

# TfL Mayor's Budget 2017/18

GLA Consultation Extracts

December 2016



## About Transport for London (TfL)

Part of the Greater London Authority family of organisations led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor's strategy and commitments on transport.

As a core element in the Mayor's overall plan for London, our purpose is to keep London moving, working and growing, and to make life in our city better. We reinvest all of our income to run and improve London's transport services and to make it more modern and affordable for everyone.

Our operational responsibilities include London Underground, London Buses, Docklands Light Railway (DLR), London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line.

On the roads, we regulate taxis and the private hire trade, run the Congestion Charging scheme, manage the city's 580km red route network, operate all of the Capital's 6,300 traffic signals and work to ensure a safe environment for all road users.

We are delivering one of the world's largest programmes of transport capital investment, which is building the Elizabeth line, modernising Tube

services and stations, transforming the road network and making it safer, especially for more vulnerable road users, such as pedestrians and cyclists.

We work hard to make journeys easier through effective use of technology and data. We provide modern ways to pay through Oyster and contactless payment cards and provide information in a wide range of formats to help people move around London.

Real-time travel information is provided directly by us and through third party organisations, which use the data we make openly and freely available to power apps and other services.

We listen to, and act upon, feedback and complaints to constantly improve our services and work with communities, representative groups, businesses and many other stakeholders to shape transport provision in London.

Improving and expanding transport in London is central to driving economic growth, jobs and housing throughout the United Kingdom. Under the Mayor's housing strategy, we are using our land to provide thousands of new, affordable homes. Our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

## Chief Finance Officer's Foreword

This budget reflects the TfL Business Plan being presented to the Board in December 2016 and will allow us to deliver the new Mayor's priorities, including making public transport more affordable for all Londoners.

The Plan will see us create a surplus on our operating account before financing costs by 2020/21, when our operating income will cover our total cost of operations, including capital renewal costs. We plan to make significant and sustainable cost reductions across all areas of our business, while ensuring our frontline services and capital investment continue to support London's success as a world-leading city.

The Capital is growing rapidly. Its population already exceeds 8.6 million and will rise to 10 million by 2030. We know that transport is not an end in itself. It is a means of enabling a healthier, more inclusive city with new jobs and homes to stimulate and sustain economic growth to the benefit of London and the entire country.

We are fully committed to making our transport network affordable while delivering safe, high-quality and reliable services alongside one of the biggest capital investment programmes in the world and taking action to tackle poor air quality in London.

The Plan encourages Londoners to shift towards active and healthier travel. We will reduce traffic, making walking, cycling and public transport safer and more attractive. We will further enhance the system with good connections between services, ultimately creating Healthy Streets and a city that is more pleasant to live in and move around. This will particularly benefit Londoners in communities that experience poorer health.

The Mayor's commitment to boosting level of cycling will lead to creating a safe network of Cycle Superhighways, Quietways, new Safer Junctions and Liveable Neighbourhoods. This will reduce overcrowding, improve air quality and make our roads safer.

Under the guidance of the Mayor, a comprehensive review of our organisation is being undertaken to identify potential opportunities where costs could be reduced without affecting day-to-day transport services or the capital programme. We have consolidated this work into a TfL-wide transformation programme that has three elements; Value, Organisation and Culture.

We believe we can achieve better value from our supply chain by improving procurement, negotiating contracts and continually challenging the standards and scope of works we specify. We have begun to reduce costs and have identified further commercial opportunities over the next five years. We have also identified potential savings in our programmes to maintain, renew and enhance assets. This includes modernising our asset maintenance regimes, negotiating maintenance contracts and seeking to bring together functional teams that have previously been dispersed across TfL.

We are re-evaluating every area of our business and considering how to merge functions to create efficiencies, reduce management layers and eliminate duplication in line with a new operating model.

It is vital that our transformation programme leads to permanent cost reductions so we can make the business sustainable in the medium and long term. We will drive revenue up and continue to keep costs down, instilling a more commercial mind-set, developing more collaborative ways of working and encourage greater innovation and creativity.

By holding our costs stable - absorbing cost pressures such as inflation and the additional costs of the Elizabeth line, we can deliver the new Mayor's priorities. We will strengthen our relationships with the boroughs and working more closely on joint programmes and towards shared goals by maintaining our commitment to the Local Implementation Plans.

Our cash projection will fully fund the capital programme we have committed to, and in accordance with Section 25 of Local Government Act 2003, I confirm that the proposed reserves and the financial estimates are respectively prudent and robust.



**Ian Nunn**  
Chief Finance Officer  
Transport for London

## The core objectives of this Plan over the next five years are as follows

### Affordable Transport

- Making transport more affordable for Londoners by freezing TfL fares and continuing the Hopper fare
- Giving customers the best online tools and customer support to help them find the best deals to travel around the City and to protect concessions
- Exploiting new commercial opportunities and implementing tough cost reductions to pay for this

### Public transport, walking and cycling

- Creating Healthy Streets and a city that is more pleasant to live and move around as part of a £2bn programme over the Plan
- Boosting our investment in walking and cycling - nearly doubling investment in cycling and increasing investment on walking schemes.
- Encouraging a shift to public transport by improving capacity on Underground and rail services by over 20 per cent to reduce crowding
- Maintaining reliability and improving journey times on the bus network

### Creating attractive and iconic places

- Transforming areas of London to make the city a more attractive and accessible place to live, work and travel
- Making major improvements in inner and outer London. For instance, in 2017/18 making it better for pedestrians and cyclists in Stratford town centre

### Increasing accessibility

- Acting on the Mayor's vision to ensure London is truly open to everyone by increasing step free access in Underground stations from 26 per cent to over 40 per cent by 2021/22
- Working with London's boroughs to complete our programme to improve bus stop accessibility in 2017/18 and begin enhancing access at taxi ranks

### Helping Business

- Supporting businesses moving goods and services around London reliably and affordably through cutting congestion and improving road reliability
- Providing new transport connections to help customers make easier journeys, supporting our economy and competitiveness in the longer term
- Investing in the modernisation of the Circle, District, Hammersmith & City and Metropolitan & City lines and improving station capacity at Victoria, Tottenham Court Road, Bank and Bond Street stations to improve journey times around London

### **Cleaning up air quality**

- Improving air quality through the new health agenda which includes low emission buses, Nitrogen Oxide and particulate matter reductions, clean bus corridors, the Ultra-Low Emission Zone and investing in a greener bus fleet
- Consulting on making Oxford Street more pedestrian-friendly in 2017/18 as part of our ambition to turn one of the world's most polluted streets into one of the world's finest public spaces

### **Safer London**

- Safety will always be our first priority
- Continuing to work with the Capital's police authorities including the British Transport Police to create an environment where people are safe and feel safe, however they choose to travel
- Implementing all recommendations emerging from the Road Accident Investigation Branch report into the tragedy on the Tram network in Croydon

### **More housing and regeneration**

- Working to release 300 acres of our own land for up to 10,000 homes, 50 per cent of which will be affordable, while providing new workspaces and offices
- Using infrastructure investment to support growth and regeneration, such as through planning extensions on the London Overground to Barking Riverside and work on the Bakerloo line

### **Harnessing technology to make journeys better**

- Improving the way that we use technology through a new Technology and Data Strategy that will reduce costs and allow customers to realise greater benefits
- Introducing new Oyster app offering customers a more convenient way to top up, or check their balance and journey history, to be available anywhere on the transport network, including buses, within minutes of purchase

### **Partnership with boroughs and communities**

- Maintaining funding for Local Implementation Plans at current levels ensuring plans are policy-led and aligned to the new Mayor's Transport Strategy
- Working with developers and Business Improvement Districts to transform areas including Tottenham Court Road, Stratford, Baker Street and the Vauxhall gyratory, encouraging efficient use of road space to move people and goods

### **Raising more commercial revenue**

- Establish a trading arm allowing us to sell our expertise worldwide
- Make more of our retail spaces at stations and on high streets and exploiting opportunities in our railway arches

## GLA SECTION I

### 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).

The tables below set out the revenue and expenditure of TfL and the council tax requirement to 2020/21.

### 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	2016/17 £m	2017/18 £m	Change £m	Change %
Revenue Expenditure	6,830.6	6,978.0	147.4	2%
Capital Expenditure	3,553.9	2,969.4	(584.5)	(16%)
<b>TOTAL CAPITAL AND REVENUE</b>	<b>10,384.5</b>	<b>9,947.4</b>	<b>(437.1)</b>	

nb: the 2016/17 revenue figure is the revised budgets and capital figure is the forecast outturn

### Component Council Tax Requirements

Component council tax requirements	Approved 2016/17 £m	Proposed 2017/18 £m	Plan 2018/19 £m	Plan 2019/20 £m	Plan 2020/21 £m
TfL	6.0	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 will be published in draft on 7 December 2016. The key deliverables over the next five years include:
- Making transport more affordable by keeping TfL fares at current levels, protecting concessions and extending the new Hopper fare over the Mayor's term
  - Adapting bus services to meet changing demand across London without reducing the network overall and improving journey times and reliability
  - Increasing capacity in Underground and rail services, introducing the new Elizabeth line, and expanding the Overground, DLR and tram networks
  - Increasing investment in cycling from current levels over the next five years
  - Adopting a 'Vision Zero' approach that will maximise safety in all our roads schemes, from infrastructure improvements to behaviour change and enforcement
  - Investing through the Healthy Streets programme to help transform areas of London making the city more attractive and accessible place in which to live, work and travel
  - Making transport infrastructure more accessible. By 2021/22, some of our busiest stations will become step-free, including Bond Street, Finsbury Park, Tottenham Court Road and Victoria and 40 per cent of Underground stations will be step-free



- Working with local businesses to help meet freight needs in the safest, cleanest and most efficient way possible providing better road information and improved coordination of planned roadworks.
- Investing in cleaning up air quality by launching the world's first Ultra Low Emission Zone (ULEZ) in central London and improving the quality of life for Londoners
- Developing Crossrail2 and the Silvertown tunnel, and working towards releasing TfL land to provide new affordable housing , workplaces and offices across the city
- Increasing commercial revenue from better use of TfL land and exploiting other new commercial opportunities
- Harnessing technology to improve journeys by allowing top-ups anywhere in our network. Thirty five per cent of pay as you go journeys on the Tube are now paid for with contactless cards.
- Strengthening our partnerships with boroughs and communities by working more closely than ever on joint programmes and shared goals. We are working with Districts to transform areas including Tottenham Court Road, Stratford, Baker Street and the Vauxhall gyratory.
- Completion of Crossrail construction and introducing the new Elizabeth line as an operational railway

### **Gross revenue and capital expenditure**

- 6.3 TfL's total gross expenditure budget for 2017/18 is expected to increase by £147.5 million from £6,830.6 million to £6,978.0 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 £2,969.4 million which is £591.3 million lower than the 2016/17 budget of £3,560.7 million.
- 6.4 The Mayor's proposed budget for TfL is summarised below for the years 2017/18 through to 2020/21 and the proposed Capital Plan is set out in Section 8 as part of the Group-wide Capital Spending Plan (CSP).

## Service Analysis

TfL Service Analysis	Revised Budget	Forecast	Budget	Plan	Plan	Plan
	2016/17	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m	£m
<b>Income</b>						
Fares Income	(4,860.9)	(4,722.8)	(4,877.4)	(5,119.8)	(5,562.8)	(6,030.1)
Congestion Charge	(172.3)	(161.1)	(183.9)	(192.3)	(183.4)	(175.2)
Other Income	(507.6)	(520.4)	(607.2)	(645.6)	(705.7)	(867.1)
Interest Income	(12.3)	(8.2)	(2.1)	(2.4)	(3.2)	(4.5)
<b>Sub total income</b>	<b>(5,553.1)</b>	<b>(5,412.4)</b>	<b>(5,670.6)</b>	<b>(5,960.0)</b>	<b>(6,455.1)</b>	<b>(7,076.8)</b>
<b>Operating costs</b>						
London Underground	2,260.6	2,206.7	2,292.2	2,153.8	2,203.7	2,227.2
Surface Transport	2,929.1	2,844.9	2,897.9	2,959.6	3,015.2	3,184.5
Rail	574.1	552.6	592.5	792.2	931.0	961.3
Corporate	662.8	738.9	768.1	583.5	509.2	477.5
London Transport Museum	12.4	12.4	12.4	12.4	12.4	12.4
<b>Sub total operating costs</b>	<b>6,438.9</b>	<b>6,355.6</b>	<b>6,563.1</b>	<b>6,501.5</b>	<b>6,671.5</b>	<b>6,863.0</b>
<b>Other</b>						
Third-party contributions	(24.0)	(20.7)	(29.8)	(47.0)	(29.2)	(16.9)
Debt servicing	391.6	371.2	415.0	455.3	486.1	521.9
Group items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub total other</b>	<b>367.6</b>	<b>350.5</b>	<b>385.2</b>	<b>408.3</b>	<b>456.9</b>	<b>505.0</b>
<b>Net services expenditure</b>	<b>1,253.5</b>	<b>1,293.6</b>	<b>1,277.7</b>	<b>949.7</b>	<b>673.3</b>	<b>291.1</b>
Revenue resources used to support capital investment	91.2	64.5	(122.2)	(40.4)	218.0	569.2
<b>Financing requirement</b>	<b>1,344.7</b>	<b>1,358.2</b>	<b>1,155.5</b>	<b>909.3</b>	<b>891.3</b>	<b>860.3</b>
Financed by:						
GLA Transport grant (general)	447.3	447.3	228.0	0.0	0.0	0.0
Other Specific grants	37.1	50.6	67.2	49.0	31.0	0.0
Retained business rates	854.3	854.3	854.3	854.3	854.3	854.3
<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>	<b>6.0</b>

## Net revenue expenditure and council tax requirement

- 6.5 The Mayor's **forecast for TfL's gross revenue expenditure for 2017/18 is £6,978.0 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 2017/18 is £1,155.5 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 2017/18 is £6 million. The balance of its net revenue expenditure is financed by £854 million of resources allocated by the Mayor through business rates retention, £228 million via the general element of the GLA transport grant and £67 million through other specific revenue grants from the Department for Transport (DfT).

### 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>2016/17 council tax requirement</b>	<b>6.0</b>
<i>Changes due to:</i>	
Inflation*	152.4
Savings and Efficiencies	(227.6)
Fares, charges and other income changes	(117.5)
New initiatives and service improvements (capital investment and net operational increases/decreases)	39.6
Changes in Government revenue grants	189.2
Other adjustments	(36.1)
<b>2017/18 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's net costs will increase by £152.4 million as a result of inflation.
- 6.9 TfL is increasingly covering its operating costs from fares and other income and is looking to create a surplus on the operating account before financing costs by 2020/21.

## Savings and efficiencies

- 6.10 TfL will make additional cost reductions of £227.6 million in 2017/18 in addition to the significant savings achieved since 2009/10 which are already reflected in its current cost base. We report all cost reductions as savings.
- 6.11 The following major initiatives will deliver savings in 2017/18 totalling £227.6 million:
- £64.7million London Underground, including:
    - Improvements in maintenance unit rates
    - Improvements to the Command & Control programmes
  - £87.8 million Surface Transport, including improved negotiation of bus contracts
  - £75.2 million Corporate and TfL wide, the review of technology projects, consolidation of back office functions and pay and reward

## **Fares charges and other income**

- 6.12 The Mayor announced an overall freeze on TfL fares to 2020. Single bus fares, single pay as you go fares on the Tube and DLR and Santander cycle hire, will be held at current prices. This will put more than £40million back into the pockets of Londoners next year and encourage more people to use our network.
- 6.13 Travelcard prices and daily and weekly caps are set with the train operating companies and not therefore controlled by the Mayor. The net impact of fares and other income changes is £117.5 million in 2017/18.
- 6.14 During September 2016 the Hopper fare was introduced, allowing customers to make an extra bus journey free, as long as it is within one hour of touching in on the first bus. TfL are investing in technology to allow it to deliver unlimited journeys within an hour by the end of 2018.
- 6.15 All concessions will be protected during the Mayor's term, providing free or reduced fares to older and disabled people, children, those in receipt of Jobseekers Allowance, and other socially disadvantaged groups

## **New initiatives and service improvements**

- 6.16 The Budget includes £39.6 million of new initiatives and service improvements. This predominately relates to the earlier implementation of the Air Quality initiatives and bringing forward Ultra Low Emission Zone (ULEZ) to 2019 (£31.7 million in 2017/18). This will help to reduce nitrogen oxide and particulate matter to improve the quality of life for Londoners. The total cost of implementing the new improved air quality initiatives is £467.5 million to 2020/21.
- 6.17 Other initiatives relate to the design costs for transforming Oxford Street and Parliament Square and making them more pedestrian-friendly (£7.9 million in 2017/18).

## **Change in use of reserves**

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

## Change in Government grants

- 6.19 TfL's overall income from Government grants and retained business rates will decrease by £189.2 million in 2017/18 compared to 2016/17. The general element of TfL's transport grant will be £228.0 million in 2017/18 and £67.2 million will be received in specific grant income for revenue purposes. This is the final year in which TfL will receive a general grant from central government.
- 6.20 The Mayor has allocated £854.3 million in rates retention funding in 2017/18 to TfL. This assumes no inflationary uplift from the 2016/17 funding.
- 6.21 The indicative allocation of discretionary revenue income from the Mayor for 2018/19 and future years of this Mayoralty will be held at the same cash level on a like for like basis as in 2016/17.
- 6.22 The Investment Grant, due to be passported under the business rate devolution proposal in 2017/18, is expected to be paid at the level previously approved with HM Treasury in the 2015 autumn statement until 2020/21. The allocation for 2017/18 is £960 million and equivalent funding for 2018/19 is set to increase by 1.7 per cent in line with inflation to £976 million.
- 6.23 Funding received under the business rate devolution proposals are not restricted to support capital investment and can be used to cover operating and financing costs.

## Other Adjustments

- 6.24 The Budget incorporates other adjustments to TfL's budget totalling £36.1 million which include changes in debt servicing and the movement in revenue resources to support capital investment.

## Producing the budget

- 6.25 The budget 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 capital programme.
- 6.26 The capital investment programme is aligned to the outcomes of the Mayor's Transport Strategy (MTS). As part of the annual business planning cycle, we have assessed and scored each individual project against MTS criteria, which are subsequently ranked following robust challenge sessions undertaken by our Executive Committee. Based on the available funds, a series of prioritisation meetings with the TfL's Executive Committee and Deputy Mayor for Transport were held to agree a final Capital Investment Programme which meets all of the key priorities.
- 6.27 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.
- 6.28 We assess the Group's overall exposure to inflation and interest rates as they can affect the commercial market (passenger levels, fare revenue and costs) and our financial activities (financial costs and investment returns on cash balances). To ensure liquidity and protection from short-term effects which may arise from the crystallisation of specific risks in market fluctuations, we seek to manage our borrowings in a manner that combines flexibility, security of access to funds, diversity of funding sources and value for money while maintaining a conservative investment strategy.
- 6.29 We monitor our Budget through regular public reporting which includes:
- A Quarterly Performance Report (QPR) that monitors our year-on-year financial and operational performance. This highlights key financial and operating trends over the last five years and is published within 55 days of the end of the each quarter.
  - A periodic Finance Report which updates the TfL Board on financial progress during the year
  - Project delivery is reported through the Investment Programme Report (IPR). This will monitor both project costs and milestone delivery against Budget.
- 6.30 Project slippage is highlighted in the IPR; any slippage in project costs or schedule which are expected to roll over into future years will be assessed as part of our annual Budget setting process and will be incorporated into future Budgets subject to approval by the TfL Board.

## Reserves

- 6.31 At 31 March 2017 TfL's general reserves balance is expected to be £150.0 million. This balance is forecast to remain constant through to 31 March 2021. In addition, TfL estimates that it will hold £1,162.7 million of earmarked reserves at 31 March 2017 which is estimated to decrease to £477.4 million by 31 March 2021 based on TfL's planned profile of income and expenditure.
- 6.32 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 on a number of major capital programmes as part of the Investment Programme.
- 6.33 TfL maintains a general fund to ensure liquidity and protect from short-term fluctuations in cash requirements.
- 6.34 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 2015/16 £m</b>	<b>Forecast 2016/17 £m</b>	<b>Budget 2017/18 £m</b>	<b>Plan 2018/19 £m</b>	<b>Plan 2019/20 £m</b>	<b>Plan 2020/21 £m</b>
<b>Opening balances</b>	1,884.8	1,425.1	1,312.7	782.8	486.7	504.6
Transfers to/from:						
Earmarked reserves	(459.7)	(112.4)	(529.9)	(296.1)	17.9	122.8
General reserves	0.0	0.0	0.0	0.0	0.0	0.0
<b>TfL closing balances</b>	<b>1,425.1</b>	<b>1,312.7</b>	<b>782.8</b>	<b>486.7</b>	<b>504.6</b>	<b>627.4</b>

- 6.35 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 2015/16 £m</b>	<b>Forecast 2016/17 £m</b>	<b>Budget 2017/18 £m</b>	<b>Plan 2018/19 £m</b>	<b>Plan 2019/20 £m</b>	<b>Plan 2020/21 £m</b>
Earmarked reserves	1,275.1	1,162.7	632.8	336.7	354.6	477.4
General reserves	150.0	150.0	150.0	150.0	150.0	150.0
<b>TfL closing balances</b>	<b>1,425.1</b>	<b>1,312.7</b>	<b>782.8</b>	<b>486.7</b>	<b>504.6</b>	<b>627.4</b>



## Equalities

6.36 Meeting the needs and expanding opportunities for all Londoners – and, where appropriate, the needs of particular groups and communities – is at the heart of tackling issues of inequality across the Capital. The provision of a more accessible transport system and improved transport connectivity and capacity are very important in meeting this commitment. The TfL Business Plan 2016 is central to achieving our commitments in relation to equality and for the delivery of our Action on Equality Plan published earlier this year.

6.37 The TfL Business Plan sets out planned expenditure for the whole of Transport for London from 2016/17 to 2021/22. This includes a number of projects and programmes, which aim to achieve the goals set out in Action on Equality and the Mayor's Transport Strategy. The equality impacts of the TfL Business Plan have been considered in an Equality Impact Assessment. Each of the individual projects and programmes it contains will also be subject to its own full equality impact assessment. All protected groups will benefit from this overall business plan and the specific projects, outcomes and improved services which this will deliver. For example, encouraging the use of healthier transport options and improving air quality has health benefits for all groups and particular advantages for areas with health inequalities; making transport more affordable has positive benefits for those on low incomes.

6.38 The key themes in the TfL Business Plan 2016 are:

- Affordable transport
- Shift towards healthier forms of transport – public transport, walking and cycling
- Safer London
- Creating attractive public spaces
- Increasing accessibility
- Helping business
- Cleaning up air quality
- Increased housing and regeneration
- Raising more commercial revenue
- Harnessing technology to make journeys better
- Partnerships with boroughs & communities

6.39 These will be underpinned by TfL's equality objectives as published in Action on Equality: TfL's commitments to 2020. The key areas of focus within Action on Equality are:

- Customer experience
- Customer information
- Accessible network
- Travelling safely and securely
- Value for money and affordability
- Health
- Workforce diversity
- Supporting current and future employees
- Engaging with employees and promoting an inclusive culture
- Our business partners
- Communication and engagement

6.40 For each of these identified issues we have developed a TfL equality objective. TfL monitors progress against its equality objectives as set out in Action on Equality annually. The first annual monitoring report is due to be published in Spring 2017. We will publish the year 2 action plan, which will contain our new equality activity which will be fully aligned with the Mayor's equality framework.

6.41 The TfL Business Plan aligns with the Mayor's equality objectives and manifesto commitments, and his vision as set out in 'A city for all Londoners'.

### **Environmental Impact**

6.42 TfL plays an important role in helping the Mayor to achieve his vision for good growth in London whilst protecting and enhancing the environment. Our plans focus on addressing the key issues of air quality, climate change and greening the city, whilst providing social and economic value. TfL will continue to drive environmental performance and will continue to monitor and report on key environmental metrics each year.

## 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. We will safeguard the Mayor's ambitious capital investment programme which will deliver improved capacity and reliability of transport for all Londoners.
- 8.4 We have examined the capital programme carefully to identify a 'steady state' level of capital investment that balances the vital need to maintain and improve transport with supporting London's growth and continued success. We have scrutinised all capital projects to see where costs can be reduced through value engineering, while continuing to deliver the outcomes required in full. We have also reviewed project timing to ensure the programme can be delivered.

## Draft Capital Spending Plan

### Under Section 122 of the GLA Act (for consultation)

- 8.5 Set out below is a summary of the Mayor's Draft Capital Spending Plan (CSP) for 2017/18 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 below. More details of the key deliverables are set out in this section under each member of the Group and in the relevant Appendices.

Section		2017/18 £m
A	Total external capital grants	2,362.8
	Opening balance of capital receipts	
	Total capital receipts during the year	77.4
	<b>Total capital grants/ receipts</b>	<b>2,440.3</b>
B	Minimum s.120(1) grant	
	Total borrowings during the year	601.0
	Total borrowings	
	<b>Total borrowings and credit arrangements</b>	<b>601.0</b>
C	Total capital expenditure anticipated during the year	2,969.4
	Total credit arrangements	
	<b>Total capital spending for the year</b>	<b>2,969.4</b>
D	Funding: capital grants	2,413.1
	Funding: capital receipts/reserves	77.4
	Funding: borrowings and credit arrangements	601.0
	Funding: revenue contributions incl. BRS	(122.2)
	<b>Total funding</b>	<b>2,969.4</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 2020/21 and how this is financed. This shows that overall the TfL Group will be investing £585 million less in 2017/18 than is forecast in 2016/17. The majority of this change is due to the Crossrail investment reducing in line with the scheme nearing completion.

Summary of the Capital Plan	2016/17	2017/18	2018/19	2019/20	2020/21	5 year
	Forecast £m	Budget £m	Plan £m	Plan £m	Plan £m	Total £m
TfL	3,553.9	2,969.4	2,441.6	2,113.5	2,368.6	13,447.0

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

Capital spending plan	Forecast 2016/17 £m	Budget 2017/18 £m	Plan 2018/19 £m	Plan 2019/20 £m	Plan 2020/21 £m
London Underground	1,278.9	1,406.5	1,414.3	1,112.4	1,358.2
Surface Transport	380.7	311.1	356.4	521.7	574.7
Rail	137.3	82.0	99.2	126.1	107.0
Corporate	160.1	182.5	211.3	252.7	311.4
Crossrail	1,597.0	987.3	360.4	100.5	17.2
<b>Total capital expenditure</b>	<b>3,553.9</b>	<b>2,969.4</b>	<b>2,441.6</b>	<b>2,113.5</b>	<b>2,368.6</b>
<b>Funding:</b>					
Capital receipts/property sales	24.8	77.4	100.3	79.6	179.7
Grants to support capital expenditure	1,085.1	1,174.5	1,174.9	1,102.5	1,091.9
Borrowing	701.2	601.0	600.4	700.5	600.7
Crossrail funding sources	138.0	300.3	166.2	45.9	155.6
Revenue contributions	64.5	(122.2)	(40.4)	218.0	569.2
Working capital and reserves movements	1,540.3	938.3	440.2	(33.0)	(228.5)
<b>Total funding</b>	<b>3,553.9</b>	<b>2,969.4</b>	<b>2,441.6</b>	<b>2,113.5</b>	<b>2,368.6</b>

## Key Deliverables

Set out below is a summary of the key deliverables in the Mayor's CSP:

- 8.7 TfL's total capital spend for 2017/18 will be £2,969 million, including £987 million on delivering Crossrail construction. Other key investment programmes in 2017/18 include:
- Modernisation of Circle, District, Hammersmith and City and Metropolitan lines - £300 million
  - Crossrail (trains and enabling works) - £348 million
  - Major Station Upgrades including Victoria, Tottenham Court Road, Bond Street and Bank - £188 million
  - Northern Line Extension - £208 million
  - Public Transport, Walking and Cycling - £163 million
  - Deep Tube Upgrade Programme (Piccadilly line) - £88 million
- 8.8 To provide additional capacity and contribute towards our commitment to tackling poor air quality in London, the electrification of the Gospel Oak to Barking line will allow four-car electric trains to run from 2017, replacing the existing two-car diesel trains.
- 8.9 As well as our investment in new signalling and trains to enhance capacity, customers will benefit from improvements that are being carried out as part of our station upgrades. In 2017, we will introduce 36 trains an hour in the peak on the Victoria line and build a step-free entrance to the Waterloo & City line on Cannon Street.
- 8.10 Bond Street Station upgrade will be completed in 2017 and will provide more capacity and step-free access and will make it easier to change between services, including the Elizabeth line.
- 8.11 We understand the value of increasing walking, cycling and the use of public transport in London and to support growth and improvements in London public spaces, so we will continue to create more great places in inner and outer London, including new Quietways, more Cycle Superhighways and further development of the Mini-Hollands scheme.
- 8.12 We are expecting a year-on-year increase in cycle hire use as a result of population growth and our continued investment cycling. We will take a new approach to operating the cycle hire scheme in 2017 and we will begin replacing all our cycle hire bikes with upgraded models.

8.13 Crossrail construction is now 80 per cent complete, on schedule and within the funding envelope. It will add 10 per cent to London's rail capacity when it is fully open in 2019. 2017/18 will see the introduction of the new trains between Liverpool Street and Shenfield and continuing work to fit out the new stations and tunnels.

8.14 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;
- Surplus revenue resource from the passsportation of capital grant funding through the business rates devolution
- Prudential borrowing and related financing (including bond issuances)

**Table 4: London Underground Draft Capital Plan**

London Underground	Forecast 2016/17 £m	Budget 2017/18 £m	Plan 2018/19 £m	Plan 2019/20 £m	Plan 2020/21 £m
Stations Upgrade	210.5	187.2	139.6	138.2	184.6
Legacy Train Systems	27.5	80.2	95.2	69.8	58.5
Four Lines Modernisation	321.0	300.6	258.6	143.9	203.2
Infrastructure Renewals	279.4	146.0	105.8	240.3	214.4
New Tube For London	25.8	88.2	108.0	150.9	367.5
World Class Capacity	82.6	143.1	177.7	158.7	196.2
Northern Line Extension	155.9	207.5	187.9	102.5	63.9
Central re-phasing provision	(46.4)	(157.4)	(72.5)	(38.8)	(51.7)
Reliability & Customer Facing Programmes	81.6	63.3	64.1	32.6	52.6
Crossrail (depots and rolling stock)	138.1	347.9	349.9	114.3	69.1
Other	2.8	0.0	0.0	0.0	0.0
<b>Total capital expenditure</b>	<b>1,278.9</b>	<b>1,406.5</b>	<b>1,414.3</b>	<b>1,112.4</b>	<b>1,358.2</b>

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

Surface Transport	Forecast	Budget	Plan	Plan	Plan
	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Buses	81.9	43.4	56.0	58.1	54.7
Roads and Cycling	279.2	230.8	255.3	379.1	459.4
Other	19.6	36.9	45.1	84.5	60.7
<b>Total capital expenditure</b>	<b>380.7</b>	<b>311.1</b>	<b>356.4</b>	<b>521.7</b>	<b>574.7</b>

**Table 6: Rail Draft Capital Plan**

Rail	Forecast	Budget	Plan	Plan	Plan
	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Docklands Light Railway	31.1	29.6	48.4	91.2	76.8
London Overground	92.2	37.1	42.1	27.3	22.8
Trams	13.6	15.0	8.4	7.4	6.0
Emirates Air Line	0.4	0.3	0.3	0.3	1.4
<b>Total capital expenditure</b>	<b>137.3</b>	<b>82.0</b>	<b>99.2</b>	<b>126.1</b>	<b>107.0</b>

**Table 7: Corporate Draft Capital Plan (net and gross of Crossrail)**

Corporate	Forecast	Budget	Plan	Plan	Plan
	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Commercial Development	78.0	85.3	113.7	79.9	85.1
Future ticketing project	26.9	11.9	-	-	-
Other Corp capex incl. IM	55.2	85.2	97.6	172.9	226.4
<b>Corporate expenditure excluding Crossrail</b>	<b>160.1</b>	<b>182.5</b>	<b>211.3</b>	<b>252.7</b>	<b>311.4</b>
Crossrail contributions	1,597.0	987.3	360.4	100.5	17.2
<b>Corporate expenditure including Crossrail</b>	<b>1,757.1</b>	<b>1,169.8</b>	<b>571.7</b>	<b>353.3</b>	<b>328.6</b>



## GLA Appendix D

### Annual MRP and VRP

- 8.15 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.
- 8.16 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.
- 8.17 For the debt used to finance capital expenditure within the Corporation, an Annual Minimum Review Provision is made. This has been calculated to build up a provision over the average expected useful economic life of the assets funded. This has been calculated at 35 years.

### Capital financing costs of TfL's Draft Capital Plan

TfL Capital financing costs	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
MRP and external interest	470.6	505.8	532.0	563.1
<b>Total financing costs</b>	<b>470.6</b>	<b>505.8</b>	<b>532.0</b>	<b>563.1</b>

## Prudential borrowing

- 8.18 TfL's Board approves prudent treasury strategies and 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.
- 8.19 Borrowing is undertaken within prudent limits set out in our funding agreement with central Government and approved by our Board and the Mayor. The maximum amounts of incremental borrowing in each financial year (beyond borrowing already held) are set out in the table below. We constantly assess TfL's financial position and will only borrow where it is prudent to do so.
- 8.20 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:
- The Public Works Loan Board
  - 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
  - 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
- 8.21 We believe our proposed levels of borrowing remain affordable and consistent with prudent financial management, which is reflected in our strong credit ratings

## 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**

	2016/17 Current Approval £m	2016/17 Revised Approval £m	2017/18 Proposed £m	2018/19 Proposed £m	2019/20 Proposed £m	2020/21 Proposed £m
Borrowing	11,074.9	11,074.9	11,895.3	12,395.3	12,895.3	13,495.3
Long term liabilities	237.6	237.6	198.7	173.5	128.8	117.3
<b>Total</b>	<b>11,312.5</b>	<b>11,312.5</b>	<b>12,094.0</b>	<b>12,568.8</b>	<b>13,024.2</b>	<b>13,612.6</b>

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

	2016/17 Current Approval £m	2016/17 Revised Approval £m	2017/18 Proposed £m	2018/19 Proposed £m	2019/20 Proposed £m	2020/21 Proposed £m
Borrowing	9,982.4	9,982.4	10,840.7	11,340.7	11,840.7	12,440.7
Long term liabilities	237.6	237.6	198.7	173.5	128.8	117.3
<b>Total</b>	<b>10,220.0</b>	<b>10,220.0</b>	<b>11,039.4</b>	<b>11,514.2</b>	<b>11,969.5</b>	<b>12,558.0</b>

**Table 10: TfL - Subjective analysis**

<b>Subjective analysis</b>	<b>Revised Budget</b>	<b>Forecast</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
	<b>2016/17</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Income</b>						
Fares Revenue	(4,860.9)	(4,722.8)	(4,877.4)	(5,119.8)	(5,562.8)	(6,030.1)
Congestion Charging	(172.3)	(161.1)	(183.9)	(192.3)	(183.4)	(175.2)
Enforcement Income	(127.2)	(127.2)	(171.2)	(179.0)	(176.8)	(173.0)
Taxi & Private Hire and VCS fees	(35.9)	(35.7)	(42.7)	(54.3)	(58.8)	(63.2)
Advertising Income	(143.9)	(142.2)	(159.4)	(172.2)	(188.5)	(195.3)
Rental Income	(69.4)	(68.7)	(69.7)	(71.9)	(75.6)	(80.4)
Other Income	(155.3)	(167.2)	(194.1)	(215.2)	(235.2)	(372.1)
<b>Total Income</b>	<b>(5,564.8)</b>	<b>(5,424.9)</b>	<b>(5,698.3)</b>	<b>(6,004.6)</b>	<b>(6,481.1)</b>	<b>(7,089.2)</b>
<b>Operating Expenditure</b>						
Employee Expenses	2,152.9	2,137.7	2,181.8	2,009.5	1,933.3	1,949.3
Premises	297.2	293.3	302.4	341.2	347.8	343.7
PFI Payments	229.4	228.9	230.1	230.0	233.0	230.2
Bus Contract Payments (incl BSOG)	1,985.3	1,971.5	2,016.1	2,081.3	2,136.3	2,271.6
CCS & Other Road Contracted						
Services	353.9	340.4	355.7	358.7	394.4	445.2
Asset Maintenance & Local Authority						
Payments	575.1	508.9	528.4	509.9	510.4	521.1
Professional and Consultancy fees	75.0	85.5	73.3	65.4	52.1	54.5
Management Consultancy &						
Development fees	160.9	132.2	207.9	224.8	205.1	160.1
Ticket Commissions	62.8	55.9	58.8	64.8	72.7	79.3
Customer Information	38.4	33.4	25.1	26.4	27.4	25.6

Subjective analysis	Revised	Forecast	Budget	Plan	Plan	Plan
	Budget					
	2016/17	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m	£m
National Rail Payments	7.9	7.9	7.9	32.6	82.1	84.7
Franchise Payments	406.1	398.2	420.1	496.1	542.9	577.0
Information and Communication						
Technology	192.5	202.2	186.9	177.4	184.1	186.5
Insurance	26.0	26.0	24.4	29.2	43.9	46.6
Traction Current	106.7	106.7	106.0	106.0	106.0	106.0
Other operating expenses	3.6	70.3	9.5	(131.1)	(72.8)	(114.8)
Capital resources and other recharges	(283.8)	(293.1)	(233.1)	(185.1)	(191.2)	(166.6)
Bad debt provision	49.1	49.7	61.9	64.2	64.0	63.1
<b>Total Operating Expenditure</b>	<b>6,438.9</b>	<b>6,355.6</b>	<b>6,563.1</b>	<b>6,501.5</b>	<b>6,671.5</b>	<b>6,863.0</b>
<b>Net Operating Expenditure</b>	<b>874.1</b>	<b>930.7</b>	<b>864.8</b>	<b>496.9</b>	<b>190.4</b>	<b>(226.3)</b>
Group Items	379.3	363.0	412.8	452.9	482.9	517.4
Revenue surplus for capital use	91.2	64.5	(122.2)	(40.4)	218.0	569.2
<b>Total net revenue expenditure</b>	<b>1,344.7</b>	<b>1,358.2</b>	<b>1,155.5</b>	<b>909.3</b>	<b>891.3</b>	<b>860.3</b>
<b>Use of reserves</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net Financing Requirement</b>	<b>1,344.7</b>	<b>1,358.2</b>	<b>1,155.5</b>	<b>909.3</b>	<b>891.3</b>	<b>860.3</b>
Financed by:						
GLA Transport Grant (general element)	447.3	447.3	228.0	0.0	0.0	0.0
Other specific grants	37.1	50.6	67.2	49.0	31.0	0.0
Retained Business Rates	854.3	854.3	854.3	854.3	854.3	854.3
<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>	<b>6.0</b>

**Table 11: Application of Net Congestion Charging Revenue by TfL**

It is anticipated that net revenue (after direct operating costs) of £173.7 million will be generated from the Congestion Charge in 2017/18. 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>2017/18 £m</b>
<b>Bus network improvements:</b>	74.7
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.	
<b>Borough plans:</b>	15.6
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.	
<b>Roads and bridges:</b>	60.8
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.	
<b>Road safety:</b>	5.2
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.	
<b>Walking and cycling:</b>	17.4
TfL will continue a programme of improvements for both pedestrians and cyclists, both on its own roads and on borough roads. Investment will continue to be made to enhance the attractiveness of walking and cycling whilst delivering a safe, comfortable and attractive street environment.	
<b>Congestion Charge net revenue</b>	<b>173.7</b>

## Appendix G: Savings and Efficiencies

### Savings and Efficiencies across the GLA Group

The total savings and efficiencies to 2020/21 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. TfL show all cost savings

<b>Savings</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>TfL</b>	<b>227.6</b>	<b>327.7</b>	<b>135.0</b>	<b>63.6</b>

  

<b>Efficiencies</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>TfL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

  

<b>Savings and efficiencies</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>TfL</b>	<b>227.6</b>	<b>327.7</b>	<b>135.0</b>	<b>63.6</b>

## Appendix H: 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 2017/18. The spending review reduction has been applied to revenue expenditure in the tables below for indicative purposes only, cost reductions may be achieved through the capital investment programme.

	Gross expenditure	Fares and congestion income	Other general income	Net expenditure before use of reserves	Use of Reserves	Net expenditure after use of reserves
	£m	£m	£m	£m	£m	£m
<b>TfL</b>	6,826.1	(5,061.3)	(609.3)	1,155.5	-	1,155.5

### 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>	1,155.5	228.0	67.2	854.3	6.0	