

Appendix 2

	2011/12	2012/13	2013/14
	£m	£m	£m
Current Budget Gap (Mayor's Draft Consultation Budget]	61.1	126.2	185.5
Proposals for reducing the gap:			
1. Reduce the General Reserve balance (including Emergency Contingency Fund) to 2% of 2010/11 Net Revenue Expenditure (NRE) and realise the resource over two years.	-8.0	-7.0	
2. Further reduce the General Reserve balance to 1.5% of NRE and realise the resource over three years.	-5.0	-4.0	-4.0
3. Plan to achieve £11m Revenue Budget underspend in 2010/11 and realise the resource over two years.	-6.0	-5.0	
4. Reduction of expenditure in line with loss of BCU fund.	-8.0	-8.0	-8.0
5. Additional saving on PCSO reductions already built into budget.	-2.0	-6.5	-8.3
6. Removal of DSP core funding built into 2011/12 as part of 2010-13 budget process. (Expenditure to be contained within SO budget)	-4.0	-4.0	-4.0
7. Replace an assumed £20m of revenue contribution to capital (RCCO) in 2010/11 with additional external borrowing to fund capital expenditure in 2011/12.	-15.0	-5.0	
8. Additional MPA savings (inc use of reserves)	-0.4		
9. Reduction budget resilience	-2.8		
Potential Revised Gap	9.9	86.7	161.2
Additional cost pressures:			
10. Additional capital financing costs linked to point 6 above.	1.0	2.1	2.1
11. Additional amounts required to be paid to the National Police Improvement Agency (NPIA) *	1.0	8.0	15.0
Revised Gap	11.9	96.8	178.3

*Note The actual cost pressure is £1.4m in 2011/12, however £0.4m will be contained within the existing base budget