reflect the Mayor's management of the current business rate shortfall.
- 6.18 Since the 2015/16 allocation, the GLA has stated the estimated deficit on the business rates retention scheme at 31 March 2015 was around £118 million. This is the difference between the aggregate sums passported in the Mayor's budgets for 2013/14 and 2014/15 and the final audited sums received from the 33 London billing authorities.
- 6.19 TfL has received around 85 per cent of the funding under this scheme and its notional share of deficit is some £100 million, although this figure is still provisional and subject to change.
- 6.20 The GLA dampened the recovery amount from TfL by 25 per cent to £75 million and this will be made as a technical adjustment to TfL's business rates instalments for 2015/16. This will result in an overall 2015/16 business rates retention allocation of £772.5 million.
- 6.21 The indicative allocation for 2017/18 is £873.9 million and assumes 2.3 per cent increase compared to 2016/17.

## Other Adjustments

- 6.22 The Budget incorporates other adjustments to TfL's budget totalling £291.6 million which include changes in debt servicing and the movement in revenue resources to support capital investment.

## **Equalities**

- 6.1 As part of the approval process for its latest Business Plan, TfL produced an Equalities Impact Assessment (EqIA). At its meeting of 10 December 2014 TfL's Board considered the EqIA alongside the approval of the publication of the Business Plan. This submission is an update of the current Business Plan and as such is balanced and fully funded. We will undertake a comprehensive review when we update our Business Plan during 2016 to ensure equality implications continue to be assessed.

## **Environmental Impact**

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

## Reserves

- 6.3 At 31 March 2016 TfL's general reserves balance is estimated to total £150.0 million. This balance is forecast to remain constant through to 31 March 2019. In addition, TfL estimates that it will hold £825.2 million of earmarked reserves at 31 March 2016 which is estimated to decrease to nil at 31 March 2019. This is based on TfL's planned profile of expenditure to March 2019.
- 6.4 Earmarked reserves have been established to finance future capital projects, consistent with TfL's approved Business Plan, and form part of the overall funding available for the Investment Programme. Earmarked reserves will be expended over the period to 31 March 2019 on a number of major capital programmes as part of TfL's Investment Programme.
- 6.5 TfL maintains a general fund to ensure liquidity and protect from short-term effects which may arise from the crystallisation of specific risks.
- 6.6 The expected movements in reserves over the planning period are set out in the table below.

<b>Movement in reserves during financial year</b>	<b>Outturn 2014/15 £m</b>	<b>Forecast 2015/16 £m</b>	<b>Budget 2016/17 £m</b>	<b>Plan 2017/18 £m</b>	<b>Plan 2018/19 £m</b>
<b>Opening balances</b>	<b>2,126.2</b>	<b>1,884.8</b>	<b>975.2</b>	<b>513.1</b>	<b>509.3</b>
Transfers to/from:					
Earmarked reserves	(234.8)	(909.6)	(462.1)	(3.8)	(359.3)
General reserves	(6.6)	0.0	0.0	0.0	0.0
<b>TfL closing balances</b>	<b>1,884.8</b>	<b>975.2</b>	<b>513.1</b>	<b>509.3</b>	<b>150.0</b>

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

<b>Balance of reserves at end of financial year</b>	<b>Outturn 2014/15 £m</b>	<b>Forecast 2015/16 £m</b>	<b>Budget 2016/17 £m</b>	<b>Plan 2017/18 £m</b>	<b>Plan 2018/19 £m</b>
Earmarked reserves	1,734.8	825.2	363.1	359.3	0.0
General reserves	150.0	150.0	150.0	150.0	150.0
<b>TfL closing balances</b>	<b>1,884.8</b>	<b>975.2</b>	<b>513.1</b>	<b>509.3</b>	<b>150.0</b>

## **GLA SECTION 8**

### **Draft Capital Spending Plan and Borrowing Limits**

#### **Introduction**

- 8.1 The Mayor is required to prepare a Capital Spending Plan (CSP) every year for each of the GLA's functional bodies. Before issuing his final plan he is required to consult on a draft plan with the Assembly and each functional body under section 123 of the GLA Act. This section sets out the draft capital spending plan for consultation. Even though the statutory timetable for the submission of the CSP is different from the requirements for the revenue budget, the same timeframe is adopted to ease consultation. The Mayor is also required to set the borrowing limits for the GLA Group – the proposals for which are set out in Appendices A to E for the GLA and each functional body.
- 8.2 Transport for London (TfL) is responsible for the planning, delivery and day-to-day operation of the Capital's public transport system, including London's buses, Underground and Overground, the Docklands Light Railway (DLR), Tramlink and London River Services. It is also responsible for managing the Congestion Charge, maintaining London's main roads and traffic lights, regulating taxis, making London's transport more accessible and promoting walking and cycling initiatives.
- 8.3 TfL's Budget is structured around the four pillars of our strategy: Customer, Delivery, People and Value. We explicitly link the objectives and work of our staff to these pillars and provide a clear connection to TfL's priorities and the Mayor's Transport Strategy goals.
- 8.4 In 2016/17 we will continue to deliver work on our investment programme and continue to maintain and improve the reliability and capacity of our networks. We will do this while continuing to ensure the best possible value for fare and taxpayers. All our income is reinvested in running and improving transport for the benefit of our customers and London.

#### **Draft Capital Spending Plan**

- 8.5 Set out below is a summary of the Mayor's Draft Capital Spending Plan (CSP) for 2016/17 which sets out the capital funding sources for the CSP in line with the format required under section 122 of the GLA Act. Further details on the GLA and each functional body's draft plan are set out in Appendices A to E. More details of the key deliverables are set out in this section under each member of the Group and in the relevant Appendices.



## Draft Statutory Capital Spending Plan

Under Section 122 of the GLA Act (for consultation)

Section		2016/17 £m
A	Total external capital grants	2,618.7
	Opening balance of capital receipts	
	Total capital receipts during the year	115.0
	<b>Total capital grants/ receipts</b>	<b>2,733.7</b>
B	Minimum s.120(1) grant	
	Total borrowings during the year	731.4
	Total borrowings	
	<b>Total borrowings and credit arrangements</b>	<b>731.4</b>
C	Total capital expenditure anticipated during the year	3,581.2
	Total credit arrangements	
	<b>Total capital spending for the year</b>	<b>3,581.2</b>
D	Funding: capital grants	2,659.0
	Funding: capital receipts/reserves	115.0
	Funding: borrowings and credit arrangements	731.4
	Funding: revenue contributions incl. BRS	75.8
	<b>Total funding</b>	<b>3,581.2</b>

NB. TfL's Capital Plan is fully funded and no new capital PFI/PPP schemes are envisaged, other than those already committed

8.6 Set out below is a summary of the TfL’s draft Capital Plan to 2018/19 and how this is financed. This shows that overall the TfL Group will be investing £485 million less in 2016/17 than in 2015/16. The majority of this change is due to the Crossrail investment reducing in line with the scheme nearing completion.

Summary of the Capital Plan	2015/16	2016/17	2017/18	2018/19	4 year
	Forecast £m	Budget £m	Plan £m	Plan £m	Total £m
TfL	4,066.2	3,581.2	3,280.0	2,631.9	13,559.3

### Transport for London

8.7 The main elements of TfL’s Capital Plan of £3,581.2 million in 2016/17 are as follows:

- Crossrail £1,300 million
- Four Lines Modernisation £509 million
- Capacity Optimisation (e.g. Northern Line Extension) £464 million
- Stations Upgrade £337 million
- Metropolitan Line Extension £52 million
- TfL Road Network £151 million
- Cycle Superhighways £35 million
- Contactless ticketing £15 million
- Customer Experience projects £16 million

8.8 The Mayor’s investment allows 500 extra buses to be planned over the course of the business plan, which will create additional capacity for an extra 2.9 million customer journeys each week. As part of the Mayor's Cycling Vision, £913 million is being invested, to support the rapidly growing number of cyclists, through creating safer junctions across London, major segregated cycle routes and a network of Quietways on less busy streets.

8.1 As part of the Tube upgrade there will be a new automatic signalling system on the sub-surface lines plus new more spacious trains will increase capacity on the Circle and Hammersmith & City lines by 65 per cent, the District line by 24 per cent and the Metropolitan line by 27 per cent.

- 8.2 Crossrail is now more than 70 per cent complete, on schedule and within budget. It will add 10 per cent to London's rail capacity. 2016/17 will see the testing of the new Crossrail trains. The first services, between Liverpool Street and Shenfield began operating last year with full Crossrail services operating from the end of 2019.
- 8.3 TfL will apply £1,213 million of government grant to support its capital programme (excluding Crossrail) which is reflected in its capital spending plan. TfL also plan to utilise £75.8 million of revenue resource to support the capital investment programme.
- 8.4 TfL's planned expenditure in 2016/17 is £485 million less than its forecast expenditure in 2015/16. This is largely due to Crossrail investment reducing by £230 million as the scheme nears completion; a reduction of £430 million in Commercial Development capital (which was relating to the one-off Earls Court transaction in 2015/16), partially offset by increased spend in Rail & Underground on the Four Lines Modernisation programme, increasing capacity and Northern Line Extension investment.
- 8.5 Details of TfL's Capital Plan to 2018/19, together with the financing costs of the Programme, are set out at Appendix D. Details of TfL's Authorised Limit and Operational Boundary for external debt are also set out at Appendix D.
- 8.6 TfL's capital spending is financed from six main sources:
- Fares and ticket income;
  - Charges under the Congestion Charging Scheme;
  - Secondary revenue (such as advertising and property rentals);
  - Third party funding for specific projects, such as the GLA's contributions (financed by a business rate supplement) for Crossrail;
  - Department for Transport grant; and
  - Prudential borrowing and related financing (including bond issuances)
- 8.7 The Plan is balanced as income from fares and charges, together with government grant, secondary income, available reserves and borrowing fully meet the costs of operations and the Investment
- 8.8 Analysis is continuing on the Group's overall exposure to inflation and interest rates as they affect its commercial markets (passenger levels, fare revenue and costs) and in its financial activities (financial costs and investment returns on cash balances). The results of this analysis led to more diverse and flexible borrowing sources being adopted while maintaining a conservative investment strategy.

- 8.9 Capital receipts from the sale of property are inherently volatile in their value and timing. TfL therefore plans on the basis of a portfolio of Capital receipts and maintains headroom between the budgeted level of receipts and the value of transactions being progressed in order to reduce this risk and increase confidence that at least the budgeted value of receipts will be delivered. If, despite this approach, in-year receipts fall short, the pressure will be dealt as part of TfL wide financial planning processes.
- 8.10 We will monitor our Budget through quarterly performance reports. We produce both the Operational and Financial Performance Report (OFR) and the Investment Programme Report (IPR), both which will be publicly available. The OFR will include all key operational targets and finances, and show variances to Budget. For operational performance, we will also monitor performance against last year. The IPR will monitor the delivery of our Investment Programme and will include milestone delivery against target, financial performance against annual Budget, as well as estimated final cost against Project Authority.
- 8.11 Any slippage in milestone delivery will be highlighted in the IPR; the latest forecast milestone date will also be included. Slippage in the expenditure profile of investment will normally be assessed as part of our annual Budget / Business Planning cycle, and will be incorporated into future Budgets subject to approval by the TfL Board.

**Table 3: TfL's Draft Capital Plan**

<b>Capital spending plan</b>	<b>Forecast 2015/16 £m</b>	<b>Budget 2016/17 £m</b>	<b>Plan 2017/18 £m</b>	<b>Plan 2018/19 £m</b>
Rail and Underground	1,465.0	1,673.7	1,824.1	1,633.7
Surface Transport	472.0	435.8	483.7	514.9
Corporate	598.4	171.9	282.7	314.7
Crossrail	1,530.8	1,299.9	689.5	168.5
<b>Total capital expenditure</b>	<b>4,066.2</b>	<b>3,581.2</b>	<b>3,280.0</b>	<b>2,631.9</b>
<b>Funding:</b>				
Capital receipts/property sales	393.5	115.0	223.4	92.8
Grants to support capital expenditure	1,065.8	1,212.9	1,210.2	1,130.7
Borrowing	597.7	731.4	900.7	500.4
Crossrail funding sources	906.2	104.0	109.0	143.1
Revenue contributions	(178.4)	75.8	192.0	387.9
Working capital and reserves movements	1,281.5	1,342.1	644.7	376.9
<b>Total funding</b>	<b>4,066.2</b>	<b>3,581.2</b>	<b>3,280.0</b>	<b>2,631.9</b>

## GLA Supplementary Information

### 9 Additional information on cash balances

9.1 The Mayor wishes to better understand the current levels of group cash and borrowing balances for the whole GLA Group in order to identify opportunities for synergies and savings and facilitate group wide analysis of borrowing and short term investment risks, feeding into the determination of group prudential and treasury management indicators.

9.2 Accordingly, Functional Bodies are asked to provide the following information:

#### Projected closing capital financing requirement (CFR)

9.3 The table below shows the Borrowing CFR as at 31 March 2016 (i.e. projected closing capital financing requirement excluding credit arrangements).

	31 March 2016 £m
TfL Corporation	10,060.9
TfL Group	11,457.5

#### Annual committed capex funded by borrowing

9.4 The table below shows annual totals for all committed capex expected to be funded by borrowing, including any firm commitments beyond the three year budgetary horizon for the TfL Corporate and TfL Group.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Per 2013 funding agreement letter	600.0	700.0	700.0	600.0	600.0	600.0	3,800.0
Re-phasing post 2013 funding agreement			200.0	(100.0)	(100.0)		
Amendment for Croyley Green funding		30.5					30.5
<b>Total</b>	<b>600.0</b>	<b>730.5</b>	<b>900.0</b>	<b>500.0</b>	<b>500.0</b>	<b>600.0</b>	<b>3,830.5</b>

## Annual MRP and VRP

- 9.5 TfL's policy on MRP is to treat debt service (interest and principal) in its business plan as an in-year operating cost. As TfL has a legal requirement to produce a balanced budget (and this approach had been extended to the full business plan), the cost of debt service is taken account of in determining whether the budget and business plans are in balance.
- 9.6 Furthermore, the significant majority of TfL's borrowings are passed down to its subsidiaries, where they are used to fund capital expenditure in the year they are drawn down. As the assets funded by these borrowings come into use and are depreciated, revenue grant is passed down by the Corporation to fund that element of the annual depreciation expense that is not already covered by other sources of revenue within the respective subsidiary. The revenue grant passed down is charged against the Corporation's General Fund Reserve and hence acts as a proxy for MRP.
- 9.7 The average asset life for TfL Group assets has been calculated as approximately 35 years. It is therefore anticipated that the Group's Capital Financing Requirement will amortise to nil over this timeframe.

## Prudential borrowing

- 9.8 TfL's Board approves prudent treasury policies that have regard to both the principles of the CIPFA Prudential Code and the revised investment guidance (effective 1 April 2010) issued by the Department for Communities and Local Government.
- 9.9 A proportion of our funding comes from borrowing. This is undertaken within prudent limits set out in our funding agreement with central Government and approved by our Board. The maximum amounts of incremental borrowing in each financial year (beyond borrowing already held) are set out in the table above. We constantly assess the conditions and will only borrow where it is prudent to do so.
- 9.10 We borrow from a variety of sources, with consideration given to the cost of borrowing, market conditions and the level of flexibility offered. These sources include:
- A £5bn Medium Term Note programme, created in 2004 and updated annually, which saw us become the first UK local authority to raise medium to long term finance through issuing bonds independently of Government
  - A £2bn Commercial Paper programme created in 2010, which made us the first UK local authority to raise short-term finance through the issuance of up to 12 months paper independently of Government

- The European Investment Bank, with loans linked to specific infrastructure projects
- Export Development Agencies
- The Public Works Loan Board
- Finance leasing arrangements, used for specific assets such as rolling stock
- Bank loans, including a £200 million bank overdraft facility that is in place to provide contingent liquidity. We believe our proposed levels of borrowing remain affordable and consistent with prudent financial management, which is reflected in our strong credit ratings.

#### 9.11 Details of all borrowings, cash and treasury investments as at 30 September 2015

	30 September 2015
	£m
<b>Borrowings</b>	
Commercial paper	760.0
Negotiable bonds	3,620.0
Public Works Loans Board	2,725.5
Rest of the World	2,033.9
<b>Total Borrowings</b>	<b>9,139.4</b>
<b>Investments</b>	
Bank Deposits in UK	222.4
HM Treasury bills	1,031.9
British Government Securities	291.9
Other securities	2,278.0
Money Market Funds (incl. Property Market Funds)	427.3
<b>Total Investments</b>	<b>4,251.5</b>
<b>Total Net Borrowings</b>	<b>4,887.9</b>
Amounts in Investments Total above that represent Crossrail Sponsor Funding Account (SFA) balances	1,914.1
<b>Investments excluding SFA balances</b>	<b>2,337.4</b>



**9.12 Forecast for balances of all reserves and provisions (capital and revenue) as at 31 March 2016 and the likely annual drawdown profile**

TfL Corporation and Group	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19
	£m	£m	£m	£m	£m
General Fund	150.0	150.0	150.0	150.0	150.0
Earmarked Reserves	1,734.8	825.2	363.1	359.3	-
Capital Grants Unapplied Account	2,769.0	1,899.2	2,049.8	1,352.0	1,308.4
Street Works Reserve	6.8	6.8	6.8	6.8	6.8
<b>Total Usable Reserves</b>	<b>4,660.6</b>	<b>2,881.2</b>	<b>2,569.7</b>	<b>1,868.1</b>	<b>1,465.2</b>

**9.13 Forecast Cash / Investment balances for TfL Group**

	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19
	£m	£m	£m	£m	£m
Total Cash and Investments	4,677.9	2,999.6	2,829.2	2,214.8	1,814.6
less Crossrail SFA Balance	(2,209.0)	(1,574.0)	(2,029.3)	(1,712.3)	(1,354.6)
<b>Cash and Investments excluding Crossrail SFA balance</b>	<b>2,468.9</b>	<b>1,425.6</b>	<b>799.9</b>	<b>502.5</b>	<b>460.0</b>

## GLA Appendix D

**Table 1: TfL - Subjective analysis**

Subjective analysis	Revised Budget	Forecast	Budget	Plan	Plan
	2015/16	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m	£m
<b>Income</b>					
Fares Revenue	(4,639.7)	(4,592.5)	(4,958.4)	(5,249.9)	(5,699.6)
Congestion Charging	(172.2)	(170.8)	(171.1)	(170.0)	(191.4)
Enforcement Income	(129.8)	(126.3)	(130.0)	(137.5)	(137.2)
Taxi & Private Hire and VCS fees	(28.2)	(33.8)	(29.4)	(30.3)	(31.1)
Advertising Income	(102.6)	(111.0)	(125.2)	(147.9)	(158.8)
Rental Income	(62.2)	(64.0)	(64.0)	(60.6)	(60.5)
Other Income	(146.0)	(155.8)	(197.7)	(210.5)	(219.5)
<b>Total Income</b>	<b>(5,280.7)</b>	<b>(5,254.2)</b>	<b>(5,675.8)</b>	<b>(6,006.7)</b>	<b>(6,498.1)</b>
<b>Operating Expenditure</b>					
Employee Expenses	2,125.7	2,155.7	2,173.1	2,206.8	2,248.5
Premises	321.4	304.9	275.8	283.4	269.7
PFI Payments	239.2	236.9	239.3	229.2	241.2
Bus Contract Payments (incl BSOG)	1,995.2	1,980.3	2,085.1	2,210.1	2,319.7
CCS & Other Road Contracted Services	308.2	311.9	292.8	290.6	298.5
Asset Maintenance & Local Authority Payments	550.5	557.3	594.5	618.8	619.4
Professional and Consultancy fees	93.5	80.7	55.3	45.8	53.3
Management Consultancy & Development fees	155.2	167.8	147.1	155.9	157.3
Ticket Commissions	61.7	58.8	65.6	61.9	74.4
Customer Information	63.6	54.8	44.4	40.5	29.7

National Rail Payments	6.9	7.8	7.2	8.2	7.7
Franchise Payments	293.9	366.4	319.9	334.7	352.4
Information and Communication Technology	209.7	226.6	228.3	233.7	242.9
Insurance	25.3	26.0	30.2	32.5	34.2
Traction Current	119.4	110.4	124.2	125.2	126.5
Other	15.1	(176.0)	6.2	(55.8)	89.8
Bad debt provision	49.2	51.5	49.0	51.8	51.8
<b>Total Operating Expenditure</b>	<b>6,633.7</b>	<b>6,522.0</b>	<b>6,738.0</b>	<b>6,873.2</b>	<b>7,216.9</b>
<b>Net Operating Expenditure</b>	<b>1,353.0</b>	<b>1,267.8</b>	<b>1,062.2</b>	<b>866.5</b>	<b>718.8</b>
Group Items	343.8	318.3	428.1	540.1	521.8
Revenue surplus for capital use	(174.7)	(178.4)	75.8	192.0	387.9
<b>Total Net revenue expenditure</b>	<b>1,522.2</b>	<b>1,407.6</b>	<b>1,566.1</b>	<b>1,598.7</b>	<b>1,628.5</b>
<b>Use of reserves</b>					
<b>Net Financing Requirement</b>	<b>1,522.2</b>	<b>1,407.6</b>	<b>1,566.1</b>	<b>1,598.7</b>	<b>1,628.5</b>
Financed by:					
GLA Transport Grant (general grant)	639.5	591.4	675.7	687.7	696.5
Other specific grants	29.2	37.7	30.1	31.1	32.0
Retained Business Rates	847.5	772.5	854.3	873.9	894.0
<b>Council tax requirement</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

**Table 4: Rail and Underground Draft Capital Plan**

<b>Rail &amp; Underground</b>	<b>Forecast 2015/16 £m</b>	<b>Budget 2016/17 £m</b>	<b>Plan 2017/18 £m</b>	<b>Plan 2018/19 £m</b>
Stations Upgrade	332.0	336.6	244.2	179.4
Legacy Train Systems	14.8	52.7	59.1	62.3
Four Lines Modernisation	356.6	508.6	346.5	280.9
Metropolitan Line Extension	26.3	51.9	29.2	48.1
Infrastructure Renewals	273.2	240.7	236.2	175.8
New Tube For London	16.1	30.1	139.7	206.0
World Class Capacity	63.6	178.8	101.7	116.1
Northern Line Extension	113.8	219.9	228.0	107.2
Central Re-phasing provision	(135.6)	(256.9)	22.4	62.5
Reliability & Customer Facing Programmes	89.2	55.4	15.0	10.1
Other	18.6	12.8	16.1	10.2
Docklands Light Railway	37.2	33.6	56.2	49.7
London Overground	60.3	72.0	7.8	6.0
Trams	30.4	19.4	11.2	4.3
Crossrail	168.4	118.0	310.5	314.9
Emirates Air Line	0.1	0.2	0.5	0.3
<b>Total capital expenditure</b>	<b>1,465.0</b>	<b>1,673.7</b>	<b>1,824.1</b>	<b>1,633.7</b>

**Table 5: Surface Transport Draft Capital Plan**

<b>Surface Transport</b>	<b>Forecast 2015/16 £m</b>	<b>Budget 2016/17 £m</b>	<b>Plan 2017/18 £m</b>	<b>Plan 2018/19 £m</b>
Buses	125.6	38.5	28.2	27.7
Roads and Cycling	323.4	283.7	276.6	300.6
Other	23.0	113.6	178.9	186.6
<b>Total capital expenditure</b>	<b>472.0</b>	<b>435.8</b>	<b>483.7</b>	<b>514.9</b>

**Table 6: TfL Corporate Draft Capital Plan (Net and Gross of Crossrail)**

Corporate	Forecast	Budget	Plan	Plan
	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m
Commercial Development	516.8	75.9	116.0	82.6
Future ticketing project	15.7	15.0	7.3	6.7
Other Corp capex incl. IM	65.9	81.1	159.4	225.3
<b>Corporate expenditure excluding Crossrail</b>	<b>598.4</b>	<b>171.9</b>	<b>282.7</b>	<b>314.7</b>
Crossrail contributions	1,530.8	1,299.9	689.5	168.5
<b>Corporate expenditure including Crossrail</b>	<b>2,129.2</b>	<b>1,471.8</b>	<b>972.2</b>	<b>483.2</b>

**Table 7: Capital financing costs of TfL's Draft Capital Plan**

TfL Capital financing costs	2016/17 £m	2017/18 £m	2018/19 £m
External interest	497.9	568.8	613.2
<b>Total financing costs</b>	<b>497.9</b>	<b>568.8</b>	<b>613.2</b>

## Borrowing Limits

The tables below set out the proposed borrowing limits over the period having regard to proposed capital spending plan, and have been prepared with reference to the requirement of the Prudential Code, including providing calculations of the prudential indicators, and supported by the draft capital spending plan.

**Table 8: TfL's authorised limit for external debt**

	2015/16 Revised Approval (Mar 2015) £m	2015/16 Current Approval (Nov 2015) £m	2016/17 Proposed £m	2017/18 Proposed £m	2018/19 Proposed £m
Borrowing	10,376.5	10,376.5	11,074.9	11,962.8	12,462.8
Long term liabilities	306.0	365.3	257.4	214.4	194.3
<b>Total</b>	<b>10,682.5</b>	<b>10,741.8</b>	<b>11,332.3</b>	<b>12,177.2</b>	<b>12,657.1</b>

**Table 9: TfL's Operational limit for external debt**

	2015/16 Revised Approval (Mar 2015) £m	2015/16 Current Approval (Nov 2015) £m	2016/17 Proposed £m	2017/18 Proposed £m	2018/19 Proposed £m
Borrowing	9,251.9	9,251.9	9,982.4	10,870.3	11,370.3
Long term liabilities	306.0	365.3	257.4	214.4	194.3
<b>Total</b>	<b>9,557.9</b>	<b>9,617.2</b>	<b>10,239.8</b>	<b>11,084.7</b>	<b>11,564.6</b>

**Table 10: Application of Net Congestion Charging Revenue by TfL**

It is anticipated that net revenue (after direct operating costs) of £171.1 million will be generated from the Congestion Charge in 2016/17. An indicative attribution on how this revenue will be applied in line with the Congestion Charging scheme order is shown below.

<b>Congestion Charging</b>	<b>2016/17 £m</b>
<b>Bus network improvements:</b>	73.6
<p>TfL will continue to keep the bus network under regular review. Priorities will be to maintain ease of use, attractive frequencies, adequate capacity, reliability of services and good coverage in the face of growing demand.</p> <p>The New Routemaster roll out is well underway, with a total of 800 buses to be in service in 2016.</p>	
<b>Borough plans:</b>	15.4
<p>The boroughs control 95 per cent of the Capital's road network, so the successful delivery of the Mayor's Transport Strategy will demand close partnership working to achieve the outcomes for which the Mayor strives.</p>	
<b>Roads and bridges:</b>	59.9
<p>TfL will continue to support a programme for improving the quality of street conditions and bridges, including reconstructing and resurfacing carriageways and footways, plus upgrading and strengthening structures. Road maintenance and renewal will continue, while bridge and tunnel safety schemes at several locations will be developed.</p>	
<b>Road safety:</b>	5.1
<p>Investment will continue in road safety measures on TfL and borough roads via Local Investment Plan (LIP) funding, in conjunction with measures adopted by the police and boroughs. Initiatives to reduce road casualties include engineering schemes at accident hotspots and road safety campaigns.</p>	
<b>Walking and cycling:</b>	17.1
<p>TfL will continue a programme of improvements for pedestrians, both on its own roads and on borough roads. Investment will be made to promote the benefits of walking, making it easier to plan and undertake journeys on foot, and deliver a safe, comfortable, attractive street environment. Investment will continue on projects designed to deliver the Mayor's Cycling Vision, which aims to create and sustain an environment that enhances the attractiveness of cycling, and includes the further development of Barclays Cycle Hire scheme and Barclays Cycle Superhighways.</p>	
<b>Congestion Charge net revenue</b>	<b>171.1</b>

## Appendix F: Savings and Efficiencies

### Savings and Efficiencies across the GLA Group

The total savings and efficiencies to 2018/19 which have been identified across the Group are summarised below. The figures are presented on an incremental basis and do not include any savings still to be identified.

<b>Savings</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>TfL</b>	0.0	0.0	0.0

<b>Efficiencies</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>TfL</b>	102.6	199.6	81.9

<b>Savings and efficiencies</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>TfL</b>	102.6	199.6	81.9



## Appendix G: Summary of Revenue Expenditure and Financing

### Introduction

The tables below summarise how the net expenditure (financing requirement) and council tax requirement is calculated for the GLA and each functional body in 2016/17.

	Gross expenditure	Fares and traffic income	Other general income	Net expenditure before use of reserves	Use of Reserves	Net expenditure after use of reserves
	£m	£m	£m	£m	£m	
<b>TfL</b>	7,204.2	(4,958.4)	(679.7)	1,566.1	0.0	1,566.1

### Council Tax Requirement and Band D Council Tax

	Net expenditure after use of reserves	Specific Government Grants	General Government Grants	Retained Business Rates	Council Tax Requirement	Band D Amount
	£m	£m	£m	£m	£m	£m
<b>TfL</b>	1,566.1	(30.1)	(675.7)	(854.3)	6.0	

## Net revenue expenditure

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

- Revenue grants from the Government. These include general government grants (the Home Office police grant, police formula grant and revenue support grant) and specific grants (including the revenue element of the GLA transport grant and Home Office police funding for counter-terrorism);
- Retained business rates; and
- Each body's share of the Council Tax precept.

The forecast net revenue expenditure for the GLA and each functional body is set out in the table below for 2015/16, 2016/17, 2017/18 and 2018/19.

Net revenue expenditure (financing requirement)	Revised	Budget	Plan	Plan
	Budget			
	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m
TfL	1,522.2	1,566.1	1,598.7	1,628.5
Collection fund (surplus)/deficit retained rates				
Collection fund (surplus)/deficit council tax				
<b>Net revenue expenditure</b>				

### Summary of Government Grants and GLA Support 2016/17 (Provisional)

	GLA Transport Grant	Other Specific revenue grants	Home Office Police grant	Home Office Formula grant	Revenue Support Grant	Rates retention	Mayor's Resilience Reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>TfL</b>	675.7	30.1	0.0	0.0	0.0	854.3	0.0	1,560.1

### Summary of Government Grants and GLA Support 2017/18 (Indicative)

	GLA Transport Grant	Other Specific revenue grants	Home Office Police grant	Home Office Formula grant	Revenue Support Grant	Rates retention	Mayor's Resilience Reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>TfL</b>	687.7	31.1	0.0	0.0	0.0	873.9	0.0	1,592.7

**TABLES BELOW INCLUDED FOR COMPLETENESS – TFL SHOULD ADD IN THEIR ALLOCATED RETAINED RATES FUNDING IN THE BASELINE FUNDING ROWS**

**Allocation of Rates Retention Funding in 2015/16 (for comparative purposes)**

	TfL
	£m
Baseline Funding	847.5
Collection fund surplus/deficit	
<b>Total allocated to GLA and functional bodies</b>	
Tariff payment to CLG	
Levy payment on growth	
Forecast shortfall in revenues based on Billing Authority Forecasts <sup>1</sup>	
Government Grant to fund Small business double rate relief costs (SBRR) <sup>2</sup>	
<b>Total estimated income from billing authorities and government section 31 grant</b>	

**Provisional Allocation of Rates Retention Funding in 2016/17**

	TfL
	£m
Baseline funding <sup>1</sup>	854.3
Collection fund surplus/deficit	
<b>Total funding allocated to GLA and functional bodies<sup>1</sup></b>	
Tariff payment to CLG <sup>1</sup>	
Levy payment on growth	
Estimated shortfall adjusted for SBRR section 31 grant <sup>2</sup>	
<b>Total estimated income from billing authorities and government grant</b>	