

# Leaders' Committee

## Proposed Revenue Budget and Borough Subscriptions and Charges 2019/20

Item no: 10

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**Date:** 4 December 2018  
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**Summary**                      This report proposes the level of boroughs subscriptions and charges to be levied in 2019/20, together with the consolidated revenue income and expenditure budget for 2019/20. The report also updates the Leaders' Committee on the current level of London Councils reserves after considering all current and proposed commitments and the timetable for the overall budget approval process. These proposals were considered by the London Councils Executive at its meeting on 13 November and this package was 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 2019/20, no change on the charge of £161,958 for 2018/19 (paragraph 14);
- The proposed Joint Committee subscription for the MOPAC and the LFC of £15,410 for 2019/20, no change on the charge of £15,410 for 2018/19 (paragraph 15);
- An overall level of expenditure of £6.909 million for the Grants Scheme in 2019/20 (inclusive of £241,000 gross ESF programme), a reduction of £1.759 million on the total budget of £8.668 million for 2018/19; and
- That taking into account the application of £58,000 ESF grant and £183,000 from earmarked Grants Committee reserves, net borough contributions for 2019/20 should be £6.668 million, the same level as for 2018/19 (paragraphs 16-19).

The Leaders' Committee is also asked to endorse the following subscription and charges for 2019/20 for TEC, which were considered by the TEC Executive Sub-Committee on 15 November, and which will be presented to the main meeting of TEC on 6 December for final approval:

- The Parking Core Administration Charge of £1,500 per borough and for TfL (2018/19 - £1,500) (paragraph 20);
- No charge to boroughs in respect of the Freedom Pass Administration Charge, which is covered by replacement Freedom Pass income (2018/19 – no charge) (paragraph 22);
- The net Taxicard Administration Charge to boroughs of £338,182 in total (2018/19 - £338,182); (paragraph 23);
- No charge to boroughs and TfL in respect of the Lorry Control Administration Charge, which is fully covered by estimated PCN income (2018/19 – no charge) (paragraph 24);
- The Parking Enforcement Service Charge of £0.3760 per PCN, which will be distributed to boroughs and TfL in accordance with the number of PCNs issued in 2017/18 (2018/19 - £0.4226 per PCN; paragraphs 27-28);
- The Parking and Traffic Appeals Charge of £28.75 per appeal or £25.08 per appeal where electronic evidence is provided by the enforcing authority (2018/19 - £30.63/£27.02 per appeal). For hearing Statutory Declarations, a charge of £23.23 for hard copy submissions and £22.50 for electronic submissions (2018/19 - £25.21/£24.49 per SD) (paragraphs 29-30);
- Congestion Charging Appeals – to be recovered on a full cost recovery basis, as for 2018/19, under the new contract arrangement with the GLA (paragraph 31);
- The TRACE (Electronic) Charge of £7.53 per transaction (2018/19 - £7.53) (paragraphs 32-34);
- 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 (2018/19 - £15.23) (paragraphs 32-34);
- The TEC Charge of £0.175 per transaction (2018/19 - £0.175) (paragraphs 32-34); and
- To approve a transfer of £410,000 from the general reserve to the specific reserves to be used for future project work to be determined by TEC.

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

2019/20 for London Councils of £382.765 million, as per Table 4 at paragraph 35 and Appendix A of this report;

- The provisional consolidated revenue income budget for 2019/20 for London Councils of £381.401 million, also as per Table 4 at paragraph 35 and Appendix B;
- Within the total income requirement, the use of London Councils reserves of £1.724 million in 2019/20, as detailed in Table 12 at paragraph 55.

The Leaders' Committee is also asked to note:

- The position in respect of forecast uncommitted London Councils reserves as at 31 March 2019, as detailed at paragraphs 53-58; and
  - The positive statement on the adequacy of the residual London Councils reserves issued by the Director of Corporate Resources, as detailed in paragraphs 59-60.
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# Proposed Revenue Budget and Borough Subscriptions and Charges 2019/20

## Introduction

1. This paper outlines the background and context to setting the London Councils budget for 2019/20 and sets out a proposed approach. It reflects the fact that the work agreed by the London Councils Executive in September 2016 to progress the London Councils Challenge process will continue into the second half of the current financial year, beyond the point at which the 2019/20 budget needs to be approved. This report also reflects the impact of a number of new budgetary pressures that have emerged during the course of the current year and which will impact on 2019/20. These are highlighted in detail at paragraph 2.

## Budgetary pressures

2. There are a number of significant new budgetary pressures that will impact on the London Councils revenue budget for 2019/20. These are:
  - The approved 2% officer pay award from April 2019 will add roughly £130,000 to the overall salaries bill for London Councils. In addition, a further 0.5% will need to be added to the base budget to cover the shortfall in respect of the provision for the 2018/19 pay award, amounting to £32,000;
  - Incremental drift relating to staff salary progression amounts to a net additional £3,000 in 2019/20; although for the Joint Committee there is a £35,000 estimated increase;
  - The outcome of the Local Government elections in May 2018 has led to the re-establishment of the Liberal Democrat Group advisor post, with a total cost in a full year of £50,000;
  - The member's allowances budget has been marginally deficient for a number of years and a further outcome of the Local Government elections has led to an increased number of shadow portfolio roles, with an overall additional cost in a full year of £46,000;
  - Additional depreciation costs of £71,000 will arise out of the cost of IT Transformation and Agile Working pilot projects expected to be completed by the end of 2018/19;

- The relocation of the Pensions CIV with effect from November 2018 will lead to an annual loss of income of £267,000 in respect of the licence to occupy agreement and for the reimbursement of a range of central support services. A proportion of this sum, estimated to be £162,000, will be recouped via the reapportionment of central costs across remaining LC services and functions; and
  - CPI in the year to October 2018 is now running at 2.4%, meaning that there will be increased pressure on overall contract prices and in respect of cost of the four SLAs for support services provided by the City of London.
3. Clearly, London Councils has made significant savings since 2011/12, as detailed in paragraphs 11-12. If the proposals outlined in this report are agreed, accumulated savings will amount to £55.5 million, with a further £146.4 million worth of savings to boroughs relating to payments to commissions made by the Grants Committee, equating to £6.1 million per borough.
4. Within these proposals, some new savings/efficiencies have been identified from within existing approved resources to mitigate the overall effect of the above cost pressures. These include:
- The approval of the Executive in June 2018 to a new five-year lease with the City of London until March 2026 for the Southwark Street site has allowed the smoothed rent period to be increased, resulting in an annual saving of £51,000;
  - Increasing the income generation target for hire of meeting rooms and associated facilities by £25,000 from £125,000 to £150,000 to reflect the outturn position achieved in recent times; and
  - As detailed in paragraph 2, additional central recharge income of £162,000 is estimated to accrue to the Joint Committee through the reallocation of central costs previously apportioned to the Pensions CIV.
5. Setting aside the Grants and TEC funding streams, where there is more scope to cover the potentially smaller deficits arising from the above budgetary pressures, the scale of the problem becomes clearer in respect of the Joint Committee. For the first time since 2011/12, there is a projected deficit for the Joint Committee for 2019/20, amounting to £347,000.

6. Although, historically, the Joint Committee has always generated an in-year surplus on operations. However, a deficit budget cannot be proposed to this Committee based on the continuing presumption that a surplus will actually arise in 2019/20. Given the point reached both in relation to the process of revising London Councils priorities that members instigated in June 2018, as well as the London Councils Challenge implementation, a short term exercise to find additional savings to cover this projected amount does not appear to be the most efficient route forward. It would be preferable to take a wider, more strategic view of future savings and income generation informed by and in the context of those two pieces of work in twelve months' time.
7. Following consideration of the above issues at the meeting of the London Councils Executive on 13 November, it is recommended that the Leaders' Committee agree that the increased projected deficit in 2019/20 of £347,000 is covered from uncommitted JC reserves. If agreed, the effect on the level of these reserves is fully outlined in Table 12 at paragraph 55. Estimated uncommitted JC reserves of £3.264 million would still remain should this option be agreed, which equates to 34.6% of estimated JC operating expenditure of £9.436 million for 2019/20. This is considered sufficient for London Councils to remain financially resilient to cover any future unforeseen events, as highlighted formally in paragraphs 59-60.
8. This should only be a short term position. Clearly 2019/20 will be a year of managing transition for the organisation, both in terms of the direction of travel relating to redefined priorities and the implementation of the outcomes of the London Councils Challenge work. There would be a need to work through this transitional year in a way that puts budgeted expenditure onto a sustainable footing for 2020/21 onwards. Budget proposals would need to be worked up for consideration by members in 12 months' time that explore options for either expenditure reductions, or additional income, or both. The outcome of both the work on revising priorities and the London Councils Challenge will inform and help generate options for income and savings that are consistent with that strategic framework.
9. This report, therefore, proposes the level of borough subscriptions and charges to be levied in 2019/20, together with the indicative consolidated revenue income and expenditure budget for 2019/20. The proposals include:

- A Joint Committee core subscription of £161,958 per borough, the same level as for 2018/19;
- A TEC parking core administration charge of £1,500 per borough, the same level as for 2018/19;
- Total S.48 grants administration costs (excluding ESF) of £435,000, equating to an average cost of £13,182 per borough, the same level as for 2018/19;
- The continuation of the Challenge Implementation Fund of £525,000, funded from 2018/19 unspent funds carried forward, replenished by uncommitted joint committee reserves; and
- An overall reduction in the level of the proposed transfer from uncommitted reserves of £702,000, although the proposed transfer in respect of the Joint Committee increases by £347,000, as highlighted in paragraph 7. The total sum proposed to be transferred from uncommitted reserves, therefore, is a maximum of £1.724 million, compared to £2.426 million for the current year.

10. The timetable for the approval of the budget for 2019/20 is as follows:

- 13 November – The London Councils Executive considered the proposals as outlined in this report and agreed to recommend the proposals to this Committee for final consideration and approval.
- 15 November - TEC Executive Sub-Committee considered the indicative budget and borough charges for 2019/20 and make recommendations to the main TEC Committee meeting on 6 December for approval;
- 21 November – Grants Committee considered and agreed the indicative grants budget and borough contributions for 2019/20, and recommended that the Leaders' Committee approve these proposals at this meeting in a separate report on this agenda;
- 4 December - Leaders' Committee considers this report on the indicative consolidated budget and borough charges for 2019/20, and a separate report seeking approval of the grants budget and borough contributions for 2019/20. This report includes the indicative budget and borough charges for TEC which the Leaders' Committee is asked to endorse; and
- 6 December – main TEC Committee – considers recommendations of TEC Executive Sub-Committee and any views arising from the Leaders' Committee and approves final budget and charges for 2019/20. The views of the Leaders' Committee will be reported orally to the main TEC meeting.

## **Current position on core subscriptions and other charges**

11. Members are reminded that since 2010/11 (covering the seven-year period between 2011/12 and 2018/19):

- The Joint Committee core subscription has been reduced by £96,005 or 37%;
- The TEC core parking subscription has been reduced by £500 or 25%;
- Payments for commissioned services funded by the Grants Committee have reduced from an annual average of £754,545 per borough to £188,879, an annual average reduction of £565,667 per borough or 75%;
- Payments for the administration of commissioned services have reduced from an average of £43,333 per borough to an average of £13,182, an average reduction of £30,152 per borough or 69.6%;
- The three main TEC administrations charges for direct services – Freedom Pass, Taxicard and Lorry Control, have reduced by between 8% and 100%; and
- The administration costs of the London Tribunal have reduced by £700,000 and savings of £2.3 million have been realised in respect of unit cost charges to boroughs for use of parking services, including appeals.

12. A further sum of £8.7 million has been repaid to member boroughs from uncommitted reserves over the period 2011/12 to 2018/19. The total accumulated benefit to boroughs, therefore, arising from the reduction in the main borough subscriptions and from charges for direct service charges since 2010/11, plus one-off repayments to date, equates to £47.9million, with an additional overall reduction of £127.7 million that relates to payments to commissions funded by the Grants Committee. The total accrued benefit to boroughs is, therefore, £175.668 million, an average of £5.32 million per borough. In addition, staffing numbers have reduced by 39% over this period.

## **Proposed borough subscriptions and charges**

13. The following paragraphs detail the proposed borough subscriptions and charges for 2019/20.

### **Joint Committee Core Subscription**

14. As detailed in the first bullet point of paragraph 9 above, the proposed amount to be levied on member boroughs in respect of the JC core and associated functions in 2019/20 is £161,958, the same level as for 2018/19. This includes a sum of £5,455 per borough as a contribution towards the continued funding of the YPES.

15. In line with the overall standstill position, it is proposed that the Joint Committee subscription for the MOPAC and the LFC for 2019/20 is £15,410, the same level as for the current year. Following governance changes that came into effect on 1 April 2018, the LFC is yet to confirm its membership of London Councils.

### Commissioned services funded by the Grants Committee 2019/20

16. The overall budget for commissioned services for the current year, as agreed by the Leaders' Committee in December 2017, is £8.668 million, inclusive of gross ESF expenditure of £2 million. At its meeting on 21 November 2018, the Grants Committee agreed a S.48 borough funded grants programme of £6.668 million for 2019/20, which is the third year of the four-year programme of commissioned services agreed by the Leaders' Committee in March 2016, following recommendations by the Grants Committee.

17. In addition, a residual S.48 ESF programme of £241,000 will continue until the current scheduled end date of 30 June 2019. This will be funded from ESF grant and from residual funds held in Grants Committee reserves accumulated from borough contributions collected during the period 2015/16 – 2017/18.

18. Following consideration by the Grants Committee at its meeting on 21 November, the Leaders' Committee is, therefore, asked to approve the budget for the Grants Committee for 2019/20 as shown in the Table 1 below:

**Table 1 – Indicative Grants Budget 2019/20**

	<b>2019/20 Indicative £000</b>	<b>2018/19 Actual £000</b>	<b>Variance £000</b>
LC S.48 grants programme	6,233	6,233	-
LC S.48 ESF grants programme	102	1,880	(1,778)
<b>Sub-Total</b>	<b>6,335</b>	<b>8,113</b>	<b>(1,778)</b>
Grants Administration – LC S.48	435	435	-
Grants Administration – LC S.48 ESF	139	120	19
<b>Total expenditure</b>	<b>6,909</b>	<b>8,668</b>	<b>(1,759)</b>
<b>Financed by:</b>			
Borough contributions to grant payment	(6,173)	(6,173)	-
Borough contributions to grants administration	(495)	(495)	
<b>Total borough contributions</b>	<b>(6,668)</b>	<b>(6,668)</b>	-

ESF grant	(58)	(1,000)	942
<b>Total Income</b>	<b>(6,726)</b>	<b>(7,668)</b>	<b>942</b>
<b>Transfer from Reserves</b>	<b>(183)</b>	<b>(1,000)</b>	<b>817</b>
<b>Net expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>

19. The key features of the proposed budget in Table 1 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;
- An additional gross sum of £241,000 relating to the residual commitments relating to the S.48 ESF commissioned services;
- An indicative gross commissions payments budget, therefore, of £6.335 million;
- A provision for grants administration of £574,000. This comprises of a sum of £435,000, or 6.5% (or 4% excluding central recharges of £167,000) for the S.48 borough programme of £6.668 million, reflecting the actual cost of the current contract management and monitoring arrangements for commissions. In addition, a sum of £139,000 has been earmarked to complete all residual tasks in respect of the winding up of the S.48 ESF commissioned services, including the submission of the final grant claims. This sum exceeds the £120,000 provision for the current year, which equates to 5.99% of the £2 million gross S.48 ESF commissions for 2018/19; and
- Borough contribution of £6.668 million, ESF grant income of £58,000 plus a £183,000 transfer from uncommitted reserves to fund the total expenditure requirement of £6.909 million; the borough contribution of £6.668 million will be apportioned in accordance with the ONS 2017 mid-year population data.

### **TEC Core Parking Subscription**

20. This subscription is currently £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**

21. 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

£338,182 needs to be recouped from boroughs in 2019/20, 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 2 below:

**Table 2 – Proposed TEC Direct Services Administration Charge 2018/19**

<b>Charge</b>	<b>Basis</b>	<b>2019/20 (£)</b>	<b>2018/19 (£)</b>	<b>Variance (£)</b>	<b>%</b>
Freedom Pass	Per borough	Nil	Nil	-	-
Taxicard	Total	338,182	338,182	-	-
Lorry Control	Average	Nil	Nil	-	-

22. 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 2019/20 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 will be reviewed annually to ensure forecast income streams continue to cover the costs of administering the scheme.

23. 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 2019/20 is £338,182, no change on the total charge for 2018/19. This proposal includes the use of uncommitted Tec reserves of £102,000 to maintain the unit charge at this level. The active Taxicard membership as at 30 September 2018 has increased by 1,616 from 67,244 to 68,860 and this increase in the spreading base has, therefore, reduced the subsidised unit cost of a permit to from £5.03 to £4.91 per member.

24. The **Lorry Control administration 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. In the case of 2019/20, the population data for 2017 is used. The total cost of administering the scheme is estimated to be £742,951 in 2019/20, compared to £706,738 in 2018/19. This figure includes a sum of £50,000 that has been retained in anticipation of further review and development of the scheme in 2019/20. After consideration of projected income of

£900,000 from the enforcement of the scheme in 2019/20, it is proposed that there will be no borough or TfL contribution to the scheme in 2019/20, 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

25. 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.

26. The proposed level of charge for each traded service, showing significant reductions when compared to the charges for the current year is detailed in Table 3 below:

**Table 3 – Proposed TEC Traded Services Unit Charges 2019/20**

Charge	2019/20 (£)	2018/19 (£)	Variance (£)	%
Parking Enforcement Service Charge (total charge)	0.3760	0.4226	(0.0466)	(11.0)
Environment and Traffic Adjudicators (ETA) Appeals (Hard Copy)	28.75	30.63	(1.88)	(6.2)
ETA Appeals (Electronic)	25.08	27.02	(1.94)	(7.2)
ETA Statutory Declarations (Hard Copy)	23.23	25.21	(1.98)	(7.8)
ETA Statutory Declarations (Electronic)	22.50	24.49	(1.99)	(8.1)
TRACE Electronic	7.53	7.53	-	-
TRACE Fax	7.70	7.70	-	-
TEC	0.175	0.175	-	-

27. The **Parking Enforcement Service Charge** is allocated to users in accordance with the number of PCNs issued. For 2019/20, expenditure of £2.687 million needs to be recouped, compared to £2.663 million for 2018/19. The marginal increase is primarily due to increased salary costs.

28. After top-slicing this amount for the estimated fixed costs of £575,000 attributable to the contract with the GLA/TfL in respect of road user charging appeals (RUCA), a total of

£2.112 million remains to be apportioned through the 5.616 million PCN's issued by boroughs and TfL in 2017/18 in respect of parking, bus lane and moving traffic offences, compared to 5.126 million issued in 2016/17. The increase in the number of PCNs issued over the two comparative years increases the cost spreading base, which together with a reduction in the total costs of the London Tribunal attributable to ETA appeals, leads to a reduction in the actual unit charge to boroughs and TfL of £0.0466 per PCN, or 11%, from £0.4226 to £0.376 per PCN for 2019/20. 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 2018/19, this sum was £92,000 and is estimated to increase to £94,000 in 2019/20. This sum will be apportioned to boroughs in accordance with volumes of transaction generated on each system by users.

29. The estimated volume of Environment and Traffic Adjudicators (ETA) appeals for 2019/20, based on indicative volumes to date in 2018/19, is 41,694, compared to the budgeted figure of 41,278 for the current year. The actual number of appeals represented by corresponding financial transactions posted in the accounts in 2017/18 was 42,557 including Statutory Declarations, Moving Traffic Offences and Lorry Ban Appeals.
30. The average throughput of appeals to date for the current year is 3.41 appeals heard per hour, compared to 3.14 appeals per hour when the current year's budget was set in December 2017. This average figure takes account of all adjudicator time spent on postal and personal appeal hearing and also non-appeal 'duty adjudicator' activities. The increase in throughput is attributable to continued system and service improvements that now feed through into the processing figures. Based on this forecast figure, it is proposed that the indicative hard copy unit ETA appeal cost for 2019/20 is £28.75, a reduction of £1.88 or 6.15% on the charge of £30.63 for 2018/19. For appeals where electronic evidence is provided by an enforcing authority, it is proposed that the unit cost will reduce by £1.94 or 7.18% to £25.08. The lower charge to boroughs recognises the reduced charge from the contractor for processing electronic appeals, demonstrating that there remains a clear financial incentive for boroughs to move towards submitting electronic evidence under the current contract arrangements. As for 2018/19, boroughs will pay a differential charge for the processing of ETA statutory declarations. For hard copy statutory declarations, the proposed unit charge will be £23.23 compared to the charge of £25.21 for the current year, which represents a reduction of £1.98, or 7.84%. For electronic statutory declarations, the proposed unit charge will be £22.50, a reduction of £1.99, or 8.13% on the electronic appeal unit charge for the current year.

31. For RUCA Appeals, the estimated volume of appeals for 2019/20, based on current trends, is 9,158, compared to the budgeted figure of 7,800 for the current year. The actual number of RUCA Appeals dealt with in 2017/18, represented by corresponding financial transactions posted in the accounts, including Statutory Declarations, was 11,326. This estimate is based on current volumes being processed and does not include the potential significant increase in volumes arising from the introduction of the Ultra-Low Emission Zone (ULEZ), which comes into effect on 8 April 2018. This will be subject to a separate report for consideration by TEC members. 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 £575,000 for 2019/20; a £78,000 increase on the budgeted level of £497,000 for 2018/19, which is due to a forecast increase from the current 16% to 18% in the proportion of RUCA appeals in relation to the overall number.
32. 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. Current trends during the first half of 2018/19 suggest that transaction volumes appear to be reducing of the use of the TRACE Fax system, but are increasing for the use of the TRACE electronic and TEC systems.
33. The estimated increase in expenditure between 2018/19 and 2019/20, due to the projected transaction volumes and contract price changes, is £19,624. However, the corresponding estimated effect on income, between 2018/19 and 2019/20, based on the current projected transaction volumes for 2018/19 is an increase of £83,692, leading to a net overall increase in budgeted income of £63,068.
34. 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. The TEC Executive Sub-Committee has, therefore, recommended that the main TEC Committee approve the unit charges for the parking service it provides, as detailed in Table 3 above, at its meeting on 6 December.

## Proposed revenue budget for 2019/20

35. Based on the proposed level of subscription and charges, as detailed in paragraphs 14-34 above, the proposed revenue budget position for 2019/20, is summarised in Table 4 below. A detailed breakdown of proposed expenditure and income is shown at Appendices A and B to this report.

**Table 4 – Proposed revenue budget 2019/20**

	<b>Joint Committee</b>	<b>Grants Committee</b>	<b>TEC</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Indicative Expenditure	9,249	6,682	366,343	382,274
Central Recharges	187	227	77	491
<b>Total Expenditure</b>	<b>9,436</b>	<b>6,909</b>	<b>366,420</b>	<b>382,765</b>
Indicative Income	(6,218)	(6,726)	(366,233)	(379,177)
Central Recharges	(1,864)	-	-	(1,864)
<b>Sub-total</b>	<b>(8,082)</b>	<b>(6,726)</b>	<b>(366,233)</b>	<b>(381,041)</b>
Use of Reserves	(1,354)	(183)	(187)	(1,724)
<b>Total Income</b>	<b>(9,436)</b>	<b>(6,909)</b>	<b>(366,420)</b>	<b>(382,765)</b>
<b>Indicative Net Position</b>	-	-	-	-

36. The detailed breakdown of the proposed budgets for the Joint Committee, Grants Committee and TEC funding streams for 2019/20 is outlined in paragraphs 37-51 below.

## Grants Committee

37. The provisional position for the Grants Committee for 2019/20 is as follows:

**Table 5 – Indicative Grants Committee budget movements for 2019/20**

	<b>£000</b>
<b>Expenditure:</b>	
Revised budget 2018/19	8,668
Proposed budget 2019/20	6,909
Budget Movement	(1,759)
<b>Income</b>	
Revised budget 2018/19	(8,668)
Proposed budget 2019/20	(6,909)
Budget Movement	1,759
<b>Net Budget Movement</b>	<b>-</b>
<b>Developments - expenditure:</b>	
Reduction in payments to S.48 ESF commissions	(1,778)
Increase in S.48 ESF administration costs	19
<b>Total</b>	<b>(1,759)</b>

<b>Developments - income:</b>	
Reduction in ESF grant income	942
Reduction in transfers from accumulated S.48 ESF reserves	817
<b>Total</b>	<b>1,759</b>
<b>Net Budget Movement</b>	<b>-</b>

38. Paragraph 19 above outlines the proposed budget breakdown for 2019/20 in detail.

### Transport and Environment Committee

39. Excluding the position for the payments to transport operators in respect of the Freedom Pass and Taxicard, which are dealt with in paragraphs 41-49 below, the provisional position for TEC for 2019/20 is detailed in Table 6 below:

**Table 6 – Indicative TEC budget movements for 2019/20**

<b>Expenditure:</b>	<b>£000</b>
Revised budget 2018/19	11,705
Proposed budget 2019/20	12,778
Budget Movement	1,073
<b>Income</b>	
Revised budget 2018/19	(11,705)
Proposed budget 2019/20	(12,778)
Budget Movement	(1,073)
<b>Net Budget Movement</b>	<b>-</b>
<b>Developments – expenditure:</b>	
Increase in registration of parking debt at the County Court	1,000
Increase in Freedom Pass administration	13
Increase in Taxicard administration	27
Increase in Lorry Control administration	31
Increase in London Tribunals administration	12
Reduction in Health Emergency Badge administration	(6)
Increase in non-operational staffing costs	14
Volumes changes – adjudicators fees	(87)
Volume changes – Northgate variable costs	17
Increase in other running costs	2
Reduction in central recharges	(34)
<b>Sub-Total</b>	<b>989</b>
<b>Inflation:</b>	
Salary costs	71
Northgate contract costs	13
Other	-
<b>Budget Movement on expenditure</b>	<b>1,073</b>

<b>Developments – income:</b>	
Increase in registration of parking debt at the County Court	(1,000)
Increase in London Lorry Control Scheme PCN income	(100)
Volumes changes – appeals income	91
Volume changes – other parking services income	(82)
Increase in income for replacement Freedom Passes	(66)
Reduction in income for replacement Taxicards	3
Increase in income for fixed parking costs	(25)
Other adjustments	4
Proposed reduction in transfer from general reserve	102
<b>Budget Movement on income</b>	<b>(1,073)</b>
<b>Net Budget Movement</b>	<b>-</b>

40. The proposals for the level of subscription and charges for TEC related services in 2019/20, which are detailed in paragraphs 20-34 above, provide the rationale for the majority of the budget movements detailed in Table 6.

### **Freedom Pass**

41. The main settlement with TfL for concessionary travel on its service is estimated to be £320.913 million, representing a provisional reduction of £2.011 million, or 0.62%, on the figure of £322.924 million for 2018/19.

42. The budget in respect of the Rail Delivery Group (formerly ATOC) has been provisionally increased by £401,000 to £19.953 million to take into account the anticipated settlement for 2019/20, an increase of 2.05% on the figure of £19.552 million for the current year, in line with July 2018 RPI inflation (3.2%) and a reduction of 1.1% on 2018/19 settlement figure to account for services that transferred to TfL Rail West.

43. The budget for payments to other bus operators for local journeys originating in London has been reduced by £200,000 to £1.3 million, following projections for 2019/20, based on the 2017/18 outturn position plus taking into consideration a wider decline in bus ridership.

44. The budget for the freedom pass issuing costs was £1.518 million for 2018/19. For 2019/20, 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.

45. For income in respect of replacement Freedom Passes, current trends indicate that significant income continues to accrue, and in fact, increases. It is proposed to maintain the unit cost of a replacement pass of £12 from 1 April 2019 but to increase the budget target to £750,000 to reflect current trends. As stated in paragraph 22, the estimated cost of the Freedom Pass administration scheme will be fully funded by this income stream in 2019/20.
46. As agreed by TEC in December 2014, any annual surplus arising from both the freedom pass issuing costs budget of £1.518 million (paragraph 44 above) and replacement freedom passes income budget of £750,000 (paragraph 45 above) will be transferred to a specific reserves to accumulate funds to offset the cost of the next pass reissue exercise scheduled for 2020. The current balance on the specific reserve is £3.217 million (after considering a projected surplus of £306,000 in respect of the current year), as detailed in Table 10 at paragraph 53.
47. Final negotiations on the actual amounts payable to operators should be finalised in time for this meeting and the main TEC Committee on 6 December; any late variations to these provisional figures will be tabled at these meetings.
48. A summary of the provisional freedom pass costs for 2019/20, compared to the current year, can be summarised in Table 7 below. The total cost of the scheme is fully funded by boroughs and the estimated cost payable by boroughs in 2019/20 is £343.684 million, compared to £345.494 million payable for 2018/19. This represents a reduction of £1.81 million or 0.51%.

**Table 7 – Comparative cost of Freedom Pass 2019/20 and 2018/19**

<b>Estimated Cost of Freedom Pass</b>	<b>2019/20(£000)</b>	<b>2018/19(£000)</b>
TfL Settlement	320,913	322,924
ATOC Settlement	19,953	19,552
Non TfL Bus Operators Settlement	1,300	1,500
Freedom Pass Issue Costs	1,518	1,518
<b>Total Cost</b>	<b>343.684</b>	<b>345,494</b>

#### **Taxicard**

49. Current indications are that TfL will provide an estimated fixed contribution of £9.36 million for 2019/20, a reduction of £762,000 on the contribution of £10.122 million for 2018/19. The total borough contribution towards the Taxicard scheme in 2019/20 is estimated to be £2.116 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 2019. The indicative budgetary provision for the taxicard trips contract with CityFleet Networks Limited, will, therefore, be an amalgam of the TFL and borough funding, currently equating to £11.476 million for 2019/20, a corresponding reduction of £762,000 on the current year. Members will be aware that this contract was recently retendered and the new pricing structure only becomes effective from 1 December 2018, so a number of factors could influence the final outturn position for 2019/20.

## Joint Committee

50. The provisional position for the Joint Committee for 2019/20 is as follows:

**Table 8 – Indicative Joint Committee budget movements for 2019/20**

	<b>£000</b>
<b>Expenditure:</b>	
Revised budget 2018/19	9,169
Proposed budget 2019/20	9,436
<b>Budget Movement</b>	<b>267</b>
<b>Income</b>	
Revised budget 2018/19	(9,169)
Proposed budget 2019/20	(9,436)
<b>Budget Movement</b>	<b>(267)</b>
<b>Net Budget Movement</b>	<b>-</b>
<b>Developments - expenditure:</b>	
Increase in net salary costs	85
Increase in members allowances	46
Increase in depreciation provision	71
Net reduction in Southwark Street premises related costs	(40)
<b>Sub-total</b>	<b>162</b>
<b>Inflation</b>	
Salary costs	105
Other	-
<b>Budget Movement on expenditure</b>	<b>267</b>
<b>Developments - income:</b>	
Increase in use of reserves	(347)
Increase in room hire charges	(25)
Reduction in income from tenants	267
Increase in central recharges income	(162)

<b>Total</b>	<b>(267)</b>
<b>Net Budget Movement</b>	<b>-</b>

51. The key elements included within the net budget movement are detailed below:

- **Increase in salary cost** - this covers the following salary related costs of the Joint Committee:
  - The approved 2% pay award for 2019/20 will add £85,000 to total salary costs. In addition, a further 0.5% will need to be added to the base budget to cover the shortfall in respect of the provision for the 2018/19 pay award, amounting to £21,000;
  - In addition, incremental salary drift is estimated to add a further £35,000 to the JC salaries budget for 2019/20;
  - The outcome of the Local Government elections in May 2018 has led to the re-establishment of the Liberal Democrat Group advisor post, with a total cost in a full year of £50,000; and
  - The member's allowances budget has been marginally deficient for a number of years and a further outcome of the Local Government elections has led to the re-establishment of a number of Liberal Democrat shadow portfolio leads, with an overall additional cost in a full year of £46,000.
  
- **Additional depreciation charge** – An additional charge of £71,000 is estimated to arise in 2019/20 in relation to capital expenditure incurred in respect of the IT Transformation project and the Agile Working pilot at Southwark Street during the second half of 2018/19.
  
- **Reduction in Southwark Street premises costs** – As agreed by the Executive in June 2018, the agreement of the new five-year lease with the City of London until March 2026 has allowed the smoothed rent period to be increased, resulting in an annual saving of £51,000, although this is offset by additional premises contract costs of £11,000;
  
- **Reduction in income from tenants** – the relocation of the Pensions CIV with effect from November 2018 will lead to an annual loss of income of £267,000 in respect of the licence to occupy agreement and for the reimbursement of a range of central support services.

- **Increase in central recharge income** – This additional income of £162,000 has arisen through the recharge of the increased depreciation costs arising in 2019/20, together with a the reallocation of a proportion of the income lost through the departure of the Pensions CIV, which has been spread across all remaining LC services and functions;
- **Increase in room hire income** - Increasing the income generation target for hire of meeting rooms and associated facilities by £25,000 from £125,000 to £150,000 reflects the outturn position achieved over the last two financial years;
- **Increase in proposed use of reserves** – the proposed transfer from Joint Committee reserves for 2019/20 is £1.354 million, a £347,000 increase on the figure of £1.007 million for the current year. This will cover the estimated deficit on Joint Committee functions, as detailed in paragraphs 2-8 above.

### Externally Funded Projects

52. In addition to the proposed expenditure of £382.765 million for largely borough funded activity, expenditure on activities financed through external contributions is currently projected to be in excess of £3.5 million in 2019/20, with funding being received through various external sources to fully fund the projects, ensuring no cost to boroughs. Once confirmation of continued funding into 2019/20 is received from funders over the coming months, budget plans for expenditure will be revised accordingly to ensure that they match the available funding.

### Updated position on Reserves

53. The current position on the overall level of London Councils reserves is detailed in Table 10 below, which includes the forecast outturn position for the current year at the half-year stage:

**Table 10 – Current Uncommitted Reserves**

	<b>Transport and Environment Committee (£000)</b>	<b>Joint Committee (£000)</b>	<b>Grants Committee (£000)</b>	<b>Total (£000)</b>
General Reserve at 1 April 2018	3,060	5,307	523	8,890
Specific/ESF reserve at 1 April 2018	3,111	-	1,920	5,031
<b>Provisional reserves at 1 April 2018</b>	<b>6,171</b>	<b>5,307</b>	<b>2,443</b>	<b>13,921</b>
Committed in setting 2018/19 budget	(289)	(1,007)	(1,000)	(2,296)

Balances c/f into 2018/19	(130)	-	-	(130)
Potential ESF grants commitments in 2018/19- 2019/20	-	-	(661)	(661)
Provisional other commitments for 2019/20 -2020/21	(3,557)	-	-	(3,557)
Projected surplus/(deficit) for the year	1,184	318	110	1,612
<b>Uncommitted reserves</b>	<b>3,379</b>	<b>4,618</b>	<b>892</b>	<b>8,889</b>

54. The current level of commitments from reserves, as detailed in Table 10, come to £6.644 million and are detailed in full in Table 11 below:

**Table 11– Current Commitments from Reserves**

	2018/19	2019/20	2020/21	Total
	£000	£000	£000	£000
Balances b/f from 2017/18	130	-	-	130
Approved transfer from JC general reserves	382	-	-	382
Approved transfer from TEC general reserves	289	-	-	289
Slippage of ESG grants funding	1,661	-	-	1,661
Challenge Implementation Fund	525	-	-	525
Support to the health transition process	100	-	-	100
2020 Freedom Pass reissue	-	777	2,440	3,217
TEC priority projects	340	-	-	340
<b>Totals</b>	<b>3,427</b>	<b>777</b>	<b>2,440</b>	<b>6,644</b>

55. After taking into account the budget proposals outlined in this report and the recommended use of reserves of £1.724 million, the level of uncommitted reserves reduces to £7.165, as detailed in Table 12 below:

**Table 12 - Estimated Uncommitted Reserves as at 1 April 2019**

	Transport and Environment Committee (£000)		Joint Committee (£000)	Grants Committee (£000)		Total (£000)
	General	Specific	General	S.48	ESF	
<b>Projected uncommitted reserves (Table 10)</b>	<b>3,379</b>	<b>-</b>	<b>4,618</b>	<b>633</b>	<b>259</b>	<b>8,889</b>
Proposal included in 2019/20 budget figures	(187)	-	(1,354)	-	(183)	(1,724)
Proposed transfer to Specific Reserves	(410)	410	-	-	-	-
<b>Estimated residual uncommitted reserves</b>	<b>2,782</b>	<b>410</b>	<b>3,264</b>	<b>633</b>	<b>76</b>	<b>7,165</b>

56. 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 £250,000 in respect of a proposed budget of £6.668 million for 2019/20. The forecast level of uncommitted reserves of £633,000 is, therefore, in excess of this benchmark at 9.49% of the proposed budget. For S.48 ESF borough funded commissions, residual accumulated reserves of £76,000 relate to the current programme and will be used in full to discharge all liabilities as this programme is wound up after provider activity ceases on 30 June 2019. A sum of £183,000 is recommended for transfer to the revenue account in 2019/20 to fund the estimated residual ESF S.48 expenditure, based on current estimates. At its meeting on 21 November, the Grants Committee agreed that a decision on options over the level of Grants Committee reserves going forward should be deferred until the meeting of the Grants Executive Committee in February 2019, with proposals being considered by the main Grants Committee meeting in March 2019. By this time, the end of project position in respect of the S.48 ESF programme will be clearer. The outcome will be brought back to a later meeting of this Committee for approval.
57. For TEC, forecast uncommitted general reserves of £3.379 million as at 31 March 2019 reflects the forecast surplus of £1.184 million for the current year. After taking into account the proposed use of general reserves of £187,000 in setting the proposed 2019/20 budget and the transfer of £410,000 from the general reserve to the specific reserve (both subject to agreement of main TEC meeting on 6 December), uncommitted general reserves are forecast reduce to £2.782 million, or 21.8% of proposed operating and trading expenditure of £12.778 million. The main TEC Committee will be considering options for the level of uncommitted reserves in the short-term at its meeting on 6 December, taking into account a number of significant service developments over the next 12 months.
58. For the Joint Committee functions, uncommitted general reserves are projected to be £3.264 million if the proposals in this report are approved. In a period of continuing financial constraint for London local government, and as demonstrated in the recent past, there is continued value in holding a reasonable level of reserves as a contingency. This will also facilitate a period of transition for the organisation, both in terms of the direction of travel relating to redefined priorities and the implementation of the outcomes of the London Councils Challenge work. However, the budget for the Joint Committee activities

will need to return to a more sustainable footing for 2020/21 onwards, with options worked up for consideration by members in 12 months' time that consider either expenditure reductions, or the generation of additional income, or both.

59. 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.

60. If the Leaders' Committee/TEC approves the use of uncommitted reserves of £1.724 million for 2019/20, as detailed in this report, residual uncommitted general reserves would reduce to £6.679 million. This would represent 28.7% of total operating and trading expenditure in 2019/20 of £23.312 million. The comparable figures reported to this Committee 12 month ago was projected uncommitted reserves of £5.854 million, which equated to 26.7% of provisional operating and trading expenditure of £21.951 million for 2018/19. Despite the proposed increased call on Joint Committee reserves for 2019/20, this position maintains the desire expressed at recent meetings of the Executive for a 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 2019/20.

## **Conclusions**

61. This report proposes the level of boroughs subscriptions and charges to be levied in 2019/20, together with the consolidated revenue income and expenditure budget for 2019/20. The report also updates the Leaders' Committee on the current level of London Councils reserves after considering all current and proposed commitments, including the use of additional Joint Committee reserves of £347,000 in 2019/20, plus the timetable for the overall budget approval process. These proposals were considered by the London Councils Executive at its meeting on 13 November and this package was agreed for submission to this Committee for final consideration and approval.

## **Summary**

62. This report proposes the level of boroughs subscriptions and charges to be levied in 2019/20, together with the consolidated revenue income and expenditure budget for 2019/20.

63. The subscription and budget proposals for 2019/20 relating to the Grants Committee, as contained in this report, were considered by the Grants Committee at its meeting on 21 November. The Grants Committee recommended that the Leaders' Committee approve the budget proposals as laid out in this report and which are also subject to a separate report on this agenda.

64. The subscription and budget proposals for 2019/20 relating to the Transport and Environment Committee were considered by the TEC Executive Sub-Committee at its meeting on 15 November and will be put before the main TEC meeting on 6 December for final approval. The Leaders' Committee is, therefore, asked to endorse the provisional TEC figures as laid out in this report.

### **Recommendations**

65. 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 2019/20, no change on the charge of £161,958 for 2018/19. (paragraph 14);
- The proposed Joint Committee subscription for the MOPAC and the LFC of £15,410 for 2019/20, no change on the charge of £15,410 for 2018/19 (paragraph 15);
- An overall level of expenditure of £6.909 million for the Grants Scheme in 2019/20 (inclusive of £241,000 residual gross ESF programme), which represent a £1.759 million reduction on the total budget of £8.668 million for 2018/19; and
- That taking into account the application of £58,000 ESF grant and £183,000 from earmarked Grants Committee reserves, net borough contributions for 2019/20 should be £6.668 million, the same level as for 2018/19 (paragraphs 16-19).

66. The Leaders' Committee is also asked to endorse the following subscription and charges for 2019/20 for TEC which were considered by the TEC Executive Sub-Committee on 15 November, and which will be presented to the main meeting of TEC on 6 December for final approval:

- The Parking Core Administration Charge of £1,500 per borough and for TfL (2018/19 - £1,500) (paragraph 20);

- No charge to boroughs in respect of the Freedom Pass Administration Charge, which is covered by replacement Freedom Pass income (2018/19 – no charge) (paragraph 22);
- The net Taxicard Administration Charge to boroughs of £338,182 in total (2018/19 - £338,182); (paragraph 23);
- No charge to boroughs and TfL in respect of the Lorry Control Administration Charge, which is fully covered by estimated PCN income (2018/19 – no charge) (paragraph 24);
- The Parking Enforcement Service Charge of £0.3760 per PCN, which will be distributed to boroughs and TfL in accordance with the number of PCNs issued in 2017/18 (2018/19 - £0.4226 per PCN; paragraphs 27-28);
- The Parking and Traffic Appeals Charge of £28.75 per appeal or £25.08 per appeal where electronic evidence is provided by the enforcing authority (2018/19 - £30.63/£27.02 per appeal). For hearing Statutory Declarations, a charge of £23.23 for hard copy submissions and £22.50 for electronic submissions (2018/19 - £25.21/£24.49 per SD) (paragraphs 29-30);
- Congestion Charging Appeals – to be recovered on a full cost recovery basis, as for 2018/19, under the new contract arrangement with the GLA (paragraph 31);
- The TRACE (Electronic) Charge of £7.58 per transaction (2018/19 - £7.58) (paragraphs 32-34);
- 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 (2018/19 - £15.23) (paragraphs 32-34);
- The TEC Charge of £0.175 per transaction (2018/18 - £0.175) (paragraphs 32-34); and
- To approve a transfer of £410,000 from the general reserve to the specific reserves to be used for future project work to be determined by TEC.

67. 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 2019/20 for London Councils of £382.765 million, as per Table 4 at paragraph 35 and Appendix A of this report;
- The provisional consolidated revenue income budget for 2019/20 for London Councils of £381.041 million, also as per Table 4 at paragraph 35 and Appendix B;
- Within the total income requirement, the use of London Councils reserves of £1.724 million in 2019/20, as detailed in Table 12 at paragraph 55.

68. The Leaders' Committee is also asked to note:

- The position in respect of forecast uncommitted London Councils reserves as at 31 March 2019, as detailed at paragraphs 53-58; and
- The positive statement on the adequacy of the residual London Councils reserves issued by the Director of Corporate Resources, as detailed in paragraphs 59-60.

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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 2019/20;
- Appendix B – the provisional consolidated revenue income budget for London Councils for 2019/20.

### **Background Papers**

London Councils budget working papers 2010/11 to 2019/20

Item 10 Appendix A

Proposed Consolidated Expenditure Budget  
2019/20

	Jt Ctte £000	Grants £000	TEC £000	Total £000
<b>Payments in respect of Concessionary Fares</b>				
TfL	0	0	320,913	320,913
RDG	0	0	19,953	19,953
Other Bus Operators	0	0	1,300	1,300
Freedom Pass survey and reissue costs	0	0	1,518	1,518
Freedom Pass Administration	0	0	498	498
Comcab	0	0	11,476	11,476
Taxicard Administration	0	0	570	570
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>356,228</b>	<b>356,228</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	102	0	102
<b>Sub-Total</b>	<b>0</b>	<b>6,335</b>	<b>0</b>	<b>6,335</b>
<b>TEC Trading Account Expenditure</b>				
Payments to Adjudicators- ETA	0	0	790	790
Payments to Adjudicators - RUCA	0	0	264	264
Northgate variable contract costs - ETA	0	0	293	293
Northgate variable contract costs - RUCA	0	0	80	80
Northgate variable contract costs - Other	0	0	209	209
Payments to Northampton County Court	0	0	4,000	4,000
Lorry Control Administration	0	0	743	743
ETA/RUCA Administration	0	0	2,687	2,687
HEB Income	0	0	40	40
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>9,105</b>	<b>9,105</b>
<b>Total Direct Services</b>	<b>0</b>	<b>6,335</b>	<b>365,333</b>	<b>371,668</b>
<b>Operating Expenditure</b>				
<b>Contractual Commitments</b>				
Capital Ambition legacy project costs	220	0	0	220
YPES Regional/Provider Activities	50	0	0	50
Southwark Street Leasehold Costs	1,354	0	0	1,354
Leases for photocopiers	36	0	0	36
Northgate Fixed Costs	35	0	94	129
External audit fees	0	0	0	0
CoL Finance/Legal/HR/IT SLA	39	0	0	39
Depreciation	449	0	0	449
Grants GIFTS system support	253	10	0	263
<b>Sub-Total</b>	<b>2,436</b>	<b>10</b>	<b>94</b>	<b>2,540</b>
<b>Salary Commitments</b>				
Officers	4,361	299	666	5,325
Members	215	19	19	253
Maternity provision	50	10	30	90
<b>Sub-Total</b>	<b>4,626</b>	<b>328</b>	<b>715</b>	<b>5,668</b>
<b>Discretionary Expenditure</b>				
Staff training/recruitment advertising	108	7	0	115
Staff travel	16	2	0	18
Other premises costs	280	0	0	280
SS ICT support	58	0	0	58
Supplies and service	645	0	160	805
Research	555	0	40	595
Challenge Implementation Fund	525	0	0	525
<b>Sub-Total</b>	<b>2,187</b>	<b>9</b>	<b>200</b>	<b>2,396</b>
<b>Total Operating Expenditure</b>	<b>9,249</b>	<b>347</b>	<b>1,009</b>	<b>10,605</b>
<b>Central Recharges</b>	<b>187</b>	<b>227</b>	<b>77</b>	<b>491</b>
<b>Total Expenditure</b>	<b>9,436</b>	<b>6,909</b>	<b>366,420</b>	<b>382,765</b>

Item 10 Appendix B

Proposed Consolidated Income Budget 2019/20

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Borough contributions to TfL	0	0	320,913	320,913
Borough contributions to ATOC	0	0	19,953	19,953
Borough contributions to other bus operators	0	0	1,300	1,300
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	750	750
Income from replacing lost/faulty taxicards	0	0	18	18
Borough contributions to Comcab	0	0	2,116	2,116
TfL contribution to Taxicard scheme	0	0	9,360	9,360
Borough contributions to taxicard administration	0	0	324	324
TfL Contribution to taxicard administration	0	0	124	124
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>356,376</b>	<b>356,376</b>
Borough contribution to grants payments	0	6,233	0	6,233
ESF Grant Income	0	58	0	58
<b>Sub-total</b>	<b>0</b>	<b>6,291</b>	<b>0</b>	<b>6,291</b>
<b>TEC trading account income</b>				
Borough contributions to Lorry Control administration	0	0	0	0
London Lorry Control PCN income	0	0	900	900
Borough ETA appeal charges	0	0	901	901
TfL ETA appeal charges	0	0	182	182
GLA RUCA appeal income	0	0	343	343
Borough fixed parking costs	0	0	1,990	1,990
TfL fixed parking costs	0	0	216	216
GLA fixed parking costs	0	0	575	575
Borough other parking services	0	0	582	582
Northampton County Court Recharges	0	0	4,000	4,000
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>9,689</b>	<b>9,689</b>
<b>Sub-Total</b>	<b>0</b>	<b>6,291</b>	<b>366,065</b>	<b>372,356</b>
<b>Core borough subscriptions</b>				
Joint Committee	5,119	0	46	5,165
Grants Administration	0	435	0	435
TEC (inc TfL)	0	0	51	51
LFC/MPA subscription	33	0	0	33
<b>Sub-total</b>	<b>5,152</b>	<b>435</b>	<b>97</b>	<b>5,684</b>
<b>Other Borough charges</b>				
Borough contributions towards LCP functions	496	0	0	496
Borough contributions towards YPES functions	180	0	0	180
Borough contributions to HR Metrics service	101	0	0	101
<b>Sub-total</b>	<b>777</b>	<b>0</b>	<b>0</b>	<b>777</b>
<b>Other Income</b>				
Investments	75	0	0	75
Room bookings and conferences	150	0	0	150
Deskspace charge to funded groups	244	0	0	244
Sales of publications	18	0	0	18
Employment services trading account income	38	0	0	38
TfL secretariat recharge	0	0	31	31
Sales of Health Emergency badges	0	0	40	40
Miscellaneous income	8	0	0	8
<b>Sub-total</b>	<b>533</b>	<b>0</b>	<b>71</b>	<b>604</b>
<b>Transfer from Reserves</b>	<b>1,354</b>	<b>183</b>	<b>187</b>	<b>1,724</b>
<b>Central Recharges</b>	<b>1,620</b>	<b>0</b>	<b>0</b>	<b>1,620</b>
<b>Total Income Base Budget</b>	<b>9,436</b>	<b>6,909</b>	<b>366,420</b>	<b>382,765</b>