

Chief Executives' Circular

To: Borough Chief Executives

Cc: Borough
Treasurers

Date: 17 December 2012

Ref. no: 05/12

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London Councils Borough Subscriptions and Charges 2013/14

Summary:

This circular summarises the level of London Councils borough subscriptions and charges for 2013/14.

Background

The London Councils Leaders' Committee approved the overall revenue budget for London Councils for 2013/14 and the level of borough subscriptions and charges for the year on 11 December 2012. The budget and borough contributions relating to the pan-London Borough Grants Scheme for 2013/14 were approved at the Leaders' Committee meeting on 13 November 2012. The specific budget, subscriptions and charges relating to the activities of the Transport Environment Committee (TEC) were approved by TEC on 13 December 2012. The borough subscriptions and charges to be levied by London Councils on the London boroughs from 1 April 2013 are, therefore, set out below. The comparable charge for the current financial year is also shown. As well as the information provided here, a separate circular dealing with the specific requirements around approving the budget of the London Borough Grants Scheme has already been issued to boroughs.

This Circular brings together, therefore, all of the above strands and sets out the level of boroughs subscriptions and charges to be levied in 2013/14.

Total Borough Payments (excluding TEC charges)

The overall position for 2013/14 can be summarised in the table below:

	2013/14 (£000)	2012/13 (£000)	Variance (£000)	Variance (%)
Joint Committee Subscription	5,686	5,796	(110)	(1.9)
Grants Administration	460	500	(40)	(8.0)
TEC Core Parking Subscription	50	50	-	-
	6,196	6,346	(150)	(2.4)
Commissioned Grants	8,540	11,000	(2,460)	(22.4)
Total Borough Payments (excluding TEC charges)	14,736	17,346	(2,610)	(15.0)

In summary, the total amount to be levied on boroughs for core subscriptions and Grants Administration is £6.196 million, a reduction of £150,000, or 2.4% on the equivalent figure for the current year. The borough contribution towards commissioned grant services will reduce by £2.46 million, or 22.4%, on the equivalent figure for 2012/13. The total amount to be levied from boroughs for these items in 2013/14 is, therefore, £14.736 million, a reduction of £2.61 million or 15% on the equivalent figure for 2012/13.

Joint Committee Core Subscription

The total amount levied on member boroughs in respect of the joint committee core and associated functions in 2012/13 is detailed below, compared to the charge for the current year:

	2013/14 Per Borough	2013/14 Total	2012/13 Per Borough	2012/13 Total
	£	£000	£	£000
Joint Committee core functions	165,664	5,467	167,982	5,521
Local Government Employers	3,763	120	3,763	120
16-19 RPG Regional Activities	3,000	99	4,000	132
Total	172,427	5,686	175,745	5,796

The total savings of £110,000 in 2013/14 allow the subscription for joint committee core and associated functions to be further reduced. The proposed Joint Committee subscription for 32 boroughs, excluding the City of London, will be £172,427 per borough, a £3,318, or 1.9% reduction on the equivalent charge for 2012/13. The City will pay £168,664; a 1.9% reduction of £3,318 on the equivalent charge of £171,982 for 2012/13. This amount is in recognition of the fact the City is historically not part of the regional Local Government Employers arrangements. As well as the contribution towards the regional Local Government Employers function for the 32 participating boroughs, the borough contribution towards the 16-19 YPES regional activities are

also included. Since 2010/11, the overall reduction in the Joint Committee subscription is £85,536, or 33.16%.

In addition, in recognition of the current financial climate facing boroughs and the level of reserves that has built up over the past two financial years, the Leaders' Committee has approved a one-off payment of £25,000 per borough from accumulated Joint Committee reserves. As this is a one-off payment, this will not result in a further reduction in the Joint Committee subscription base of £172,427 detailed in the table above. This one-off payment will be reflected as a credit on the annual invoice for the Joint Committee subscription, which will be sent to boroughs in April 2013.

Borough Contributions towards the London Boroughs Grants Scheme

The borough contributions for 2013/14 can be summarised in the table below:

	2013/14 (£000)	2012/13 (£000)	Variance (£000)	Variance (%)
Commissioned Services	8,540	11,000	(2,460)	(22.4)
Grants Administration	460	500	(40)	(8.0)
Total Borough Contributions	9,000	11,500	(2,500)	(21.7)

As detailed above, total borough contributions to the Grants Scheme for 2013/14 will be £9 million, a reduction of £2.5 million, or 21.7% on the figure for 2012/13. Borough contributions to pan-London commissioned services, including the ESF programme, have reduced to £8.54 million in 2013/14, a reduction of £2.46 million, or 22.4% on the figure for 2012/13. Similarly, contributions toward grants administration have reduced to £460,000 for 2013/14, a reduction of £40,000 or 8% on the figure for 2012/13. Since 2010/11, average borough contributions towards the grant scheme have reduced by just under 66%.

A separate circular setting out the specific requirements in respect of approving the Grants Scheme budget for 2013/14 was sent out to boroughs on 16 November 2012. In order for that budget to be ratified, two-thirds of boroughs must indicate their assent to it by the end of January 2013. A formal response to that circular is sought, therefore, ideally by Friday 18 January 2013, but no later than Thursday 31 January 2013.

TEC Core Parking Subscription

The TEC core parking subscription is £1,500 per borough for the current financial year; TfL also pay the same amount. The relatively low level of this particular subscription reflects the fact that TEC raises most of its income through charges for the direct and traded services that it provides to boroughs, TfL and other users (see below). It has been agreed, therefore, that the TEC core parking subscription remains at £1,500 per borough for 2013/14, the same level as the charge for 2012/13, although the charge has reduced by 25% since 2010/11.

Administration Charges for Transport-related Direct Services (as agreed by the London Councils Transport and Environment Committee)

The three charges for 2013/14 in respect of the direct services provided to boroughs are as follows:

- The Freedom Pass Administration Charge of £8,589 per borough, no change on the charge for the current year;
- The Taxicard Administration Charge of £4.00 per permit, no change on the charge for the current year; and
- The Lorry Control Administration Charge of £103,172 in total, net of estimated PCN income, to be apportionment in accordance with ONS 2011 mid-year population estimates - see attached **Schedule 1**, with TfL paying the average borough charge of £3,439. This compares to the total figure of £273,603 for 2012/13 and an average charge of £9,120; a reduction of £5,681 or 62.3%. This is primarily due to the outsourcing of the enforcement of the scheme, with effect from 2 January 2013.

By the end of 2013/14 these Administration Charges will have fallen by more than 25% since 2010/11.

Unit Charges for Parking Traded Services (as agreed by the London Councils Transport and Environment Committee)

The individual charges for 2013/14 in respect of the parking traded services provided to boroughs and other users are as follows:

Parking Enforcement Charge – A combination of a reduction in the overall level of fixed costs to be recouped in 2013/14 of £75,000 plus an increase in the number of PCNs issued from 4.811 million in 2010/11 to 4.932 million in 2011/12 (an increase of 121,000, close to 2.5%) has led to a reduction in the equivalent unit cost from £0.4805 per PCN for 2012/13 to £0.4519 for 2013/14, a reduction of £0.0286 or 5.94% per PCN.

Parking Appeals - £41.38 per appeal (£44.46) a reduction of £3.08 or 6.93%. The reduction in costs is largely attributable to the increase in the budgeted throughput rate to 2.71 per hour for appeals heard, compared to 2.37 for 2012/13, due to continued improvement in procedures introduced by the current Chief Parking Adjudicator. In addition, for those boroughs that convert to the electronic submission of appeals evidence, the reduction in the variable unit charge offered by the contractor, Capita, of £1.56 per appeal will be passed on in full to boroughs as an incentive to move to this more effective process. In such cases the cost of an appeal will reduce to £39.81, a £1.56 or 3.78% reduction on the charge for 2012/13.

TRACE (Electronic) - £10.40 per inquiry (£11.80) – a reduction of £1.40 or 11% on the charge for the current year.

TRACE (Manual Fax) - £12.83 per inquiry (£12.83) – no increase.

PEC - £0.20 per inquiry (£0.20) – no increase.

PED/PIE - £0.20 per inquiry (0.20) – no increase.

Registration of Debt at Northampton County Court - £7 per registration (£7) – no increase.

Concessionary Fares Scheme – Freedom Pass

The Freedom Pass settlement is agreed annually. The size of the settlement is driven primarily by the scale of fare increases. The main element of the settlement is with Transport for London (TfL), and there are separate elements with the Association of Train Operating Companies for concessions on national rail and with bus companies which operate services outside the TfL bus network. The TfL element is, however, by far the most significant.

The total settlement for 2012/13 is detailed in the table below, which is compared to the 2011/12 settlement:

	2013/14 (£000)	2012/13 (£000)	Change (£000)
TfL settlement	309,415	294,555	14,860
ATOC settlement	19,950	19,108	842
Non TfL Bus	2,000	2,000	-
Survey & Reissue	794	674	120
2015 reissue provision	400	400	-
Prior year adjustment for Veterans	(668)		(668)
Sub total	331,891	316,737	15,154
Financed by			
Borough contributions	(331,891)	(316,737)	(15,154)

The total estimated cost payable by boroughs towards the scheme in 2013/14 of £331,891 million compares to £316,737 million payable for 2012/13, an increase of £15.154 million or 4.78%, which is further illustrated by:

	£000
Borough contributions 2012/13	316,737
increase in TfL settlement based on fares increase of RPI + 1%	14,860
increase in ATOC settlement based on fares increase of RPI + 1%	842
increase due to statutory smart card requirements (ITSO/HOPS)	89
increase in administrative costs (net)	31
Prior year adjustment for Veterans	(668)
Borough contributions 2013/14	331,891

The increased cost for ITSO/HOPS and administration totalling £120,000 is offset by the estimated income collected from the introduction of a £10 charge to replace lost and damaged passes, as agreed by the Full TEC meeting in October and implemented on 1 November. It is estimated that up to £400,000 may be collected in respect of reissuing lost and damaged passes

Included in the above figures for both years is a sum of £400,000 which members agreed should be transferred to a new specific reserve set up to accumulate funds to offset the cost of the next pass reissue exercise in 2015, which is estimated to cost between £2.5 million and £3 million. At the end of the current financial year, this provision will be £1.4 million and the £400,000 in relation to 2013/14 will increase this amount to £1.8 million.

The apportionment of the total borough contribution of £331.891 million for 2013/14 is detailed in **Schedule 2** attached.

Taxicard Scheme

The Transport and Environment Committee will undertake the annual survey of borough budgets for the Taxicard Scheme for 2013/14 before confirming the overall Taxicard trips budget for the 2013/14 financial year. Boroughs are being asked to maintain their budgets for 2013/14 at the current year's level of £4.445 million in order to maximise the TfL contribution of £9.4 million, giving a potential maximum budget of £13.845 million for 2013/14.

For further information on any of the issues raised in this circular, please contact Frank Smith, Director of Corporate Resources on 020-7934-9700;
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