

# Leaders' Committee

## Proposed Revenue Budget and Borough Subscriptions and Charges 2023/24 and Medium Term-Financial Strategy

Item no: 9

**Report by:** David Sanni      **Job title:** Director, Corporate Resources  
**Date:** 13 December 2022  
**Contact Officer:** David Sanni  
**Telephone:** 020 7934 9704      **Email:** David.sanni@londoncouncils.gov.uk

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### Summary

This report proposes the provisional consolidated revenue income and expenditure budget for 2023/24, together with indicative income and expenditure budgets for 2024/25 and 2025/26. This report also proposes the level of boroughs subscriptions and charges to be levied in 2023/24. The report updates the Leaders' Committee on the level of London Councils reserves and proposed commitments and the timetable for the overall budget approval process.

These proposals were considered by London Councils Executive at its meeting on 8 November and were agreed for submission to this Committee for final consideration and approval.

### Recommendations

The Leaders' Committee is asked to approve the following borough subscription and charges:

- The proposed Joint Committee subscription for boroughs of £161,958 per borough for 2023/24, no change from 2022/23 (paragraph 14);
- The proposed Joint Committee subscription for MOPAC of £15,410 for 2023/24, no change from 2022/23 (paragraph 14);
- The proposed borough contributions to the Grants scheme of £6.668 million to maintain the same level as 2022/23

(paragraphs 19).

The Leaders' Committee is also asked to note and endorse the following subscription, charges and use of reserves for 2023/24 as recommended by the TEC Executive Sub-Committee to the TEC main committee for approval:

- The Parking Core Administration Charge of £1,500 per borough and for TfL (2022/23 - £1,500) (paragraph 23);
- No charge to boroughs in respect of the Freedom Pass Administration Charge, which is covered by replacement Freedom Pass income (2022/23 – no charge) (paragraph 25);
- The net Taxicard Administration Charge to boroughs of £338,000 in total (2022/23 - £338,000); (paragraph 26);
- No charge to boroughs and TfL in respect of the Lorry Control Administration Charge, which is fully covered by estimated PCN income (2022/23 – no charge) (paragraph 27);
- The Parking Enforcement Service Charge of £0.2975 per PCN, which will be distributed to boroughs and TfL in accordance with the number of PCNs issued in 2021/22 (2022/23 - £0.3751 per PCN; paragraphs 30-31);
- The Parking and Traffic Appeals Charge of £29.75 per appeal or £25.57 per appeal where electronic evidence is provided by the enforcing authority (2022/23 - £29.36/£25.55 per appeal). For hearing Statutory Declarations, a charge of £23.49 for hard copy submissions and £22.65 for electronic submissions (2022/23 - £23.64/£22.88 per SD) (paragraphs 32-33);
- Congestion Charging Appeals including the ULEZ scheme – to be recovered on a full cost recovery basis, as for 2022/23, under the current contract arrangement with the GLA (paragraph 34);
- The TRACE (Electronic) Charge of £7.53 per transaction (2022/23 - £7.53) (paragraph 29);
- The TRACE (Fax/Email) Charge of £7.70 per transaction, which is levied in addition to the electronic charge of £7.53 per transaction, making a total of £15.23 (2022/23 - £15.23) (paragraph 29);
- The TEC Charge of £0.175 per transaction (2022/23 - £0.175) (paragraph 29); and

- The use of £721,000 of TEC reserves which consists of £258,000 of previously approved committed reserves to fund environmental initiatives, including climate change, from the TEC Special Projects Reserve. The residual amount of £463,000 will be funded from the £1.1 million forecast TEC surplus for 2022/23 and will not reduce the existing level of uncommitted reserves (paragraphs 22)

On the basis of the above proposed level of subscriptions and charges, the Leaders' Committee is asked to approve:

- The provisional consolidated revenue expenditure budget for 2023/24 for London Councils of £277.642 million, as per Appendix A of this report;
- The provisional consolidated revenue income budget for 2023/24 for London Councils of £276.466 million, also as per Appendix B;
- The establishment of a Premises Transition Earmarked Reserve of £850,000 to support the move to a smaller premises and use £437,000 of this reserve to part fund the current level of premises costs in 2023/24, as detailed in paragraph 12;
- An overall level of expenditure of £6.686 million for the Grants Scheme in 2023/24 (2022/23: £6.668 million); and
- The use of Grant Committee reserves of £18,000 in 2023/24 during the transition period until a move to a smaller premises, as detailed in paragraph 19;
- The closure of London Care Services due to insufficient subscriptions to cover costs, as detailed in paragraphs 50-56; and
- The facility for officers to draw down a maximum of £300,000 from reserves for the Shared Ambition Impact Fund, subject to the maintenance of a sustainable level of reserves, as detailed in paragraph at 15.

The Leaders' Committee is also asked to note:

- The position in respect of forecast uncommitted London Councils reserves as at 31 March 2023, as detailed at paragraphs 57-62;

- The indicative income and expenditure budgets for 2024/25 and 2025/26 detailed at Appendices C-F;
  - The positive statement on the adequacy of the residual London Councils reserves issued by the Director, Corporate Resources, as detailed in paragraph 61; and
  - The proposed review of London Councils operating model to identify potential savings and efficiencies to ensure its financial arrangements remain affordable and sustainable.
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# **Proposed Revenue Budget and Borough Subscriptions and Charges 2023/24**

## **Introduction**

1. This paper sets out the key features included in the budget proposals for 2023/24. It presents the level of boroughs subscriptions and charges to be levied along with the consolidated revenue income and expenditure budget for 2023/24. It also presents indicative income and expenditure budgets for 2024/25 and 2025/26
2. This budget has been prepared with the aim of ensuring that the organisation has sufficient resources available to deliver the Shared Ambitions agreed with Leaders for London and for London Councils. The Shared Ambitions seek to transform London Councils into an organisation that:
  - provides political leadership based on shared values;
  - is a trusted partner for central government, the GLA, other cities, business and VCS;
  - focusses on pan-London efforts where they add real value;
  - champions innovation and leading practice; and
  - promotes collaboration and coalitions of the willing.
3. The Shared Ambitions were developed into a business plan and agreed by Leaders in July 2022 which comprised of milestones falling under six core themes:
  - London's future
  - Climate adaptation and net zero
  - Wellbeing and the borough role in prevention
  - London's voice
  - Value proposition for boroughs
  - Organisational development and design

4. Alongside ensuring the organisation can meet the Shared Ambitions strategic objectives, the following principles have been adopted in preparing the 2023/24 budget:
- the Joint Committee core subscription of £161,958 per borough frozen for the seventh year;
  - the total borough contributions to the S48 commissioned services and administration subscription of £6.668 million, an average of £202,000 per borough frozen for sixth year;
  - the TEC parking core administration charge of £1,500 per borough frozen for the twelfth year;
  - reduce reliance on the use of uncommitted reserves to balance the budget; and
  - address inflationary and pay award pressures.
5. The total accumulated benefit of the reduction and freezing of subscriptions and charges from 2010/11 to 2023/24 equates to £302 million (an average of £9.2 million per borough).

### **Budgetary pressures**

6. This budget report is prepared against a backdrop of high inflation rates which have surged to a three decade high during 2022. The Consumer Prices Index (CPI) rose by 11.1% in the 12 months to October 2022. There are a number of factors contributing to the high level of inflation such as the rise in energy prices, the Russian invasion of Ukraine, supply chain bottleneck in the post COVID-19 recovery period, strong labour market etc. Rising inflation has put additional financial pressure on budgets including employee costs, contractual commitments and general supplies and services. The current economic instability has led to rising interest rates which along with the high levels of inflation, contribute to the rising cost of living faced by London's residents and businesses.
7. The significant budgetary pressures that will have an impact on the 2023/24 revenue budget include, amongst other factors:

- An estimated amount of £120,000 for the element of the proposed pay award for 2022/23 above the budgeted provision which is built into the base budget for 2023/24;
  - An estimated amount of £300,000 due to a 4% pay award, subject to negotiations, for 2023/24;
  - An estimated amount of £145,000 in respect of staff and salary progression through the approved staff structure;
  - An amount of £193,000 for the proposed increase to the annual rent on the Southwark Street offices following the rent review of the full rack rent value at 26 March 2021. This amount is still subject to negotiation with the landlord, the City of London Corporation;
  - An amount of £106,000 for the reduction of recharge income from the London Care Placements service which is no longer financially viable and comes to an end on 31 March 2023, subject to member approval; and
  - Further inflationary increases on contract commitments for 2023/24.
8. The total financial impact of these budgetary pressures on operating expenditure and income budgets is approximately £955,000.
9. The financial benefits of adopting agile working arrangements at the Southwark Street offices has not been realised as the impact of the COVID-19 pandemic on the commercial property sector has affected plans to attract new income paying tenants to occupy freed up space within the building. A review of London Councils' future premises requirement revealed that it needs significantly less office space than it currently occupies. A report presented to the Executive in November 2022 set out proposals to reduce premises costs over the medium-term by moving to smaller accommodation. The proposals included entering into discussions with the City of London, the Southwark Street landlord, on possible options for the termination of the Southwark Street lease and a potential new lease for a different property.

## **Savings, Efficiencies and Developments**

10. To address the pressures detailed above and the steer received from Leaders to reduce the reliance on uncommitted reserves, the following measures have been taken:

- a line-by-line review of historic surpluses and underspends to identify areas where budgets can be increased/decreased, including:
  - a reduction of £96,000 in staffing budgets due to an increase in the vacancy allowance from 2% to 5% in areas which traditionally have a high level of staff turnover;
  - a reduction of £100,00 to the Commissioning and Research budget;
  - a reduction of £90,000 to general running cost budget; and
  - the removal of the £100,000 contribution to the Digital Enablement Fund;
  - an increase of £150,000 in income from lost/faulty freedom passes;
  - an increase of £200,000 in income from the London Lorry Control Scheme PCN income which has recovered to pre-pandemic levels; and
  - a reduction of £369,000 in employers' contribution to the Local Government Pension Scheme following the outcome of the 2022 triennial valuation of the scheme.
- initial work on reviewing London Councils operating model to identify costs that can be reduced in 2023/24 such as the removal of specific roles, including those within the London Care Placement service and the Director of Corporate Governance post; and
- a review of London Councils future office space requirements which is explored further in paragraph 12 below.

11. The combined impact of these measures has resulted in the identification of savings and efficiencies of £1.2 million.



12. There is an opportunity to make a considerable reduction to the amount of office space that London Councils occupies. Subject to negotiations with the City of London, this will generate significant savings in future years on the premises costs on London Councils main office, ranging from £603,000 and £867,000 per year. However, the move to a new building will take time and it is proposed to set up a Premises Transition Earmarked Reserve of £850,000 to fund the budget gap in 2023/24 and meet one off transition costs on an invest to save basis. Once the move is complete any unused funds will be released back to general reserves.

### Joint Committee Budget and Core Subscriptions for 2023/24

13. The proposed joint committee budget for 2023/24 is summarised at Table 1 below. The budget incorporates the pressures, savings and efficiencies detailed above. The detailed budget for 2023/24 can be found at Appendices A and B.

**Table 1 – Indicative Joint Committee budget**

	<b>2023/24 Proposed Budget</b>	<b>2022/23 Revised Budget</b>
	<b>£000</b>	<b>£000</b>
Employee & Member Costs	5,114	5,468
Running Costs	3,535	3,620
Other Operating Expenditure	582	982
Central Recharges	9	123
<b>Total Expenditure</b>	<b>9,240</b>	<b>10,193</b>
Indicative Income	(6,120)	(6,601)
Central Recharges	(2,683)	(2,483)
<b>Sub-total</b>	<b>(8,803)</b>	<b>(9,084)</b>
General Reserve	-	(823)
Brought forward balances	-	(286)
Premises Transition Earmarked Reserve	(437)	-
<b>Total Income</b>	<b>(9,240)</b>	<b>(10,193)</b>

14. The proposed amount to be levied on member boroughs in respect of the JC core and associated functions in 2023/24 is £161,958, the same level as for 2022/23. This includes a sum of £5,455 per borough as a contribution towards the continued funding of the YPES. In line with the overall standstill position, it is

proposed that the 2023/24 Joint Committee subscription for MOPAC will be £15,410, the same level as for the current year.

15. At its meeting on 21 June 2022, the Executive approved a facility for officers to draw down a maximum of £300,000 from reserves for the Shared Ambition Impact Fund, subject to the maintenance of a sustainable level of reserves. It is proposed that this annual facility should remain in place during 2023/24 to support the delivery of the Shared Ambitions.

### **Joint Committee Medium-term Financial Plan 2024/25 to 2025/26**

16. The indicative budgets for 2024/25 and 2025/26 have been prepared on the basis that:

- the Joint Committee core subscription of £161,958 per borough will remain frozen during this period; and
- uncommitted general reserves are not used to balance the budgets.

17. The potential move to a smaller office space will lead to a significant reduction to premises costs. In addition, it is proposed that a review of London Councils operating model will be carried out within the next six months to identify additional savings and efficiencies ranging from £100,000 to £200,000 per annum to ensure overall expenditure does not exceed income generated in each year. The detailed Joint Committee budget for 2024/25 and 2025/26 can be found at Appendices C to F.

### **Grants Committee Budget and Contributions for 2023/24**

18. Following consideration by the Grants Committee at its meeting on 30 November, the Leaders' Committee is asked to approve the budget for the Grants Committee for 2023/24 as shown in the Table 2 below:

**Table 2 – Indicative Grants Budget 2023/24**

	<b>2023/24 Proposed Budget</b>	<b>2022/23 Revised Budget</b>
	<b>£000</b>	<b>£000</b>
Employee & Member Costs	291	271
Running Costs	20	19
S.48 Commissioned Services	6,233	6,233
Central Recharges	142	145
<b>Total Expenditure</b>	<b>6,686</b>	<b>6,668</b>
Indicative Income	(6,668)	(6,668)
<b>Sub-total</b>	<b>(6,668)</b>	<b>(6,668)</b>
General Reserves	(18)	-
<b>Total Income</b>	<b>(6,686)</b>	<b>(6,668)</b>

19. The 2023/24 financial year is the second year of the four-year programme of commissioned services agreed by the Leaders' Committee in December 2019, following recommendations by the Grants Committee. The key features of the proposed budget are:

- a core, pan-London scheme of commissioned services to meet service priorities agreed by the Grants Committee of £6.233 million, which includes the membership subscriptions for boroughs for London Funders of £60,000;
- a provision for grants administration of £469,000 to support the delivery of the commissioned services programme, including contract management and monitoring arrangements;
- a total borough contribution of £6.668 million which will be apportioned in accordance with the ONS 2021 mid-year population data; and
- a transfer from reserves of £18,000 to cover inflationary cost pressures and maintain borough contributions at 2022/23 levels. It is recommended that the increase in costs are funded by reserves in 2023/24 during this transitional period until a move to a smaller office space is secured and the committee benefits from the reduction in premises costs.

## Grants Committee Medium-term Financial Plan 2024/25 to 2025/26

20. The indicative Grant Committee budgets for 2024/25 and 2025/26 have been prepared on the basis that borough contributions to the scheme will remain frozen over the three-year period to 2025/26. In addition to reductions on premises costs, the review of London Councils operating model will seek to identify annual savings and efficiencies within the Grants Committee budget ranging from £20,000 to £50,000. The detailed Grants Committee budget for 2024/25 and 2025/26 can be found at Appendices C to F.

### TEC Budget, Subscriptions and Charges for 2023/24

21. Following consideration by the TEC Executive Sub-Committee at its meeting on 17 November, TEC were asked to approve the budget for 2023/24 as shown in Table 3 below.

**Table 3 – Indicative TEC Budget 2023/24**

	<b>2023/24 Proposed Budget</b>	<b>2022/23 Revised Budget</b>
	<b>£000</b>	<b>£000</b>
Employee & Member Costs (excludes service administration staff)	745	823
Running Costs	268	324
Payment in respect of Freedom Pass and Taxicard	248,280	218,925
Direct Services	11,569	10,634
Other Operating Expenditure	385	666
Central Recharges	469	536
<b>Total Expenditure</b>	<b>261,716</b>	<b>231,908</b>
Contributions in respect of Freedom Pass and Taxicard	(248,496)	(218,989)
Income for Direct Services	(12,327)	(11,079)
Other Income	(172)	(262)
<b>Sub-total</b>	<b>(260,995)</b>	<b>(230,330)</b>
General Reserves	(463)	(881)
Brought forward balances	-	(141)
TEC Special Projects Reserves	(258)	(556)
<b>Sub-total</b>	<b>(721)</b>	<b>(1,578)</b>
<b>Total Income</b>	<b>(261,716)</b>	<b>(231,908)</b>

## Use of Reserves

22. The planned use of TEC uncommitted general reserves of £463,000 in 2023/24 includes an amount of £186,000 to maintain the administration charge of Taxicard Scheme at its current level which subsidises the cost to users of the scheme. It also includes an amount of £87,000 in respect of contributions to environmental initiatives, including work on climate change. The TEC current year's forecast surplus of £1.1 m is sufficient to fund these costs in 2023/24 without reducing the existing level of uncommitted general reserves.

## TEC Core Parking Subscription

23. This subscription is frozen at £1,500 per borough and there is little scope to reduce this minimal charge to boroughs, so, as agreed by the Leaders' Committee in November 2010, efforts continue to be concentrated on further efficiencies in the overhead cost for TEC direct services and systems charges, which are explored below

## TEC Direct Services

24. TEC currently provides three direct services on behalf of boroughs, one of which is also provided to TfL, which are recouped by an annual administration fee – the Freedom Pass, Taxicard and the London Lorry Control Scheme (LLCS). In overall terms, a sum of £338,000 needs to be recouped from boroughs in 2023/24, the same as for the current year. The proposed level of charge for each direct service, compared to those for the current year are detailed in Table 4 below:

**Table 4 – Proposed TEC Direct Services Administration Charge 2023/24**

Charge	Basis	2022/23 (£)	2021/22 (£)	Variance (£)	%
Freedom Pass	Per borough	Nil	Nil	-	-
Taxicard	Total	338,000	338,000	-	-
Lorry Control	Average	Nil	Nil	-	-

25. The **administration of the Freedom Pass** covers London Councils costs in negotiating the annual settlements and managing the relationships with transport operators and other contractors. After considering the overall income requirement

for TEC, the proposed charge for 2023/24 remains at zero per borough, as the cost of administering the scheme continues to be met from income collected in respect of lost and damaged freedom passes. This position is reviewed on an ongoing basis to ensure forecast income streams continue to cover the costs of administering the scheme.

26. The **administration of the Taxicard Scheme** covers London Councils costs in processing and issuing passes to members and managing the relationships with various contractors. After considering the overall income requirement for TEC, the proposed net cost to be charged to boroughs in 2023/24 is £338,000, no change on the total charge for 2022/23. This proposal includes the use of uncommitted TEC reserves of £186,000, as detailed above, to maintain the unit charge at this level. The active Taxicard total membership as at 30 September 2022 is 59,107, compared to 57,426 as at 30 September 2021, an increase of 1,681, or 2.9% which reflects the continuing recovery from Covid-19. The increase in the spreading base and the recommended use of reserves of £186,000 has decreased the underlying subsidised unit cost of a scheme member from £5.89 to £5.72 per member.

27. The **Lorry Control administration charge** total charge is calculated in the same manner as the Freedom Pass and taxicard administration charge, although it is apportioned to boroughs in accordance with the ONS mid-year population figures for, in the case of 2022/23, June 2020. The total cost of administering the scheme is estimated to be £846,144 in 2023/24, compared to £767,635 in 2022/23, reflecting inflationary increases to contract costs. This figure includes a sum of £50,000 that has been retained in anticipation of further development of the scheme in 2023/24. After consideration of projected income of £1.2 million from the enforcement of the scheme, it is proposed that there will be no borough or TfL contribution in 2023/24, as for the current year. Again, this position will be reviewed annually to ensure forecast income streams continue to cover the costs of administering the scheme.

## TEC Traded Services

28. A further range of services provided by TEC relate to various parking and traffic activities, primarily the London Tribunals (LT). A unit charge for each of these 'traded' services is made to the users, which covers the marginal costs of these services. The volumes of these transactions are solely generated by each borough; London Councils has no influence on the levels generated. In addition, an amount apportioned by the number of PCNs issued by each borough and TfL, covers the fixed costs of the parking related services - principally the LT- covering the actual cost of the appeals hearing centre and the fixed cost of the parking managed services contract.

29. The proposed level of charge for each traded service, compared to those for the current year is detailed in Table 5 below:

**Table 5 – Proposed TEC Traded Services Unit Charges 2023/24**

Charge	2023/24 (£)	2022/23 (£)	Variance (£)	%
Parking Enforcement Service Charge (total charge)	0.2975	0.3751	(0.078)	(21)
Environment and Traffic Adjudicators (ETA) Appeals (Hard Copy)	29.75	29.36	0.39	1.32
ETA Appeals (Electronic)	25.57	25.55	0.02	0.09
ETA Statutory Declarations (Hard Copy)	23.49	23.64	(0.15)	(0.63)
ETA Statutory Declarations (Electronic)	22.65	22.88	(0.22)	(0.97)
TRACE Electronic	7.53	7.53	-	-
TRACE Fax	7.70	7.70	-	-
TEC	0.175	0.175	-	-

30. The **Parking Enforcement Service Charge** is allocated to users in accordance with the number of PCNs issued. For 2023/24, expenditure of £3.496 million needs to be recouped, compared to £3.173 million for 2022/23; an increase of £323,000, which reflects significant inflationary increases along with costs associated with the ULEZ scheme.

31. After top-slicing the amount for the estimated fixed costs of £1.273 million attributable to the contract with the GLA/TfL in respect of road user charging appeals (RUCA) and ULEZ, a total of £2.223 million remains to be apportioned

through the 7.473 million PCN's issued by boroughs and TfL in 2021/22 in respect of parking, bus lane and moving traffic offences, compared to 5.289 million issued in 2020/21. The increase in the number of PCNs issued over the two comparative years increases the cost spreading base, which leads to a reduction in the actual unit charge to boroughs and TfL of £0.078 per PCN, or 21%, from £0.3751 to £0.2975 per PCN for 2023/24. In addition, under the terms of the contract with Northgate, there is a separate fixed cost identified in respect of the borough use of the TRACE and TEC systems. For 2022/23, this sum was £98,000 and is estimated to increase to £105,000 in 2023/24. This sum will be apportioned to boroughs in accordance with volumes of transaction generated on each system by users.

32. The estimated volume of Environment and Traffic Adjudicators (ETA) appeals for 2023/24, based on indicative volumes to date in 2022/23, is 44,762, compared to the budgeted figure of 48,820 for the current year.
33. The average throughput of appeals for the current year to date is 3.63 appeals heard per hour, compared to 3.53 appeals per hour when the current year budget was set in December 2021. This average figure takes account of all adjudicator time spent on postal and personal appeal hearing and non-appeal 'duty adjudicator' activities. Based on this forecast figure and allowing for an increase to adjudicator fees, it is proposed that the indicative hard copy unit ETA appeal cost for 2023/24 is £29.75, an increase of £0.39 or 1.32% on the charge of £29.36 for 2022/23. For appeals where an enforcing authority provides electronic evidence, it is proposed that the unit cost will increase by £0.02 or 0.09% to £25.57, with this lower charge providing an incentive for boroughs to submit electronic evidence under the current contract arrangements. Boroughs will continue to pay a differential charge for the processing of ETA statutory declarations. For hard copy statutory declarations, the proposed unit charge will be £23.49 compared to the charge of £23.64 for the current year, which represents a decrease of £0.15, or 0.63%. For electronic statutory declarations, the proposed unit charge will be £22.65, a decrease of £0.22, or 0.97% on the electronic appeal unit charge of £22.88 for the current year.



34. For RUCA Appeals, the estimated volume of appeals for 2023/24, based on 2022/23 actual volumes to date is 23,801, compared to 24,244 for the current year. Under the terms of the contract, TfL/GLA will reimburse London Councils on a cost-recovery basis for the variable cost of RUCA appeals, ensuring that a break-even position continues in respect of these variable transactions. The rechargeable level of fixed costs associated with this contract is £1.273 million for 2023/24; an increase of £85,000 on the 2022/23 budgeted level of £1.188 million, which reflects inflationary increases.
35. In respect of **all other parking traded services**, the variable charges form part of the parking managed service contract provided by the contractor, Northgate, the volumes of which are again not controlled by London Councils; the individual boroughs are responsible for using such facilities. The volumes are based on those currently being processed by the contractor and are recharged to the boroughs, TfL and the GLA as part of the unit cost charge.
36. The estimated decrease in expenditure between 2022/23 and 2023/24 based on the actual transaction volumes and estimated movement in contract prices is £85,000. The corresponding estimated effect on income, between 2022/23 and 2023/24, is an increase of £130,000, leading to a net overall increase in budgeted income of £45,000 reflecting activity post Covid-19.
37. The charging structure historically approved by TEC for the provision of the variable parking services (excluding appeals) includes a contribution to overheads in each of the charges made to boroughs and other users for these services.

### **Freedom Pass**

38. The main settlement with TfL for concessionary travel is currently estimated at a cost of £217.012 million, representing a provisional increase of £19.662 million, or 9.96%, on the figure of £197,350 million for 2022/23. The increase represents estimates considering the ongoing recovery from the Covid-19 pandemic.
39. The Rail Delivery Group (RDG) settlement has now been finalised. The costs for 2023/24 are £17.238 Million, an increase of £9.69 million, reflecting a continued recovery from Covid-19 where trip levels are increasing to pre pandemic levels.

40. The budget for payments to other bus operators for local journeys originating in London has been maintained at £1.1 million, following projections for 2023/24, based on the 2021/22 outturn position, recovery from Covid-19 and the current year to date.
41. The budget for the freedom pass issuing costs was £1.518 million for 2022/23. For 2023/24 it is proposed that the budget remains at this level, which will include the cost of an annual pass eligibility review that yields significant cost savings to boroughs.
42. For income in respect of replacement Freedom Passes, current trends indicate that income is forecasted to recover to pre-lockdown levels. The 2023/24 income budget has therefore been increased to £900,000 and there is no proposed change to the unit cost of £12 for a replacement pass. As stated in paragraph 25, it is proposed that the in-house cost of administering the Freedom Pass scheme will be fully funded by this income stream in 2023/24.
43. As agreed by TEC in December 2014, any annual surplus arising from both the freedom pass issuing costs budget of £1.518 million (paragraph 41) and replacement freedom passes income budget of £900,000 (paragraph 42) will be transferred to a specific reserves to accumulate funds to offset the cost of future major pass reissue exercises. As detailed in Table 7 at paragraph 50, the estimated uncommitted specific reserve is £1.184 million, £985,000 of which relates to the Freedom Pass Renewal Reserve.
44. Final negotiations on the actual amounts payable to operators will be completed in time for the meeting of the main TEC Committee on 8 December; any late variations to these provisional figures will be tabled at these meetings.
45. A summary of the provisional freedom pass costs for 2023/24, compared to the current year, can be summarised in Table 6 below. The total cost of the scheme is fully funded by boroughs and the estimated cost payable by boroughs in 2023/24 is £236.868 million, compared to £207.516 million payable for 2022/23. This

represents a increase of £29.4 million or 14.1% which reflects significant increase in anticipated usage of the schemes following Covid-19 along with inflationary increases.

Table 6 – Comparative cost of Freedom Pass 2023/24 and 2022/23

<b>Estimated Cost of Freedom Pass</b>	<b>2023/24(£000)</b>	<b>2022/23 (£000)</b>
TfL Settlement	217,012	197,350
RDG Settlement	17,238	7,548
Non TfL Bus Operators Settlement	1,100	1,100
Freedom Pass Issue Costs	1,518	1,518
<b>Total Cost</b>	<b>236,868</b>	<b>207,516</b>

#### Taxicard

46. It is assumed that TfL will provide an estimated fixed contribution of £8.000 million, no change in the figure for 2022/23. The total borough contribution towards the Taxicard scheme in 2022/23 is estimated to be £2.257 million, the same as for the current year, although the decision on boroughs' contributions is a matter for boroughs to take individually and will be confirmed in February 2023. The indicative budgetary provision for the taxicard trips contract with ComCab (London), will, therefore, be an amalgam of the TfL and borough funding, currently equating to £10.257 million for 2023/24, the same figure as for the current year. However, several factors such as usage of the scheme particularly considering the ongoing impact and recovery of Covid-19 could influence the final outturn position for 2023/24.

#### TEC Medium-term Financial Plan 2024/25 to 2025/26

47. As with the core Joint and Grants Committees, the indicative TEC budgets for 2024/25 and 2025/26 have been prepared on the basis that the core TEC administration charge will remain frozen over the three-year period to 2025/26. In addition to reductions on premises costs, the review of London Councils operating model will seek to identify annual savings and efficiencies within the TEC budget to reduce reliance on the use of general uncommitted reserves to balance the budget. The detailed TEC budget for 2024/25 and 2025/26 can be found at Appendices C to F.

48. As well as high inflationary pressures on expenditure and an uncertain economic environment, there are other financial risks that London Councils faces, which include amongst other items:

- the current contract to manage the RUCA/ULEZ tribunal service ends in December 2023 having already been extended for an additional two-year period. This service contributes towards the overhead costs of London Tribunals. The GLA/TfL will most likely re-tender the contract for another five-year period and there is no guarantee that a bid from London Councils will be successful; and
- key policy areas, such as the work climate change, which are directly funded from transfers from reserves. The review of the operating model will have to consider how these important policy areas will be funded in a sustainable manner.

### **Externally Funded Projects**

49. In addition to the proposed expenditure of £277.642 million for largely borough funded activity, expenditure on activities financed through external contributions is currently projected to be in excess of £5 million in 2023/24, with funding being received through various external sources to fully fund the projects, ensuring no cost to boroughs. Once confirmation of continued and any additional funding into 2023/24 is received from funders over the coming months, budget plans for expenditure will be revised accordingly to ensure that they match the available funding.

50. As reported to Leaders' Executive in November, London Care Services (LCS) is no longer financially viable and, subject to member approval, the service will come to an end on 31 March 2023.

51. LCS has been delivered by London Councils since April 2013. The service manages a list of approved foster and residential care providers to support boroughs to meet the needs of looked after children and young people. The service complements in-house and existing sub-regional arrangements by offering a choice of services with pre-negotiated prices.

52. The number of subscribing boroughs has gone down successively over the past five years, from 36 in 2018-19 to 17 in the 2022-23 financial year (16 London boroughs and one home county).
53. Annual subscriptions covered all costs up to 2019-20. By 2020-21, subscriptions covered staffing and support costs, and LCS generated reserves to cover operating costs. For the current financial year, subscriptions no longer fully cover staffing costs and the service has relied on the use of its reserves. With the continuing decline in subscriptions and the unsustainable year-on-year use of reserves to cover operating deficits, the service is not financially viable with a subscription income of £256,000 and expenditure of £406,000 (current financial year figures).
54. London Councils spoke with union representatives and undertook formal consultation with staff directly affected by potential redundancy (four members of staff). One response was received to the consultation, which noted matters about development of the service, consultation with subscribing boroughs, rescaling the service, and merging with the London Innovation and Improvement Alliance.
55. Although these matters had some merit and were responded to, the financial position of the service remains unworkable, that is, the service is not being subscribed to by sufficient boroughs to cover costs.
56. On that basis, Leaders' Committee is asked to agree that London Care Services closes from April 2023.

### **Updated position on Reserves**

57. The updated position on the overall level of London Councils after considering the forecast outturn for the current financial year and the budget proposals for 2023/24 outlined in this report, is detailed in Table 7 below:

**Table 7 - Estimated Uncommitted Reserves**

	Joint Committee		Grants Committee	Transport & Environment Committee		Total
	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)
	General	Earmarked	General	General	Specific	
<b>Provisional uncommitted reserves at March 2023</b>	<b>4,685</b>	<b>-</b>	<b>748</b>	<b>3,840</b>	<b>1,184</b>	<b>10,457</b>
Proposed transfer to Premises Transition Reserve	(850)	850	-	-	-	-
Proposals included in 2023/24 budget	-	(437)	(18)	(463)	(258)	<b>(1,176)</b>
Previously approved committed reserves	-	-	-	-	258	<b>258</b>
<b>Estimated residual uncommitted reserves</b>	<b>3,835</b>	<b>413</b>	<b>730</b>	<b>3,377</b>	<b>1,184</b>	<b>9,539</b>

58. For the Grants Committee, the Grants Executive in September 2013 agreed that the level of reserves to cover the S.48 borough funded commissions (priorities 1 and 2) should be set at 3.75% of the budget, which will equate to £251,000 in respect of a proposed budget of £6.686 million for 2023/24. The forecast level of uncommitted reserves of £730,000 is, therefore, in excess of this benchmark at 10.92% of the proposed budget.

59. For TEC, uncommitted general reserves are forecast to be £3.84 million as at 31 March 2023 and reflects the forecast surplus on general reserves of £1.036 million for the current year. After considering the proposed use of general TEC reserves of £463,000 in setting the 2023/24 budget, which will be considered by the main TEC meeting on 8 December, uncommitted general TEC reserves are forecast reduce to £3.377 million, or 20.96% of proposed operating and trading expenditure of £16.109 million.

60. For the Joint Committee functions, uncommitted general reserves are projected to be £3.835 million if the proposals in this report are approved. In a period of continuing financial constraint for London local government, and volatile financial markets, there is continued value in holding a reasonable level of reserves as a contingency. It will also facilitate a period of transition for the organisation, as it implements the outcome of the planned review of its operating model.
61. Under existing CIPFA guidance, the Chief Financial Officer of an organisation is advised to make an annual statement on the adequacy of the level of an organisation's reserves. This is achieved by expressing the total level of estimated uncommitted reserves as a percentage of operating costs.
62. The overall level of estimated residual uncommitted reserves of £9.539 million represents 36.97% of total operating and trading expenditure in 2023/24 of £25.802 million. The comparable figures reported to this committee 12 months ago was projected uncommitted reserves of £8.428 million, which equated to 33.1% of provisional operating and trading expenditure of £25.473 million for 2022/23. This position maintains healthy reserves position, particularly in the current economic climate. The Director of Corporate Resources is, therefore, content to issue a positive statement on the adequacy of the residual London Councils reserves for 2023/24.

## **Conclusions**

63. This report proposes the provisional consolidated income and expenditure budget for 2023/24, together with indicative income and expenditure budgets for 2024/25 and 2025/26. This report also proposes the level of boroughs subscriptions and charges to be levied in 2023/24. The report updates the Leaders' Committee on the current level of London Councils reserves after considering all current and proposed commitments, plus the timetable for the overall budget approval process. It includes proposals to carry out an outcome focused review of London Councils operations to identify savings and efficiencies to ensure its financial position remains sustainable. The level of reserves will continue to be an area of key focus in order to ensure London Councils remains financially resilient while allowing enough flexibility to react to changing priorities.

## **Summary**

64. This report proposes the level of boroughs subscriptions and charges to be levied in 2023/24, together with the consolidated revenue income and expenditure budget for 2023/24 and indicative income and expenditure budgets for 2024/25 and 2025/26.

65. The subscription and budget proposals for 2023/24 relating to the Grants Committee, as contained in this report, were considered by the Grants Committee at its meeting on 30 November. The Grants Committee recommended that the Leaders' Committee approve the proposals as laid out in this report and which are also subject to a separate report on this agenda.

66. The subscription and budget proposals for 2023/24 relating to the Transport and Environment Committee were considered by the TEC Executive Sub-Committee at its meeting on 17 November and have been put before the main TEC meeting on 9 December for final approval. The Leaders' Committee is, therefore, asked to endorse the provisional TEC figures as laid out in this report.

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## **Financial Implications for London Councils**

As detailed in the body of the report.

## **Legal Implications for London Councils**

None

## **Equalities Implications for London Councils**

None

## **Appendices**

Appendix A – the provisional consolidated revenue expenditure budget for London Councils for 2023/24.

Appendix B – the provisional consolidated revenue income budget for London Councils for 2023/24.



Appendix C – the indicative consolidated revenue expenditure budget for London Councils for 2024/25

Appendix D – the indicative consolidated revenue income budget for London Councils for 2024/25

Appendix E – the indicative consolidated revenue expenditure budget for London Councils for 2025/26

Appendix F – the indicative consolidated revenue income budget for London Councils for 2025/26

### **Background Papers**

London Councils budget working papers 2010/11 to 2025/26.

## Item 9

## Appendix A

Proposed Consolidated Expenditure Budget  
2023/24

	Jt Ctte £000	Grants £000	TEC £000	Total £000
<b>Payments in respect of Concessionary Fares</b>				
TfL	0	0	217,012	217,012
RDG	0	0	17,238	17,238
Other Bus Operators	0	0	1,100	1,100
Freedom Pass survey and reissue costs	0	0	1,518	1,518
Freedom Pass Administration	0	0	516	516
Comcab	0	0	10,257	10,257
Taxicard Administration	0	0	639	639
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>248,280</b>	<b>248,280</b>
<b>Payments for commissioned services</b>				
S.48 pan-London commissions	0	6,173	0	6,173
Subscription to London Funders Group	0	60	0	60
S.48 ESF pan-London commissions	0	0	0	0
<b>Sub-Total</b>	<b>0</b>	<b>6,233</b>	<b>0</b>	<b>6,233</b>
<b>TEC Trading Account Expenditure</b>				
Payments to Adjudicators- ETA	0	0	844	844
Payments to Adjudicators - RUCA	0	0	595	595
Northgate variable contract costs - ETA	0	0	300	300
Northgate variable contract costs - RUCA	0	0	153	153
Northgate variable contract costs - Other	0	0	290	290
Payments to Northampton County Court	0	0	5,000	5,000
Lorry Control Administration	0	0	846	846
ETA/RUCA Administration	0	0	3,496	3,496
HEB Administration	0	0	44	44
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>11,568</b>	<b>11,568</b>
<b>Total Direct Services</b>	<b>0</b>	<b>6,233</b>	<b>259,848</b>	<b>266,081</b>
<b>Operating Expenditure</b>				
<b>Contractual Commitments</b>				
Capital Ambition legacy project costs	82	0	0	82
Contribution to LOTI	100	0	0	100
Southwark Street Leasehold Costs	1,567	0	0	1,567
Leases for photocopiers	10	0	0	10
HR Metrics Infinistats contract	37	0	0	37
Northgate Fixed Costs	0	0	105	105
External audit fees	65	0	0	65
CoL Finance/Legal/HR/IT SLA	553	0	0	553
Depreciation	172	0	0	172
Grants GIFTS system support	0	10	0	10
<b>Sub-Total</b>	<b>2,586</b>	<b>10</b>	<b>105</b>	<b>2,701</b>
<b>Salary Commitments</b>				
Officers	4,843	262	694	5,799
Members	231	20	21	272
Maternity provision	40	10	30	80
<b>Sub-Total</b>	<b>5,114</b>	<b>292</b>	<b>745</b>	<b>6,151</b>
<b>Discretionary Expenditure</b>				
Learning and Development /recruitment advertising	180	7	0	187
Staff travel	8	2	0	10
Other premises costs	312	0	0	312
SS ICT support	61	0	0	61
Supplies and services	570	0	163	733
Research and Commissioning	300	0	40	340
Contribution to Health related work	100	0	0	100
Climate Change	0	0	345	345
<b>Sub-Total</b>	<b>1,531</b>	<b>9</b>	<b>548</b>	<b>2,088</b>
<b>Total Operating Expenditure</b>	<b>9,231</b>	<b>311</b>	<b>1,398</b>	<b>10,940</b>
<b>Central Recharges</b>	<b>9</b>	<b>142</b>	<b>469</b>	<b>620</b>
<b>Total Expenditure</b>	<b>9,240</b>	<b>6,686</b>	<b>261,716</b>	<b>277,642</b>

## Item 9

## Appendix B

## Proposed Consolidated Income Budget 2023/24

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Borough contributions to TfL	0	0	217,012	217,012
Borough contributions to ATOC	0	0	17,238	17,238
Borough contributions to other bus operators	0	0	1,100	1,100
Borough contributions to surveys/reissue costs	0	0	1,518	1,518
Borough contributions to freedom pass administration	0	0	0	0
Income from replacing lost/faulty freedom passes	0	0	900	900
Income from replacing lost/faulty taxicards	0	0	18	18
Borough contributions to Comcab	0	0	2,257	2,257
TfL contribution to Taxicard scheme	0	0	8,000	8,000
Borough contributions to taxicard administration	0	0	324	324
TfL Contribution to taxicard administration	0	0	129	129
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>248,496</b>	<b>248,496</b>
Borough contribution to grants payments	0	6,233	0	6,233
ESF Grant Income	0	0	0	0
<b>Sub-total</b>	<b>0</b>	<b>6,233</b>	<b>0</b>	<b>6,233</b>
<b>TEC trading account income</b>				
Borough contributions to Lorry Control administration	0	0	0	0
London Lorry Control PCN income	0	0	1,200	1,200
Borough ETA appeal charges	0	0	968	968
TfL ETA appeal charges	0	0	176	176
GLA RUCA appeal income	0	0	748	748
Borough fixed parking costs	0	0	2,095	2,095
TfL fixed parking costs	0	0	233	233
GLA fixed parking costs	0	0	1,273	1,273
Borough other parking services	0	0	634	634
Northampton County Court Recharges	0	0	5,000	5,000
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>12,327</b>	<b>12,327</b>
<b>Sub-Total</b>	<b>0</b>	<b>6,233</b>	<b>260,823</b>	<b>267,056</b>
<b>Core borough subscriptions</b>				
Joint Committee	5,299	0	46	5,345
Grants Administration	0	435	0	435
TEC (inc TfL)	0	0	51	51
MPA subscription	17	0	0	17
<b>Sub-total</b>	<b>5,316</b>	<b>435</b>	<b>97</b>	<b>5,848</b>
<b>Other Borough charges</b>				
Borough contributions to HR Metrics service	101	0	0	101
<b>Sub-total</b>	<b>101</b>	<b>0</b>	<b>0</b>	<b>101</b>
<b>Other Income</b>				
Investments	75	0	0	75
Room bookings and conferences	100	0	0	100
Letting of office space	110	0	0	110
Sales of publications	18	0	0	18
Employment services trading account income	48	0	0	48
TfL secretariat recharge	0	0	31	31
Sales of Health Emergency badges	0	0	44	44
Miscellaneous income	7	0	0	7
Transfer from TEC Committee	345	0	0	345
<b>Sub-total</b>	<b>703</b>	<b>0</b>	<b>75</b>	<b>778</b>
<b>Transfer from Reserves</b>	<b>437</b>	<b>18</b>	<b>721</b>	<b>1,176</b>
<b>Central Recharges</b>	<b>2,683</b>	<b>0</b>	<b>0</b>	<b>2,683</b>
<b>Total Income Base Budget</b>	<b>9,240</b>	<b>6,686</b>	<b>261,716</b>	<b>277,642</b>

Indicative Consolidated Expenditure Budget  
2024/25

	Jt Ctte £000	Grants £000	TEC £000	Total £000
<b>Payments in respect of Concessionary Fares</b>				
TfL	0	0	335,619	335,619
RDG	0	0	23,307	23,307
Other Bus Operators	0	0	1,100	1,100
Freedom Pass survey and reissue costs	0	0	1,518	1,518
Freedom Pass Administration	0	0	513	513
Comcab	0	0	10,257	10,257
Taxicard Administration	0	0	627	627
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>372,941</b>	<b>372,941</b>
<b>Payments for commissioned services</b>				
S.48 pan-London commissions	0	6,173	0	6,173
Subscription to London Funders Group	0	60	0	60
S.48 ESF pan-London commissions	0	0	0	0
<b>Sub-Total</b>	<b>0</b>	<b>6,233</b>	<b>0</b>	<b>6,233</b>
<b>TEC Trading Account Expenditure</b>				
Payments to Adjudicators- ETA	0	0	844	844
Payments to Adjudicators - RUCA	0	0	595	595
Northgate variable contract costs - ETA	0	0	300	300
Northgate variable contract costs - RUCA	0	0	153	153
Northgate variable contract costs - Other	0	0	290	290
Payments to Northampton County Court	0	0	5,000	5,000
Lorry Control Administration	0	0	845	845
ETA/RUCA Administration	0	0	3,566	3,566
HEB Administration	0	0	43	43
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>11,636</b>	<b>11,636</b>
<b>Total Direct Services</b>	<b>0</b>	<b>6,233</b>	<b>384,577</b>	<b>390,810</b>
<b>Operating Expenditure</b>				
<b>Contractual Commitments</b>				
Capital Ambition legacy project costs	82	0	0	82
Contribution to LOTI	100	0	0	100
Southwark Street Leasehold Costs	1,182	0	0	1,182
Leases for photocopiers	10	0	0	10
HR Metrics Infinistats contract	39	0	0	39
Northgate Fixed Costs	0	0	107	107
External audit fees	66	0	0	66
CoL Finance/Legal/HR/IT SLA	564	0	0	564
Depreciation	148	0	0	148
Grants GIFTS system support	0	10	0	10
<b>Sub-Total</b>	<b>2,191</b>	<b>10</b>	<b>107</b>	<b>2,308</b>
<b>Salary Commitments</b>				
Officers	4,990	268	708	5,966
Members	236	19	22	277
Maternity provision	40	10	30	80
<b>Sub-Total</b>	<b>5,266</b>	<b>297</b>	<b>760</b>	<b>6,323</b>
<b>Discretionary Expenditure</b>				
Learning and Development /recruitment advertising	180	7	0	187
Staff travel	8	2	0	10
Other premises costs	175	0	0	175
SS ICT support	61	0	0	61
Supplies and services	580	0	164	744
Research and Commissioning	300	0	40	340
Contribution to Health related work	100	0	0	100
Climate Change	0	0	345	345
Savings & Efficiency Targets	0	-8	-648	-656
<b>Sub-Total</b>	<b>1,404</b>	<b>1</b>	<b>-99</b>	<b>1,306</b>
<b>Total Operating Expenditure</b>	<b>8,861</b>	<b>308</b>	<b>768</b>	<b>9,937</b>
<b>Central Recharges</b>	<b>10</b>	<b>127</b>	<b>401</b>	<b>538</b>
<b>Total Expenditure</b>	<b>8,871</b>	<b>6,668</b>	<b>385,747</b>	<b>401,286</b>

## Item 9

## Appendix D

## Indicative Consolidated Income Budget 2024/25

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Borough contributions to TfL	0	0	335,619	335,619
Borough contributions to ATOC	0	0	23,307	23,307
Borough contributions to other bus operators	0	0	1,100	1,100
Borough contributions to surveys/reissue costs	0	0	1,518	1,518
Borough contributions to freedom pass administration	0	0	0	0
Income from replacing lost/faulty freedom passes	0	0	900	900
Income from replacing lost/faulty taxicards	0	0	18	18
Borough contributions to Comcab	0	0	2,257	2,257
TfL contribution to Taxicard scheme	0	0	8,000	8,000
Borough contributions to taxicard administration	0	0	324	324
TfL Contribution to taxicard administration	0	0	132	132
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>373,175</b>	<b>373,175</b>
Borough contribution to grants payments	0	6,233	0	6,233
ESF Grant Income	0	0	0	0
<b>Sub-total</b>	<b>0</b>	<b>6,233</b>	<b>0</b>	<b>6,233</b>
<b>TEC trading account income</b>				
Borough contributions to Lorry Control administration	0	0	0	0
London Lorry Control PCN income	0	0	1,200	1,200
Borough ETA appeal charges	0	0	968	968
TfL ETA appeal charges	0	0	176	176
GLA RUCA appeal income	0	0	748	748
Borough fixed parking costs	0	0	2,137	2,137
TfL fixed parking costs	0	0	238	238
GLA fixed parking costs	0	0	1,298	1,298
Borough other parking services	0	0	634	634
Northampton County Court Recharges	0	0	5,000	5,000
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>12,399</b>	<b>12,399</b>
<b>Sub-Total</b>	<b>0</b>	<b>6,233</b>	<b>385,574</b>	<b>391,807</b>
<b>Core borough subscriptions</b>				
Joint Committee	5,299	0	46	5,345
Grants Administration	0	435	0	435
TEC (inc TfL)	0	0	51	51
MPA subscription	17	0	0	17
<b>Sub-total</b>	<b>5,316</b>	<b>435</b>	<b>97</b>	<b>5,848</b>
<b>Other Borough charges</b>				
Borough contributions to HR Metrics service	101	0	0	101
<b>Sub-total</b>	<b>101</b>	<b>0</b>	<b>0</b>	<b>101</b>
<b>Other Income</b>				
Investments	75	0	0	75
Room bookings and conferences	125	0	0	125
Letting of office space	110	0	0	110
Sales of publications	18	0	0	18
Employment services trading account income	48	0	0	48
TfL secretariat recharge	0	0	31	31
Sales of Health Emergency badges	0	0	45	45
Miscellaneous income	7	0	0	7
Transfer from TEC Committee	345	0	0	345
<b>Sub-total</b>	<b>728</b>	<b>0</b>	<b>76</b>	<b>804</b>
<b>Transfer from Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Central Recharges</b>	<b>2,726</b>	<b>0</b>	<b>0</b>	<b>2,726</b>
<b>Total Income Base Budget</b>	<b>8,871</b>	<b>6,668</b>	<b>385,747</b>	<b>401,286</b>

## Item 9

## Appendix E

Indicative Consolidated Expenditure Budget  
2025/26

	Jt Ctte £000	Grants £000	TEC £000	Total £000
<b>Payments in respect of Concessionary Fares</b>				
TfL	0	0	416,398	416,398
RDG	0	0	26,493	26,493
Other Bus Operators	0	0	1,100	1,100
Freedom Pass survey and reissue costs	0	0	1,518	1,518
Freedom Pass Administration	0	0	522	522
Comcab	0	0	10,257	10,257
Taxicard Administration	0	0	640	640
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>456,928</b>	<b>456,928</b>
<b>Payments for commissioned services</b>				
S.48 pan-London commissions	0	6,173	0	6,173
Subscription to London Funders Group	0	60	0	60
S.48 ESF pan-London commissions	0	0	0	0
<b>Sub-Total</b>	<b>0</b>	<b>6,233</b>	<b>0</b>	<b>6,233</b>
<b>TEC Trading Account Expenditure</b>				
Payments to Adjudicators- ETA	0	0	844	844
Payments to Adjudicators - RUCA	0	0	595	595
Northgate variable contract costs - ETA	0	0	300	300
Northgate variable contract costs - RUCA	0	0	153	153
Northgate variable contract costs - Other	0	0	290	290
Payments to Northampton County Court	0	0	5,000	5,000
Lorry Control Administration	0	0	862	862
ETA/RUCA Administration	0	0	3,638	3,638
HEB Administration	0	0	44	44
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>11,726</b>	<b>11,726</b>
<b>Total Direct Services</b>	<b>0</b>	<b>6,233</b>	<b>468,654</b>	<b>474,887</b>
<b>Operating Expenditure</b>				
<b>Contractual Commitments</b>				
Capital Ambition legacy project costs	82	0	0	82
Contribution to LOTI	100	0	0	100
Southwark Street Leasehold Costs	1,125	0	0	1,125
Leases for photocopiers	11	0	0	11
HR Metrics Infinistats contract	41	0	0	41
Northgate Fixed Costs	0	0	109	109
External audit fees	68	0	0	68
CoL Finance/Legal/HR/IT SLA	576	0	0	576
Depreciation	151	0	0	151
Grants GIFTS system support	0	10	0	10
<b>Sub-Total</b>	<b>2,154</b>	<b>10</b>	<b>109</b>	<b>2,273</b>
<b>Salary Commitments</b>				
Officers	5,090	273	722	6,085
Members	240	19	22	281
Maternity provision	40	10	30	80
<b>Sub-Total</b>	<b>5,370</b>	<b>302</b>	<b>774</b>	<b>6,446</b>
<b>Discretionary Expenditure</b>				
Learning and Development /recruitment advertising	180	7	0	187
Staff travel	8	2	0	10
Other premises costs	224	0	0	224
SS ICT support	61	0	0	61
Supplies and services	591	0	165	756
Research and Commissioning	300	0	40	340
Contribution to Health related work	100	0	0	100
Climate Change	0	0	345	345
Savings & Efficiency Targets	-57	-20	-710	-787
<b>Sub-Total</b>	<b>1,407</b>	<b>-11</b>	<b>-160</b>	<b>1,236</b>
<b>Total Operating Expenditure</b>	<b>8,931</b>	<b>301</b>	<b>723</b>	<b>9,955</b>
<b>Central Recharges</b>	<b>10</b>	<b>134</b>	<b>411</b>	<b>555</b>
<b>Total Expenditure</b>	<b>8,941</b>	<b>6,668</b>	<b>469,789</b>	<b>485,398</b>

## Item 9

## Appendix F

## Indicative Consolidated Income Budget 2025/26

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Borough contributions to TfL	0	0	416,398	416,398
Borough contributions to ATOC	0	0	26,493	26,493
Borough contributions to other bus operators	0	0	1,100	1,100
Borough contributions to surveys/reissue costs	0	0	1,518	1,518
Borough contributions to freedom pass administration	0	0	0	0
Income from replacing lost/faulty freedom passes	0	0	900	900
Income from replacing lost/faulty taxicards	0	0	18	18
Borough contributions to Comcab	0	0	2,257	2,257
TfL contribution to Taxicard scheme	0	0	8,000	8,000
Borough contributions to taxicard administration	0	0	324	324
TfL Contribution to taxicard administration	0	0	132	132
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>457,140</b>	<b>457,140</b>
Borough contribution to grants payments	0	6,233	0	6,233
ESF Grant Income	0	0	0	0
<b>Sub-total</b>	<b>0</b>	<b>6,233</b>	<b>0</b>	<b>6,233</b>
<b>TEC trading account income</b>				
Borough contributions to Lorry Control administration	0	0	0	0
London Lorry Control PCN income	0	0	1,200	1,200
Borough ETA appeal charges	0	0	968	968
TfL ETA appeal charges	0	0	176	176
GLA RUCA appeal income	0	0	748	748
Borough fixed parking costs	0	0	2,180	2,180
TfL fixed parking costs	0	0	243	243
GLA fixed parking costs	0	0	1,324	1,324
Borough other parking services	0	0	634	634
Northampton County Court Recharges	0	0	5,000	5,000
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>12,473</b>	<b>12,473</b>
<b>Sub-Total</b>	<b>0</b>	<b>6,233</b>	<b>469,613</b>	<b>475,846</b>
<b>Core borough subscriptions</b>				
Joint Committee	5,299	0	46	5,345
Grants Administration	0	435	0	435
TEC (inc TfL)	0	0	51	51
MPA subscription	17	0	0	17
<b>Sub-total</b>	<b>5,316</b>	<b>435</b>	<b>97</b>	<b>5,848</b>
<b>Other Borough charges</b>				
Borough contributions to HR Metrics service	101	0	0	101
<b>Sub-total</b>	<b>101</b>	<b>0</b>	<b>0</b>	<b>101</b>
<b>Other Income</b>				
Investments	75	0	0	75
Room bookings and conferences	150	0	0	150
Letting of office space	110	0	0	110
Sales of publications	18	0	0	18
Employment services trading account income	49	0	0	49
TfL secretariat recharge	0	0	31	31
Sales of Health Emergency badges	0	0	48	48
Miscellaneous income	8	0	0	8
Transfer from TEC Committee	345	0	0	345
<b>Sub-total</b>	<b>755</b>	<b>0</b>	<b>79</b>	<b>834</b>
<b>Transfer from Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Central Recharges</b>	<b>2,769</b>	<b>0</b>	<b>0</b>	<b>2,769</b>
<b>Total Income Base Budget</b>	<b>8,941</b>	<b>6,668</b>	<b>469,789</b>	<b>485,398</b>