

Executive

Month 6 Revenue Forecast 2022/23

Item no: 7A

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Summary

This report summarises actual income expenditure recorded in the accounts as at 30 September 2022 (Month 6), provides a projected outturn figure for the year and highlights any significant forecast variances against the approved budget. A separate forecast is provided for each of London Councils three funding streams. The Executive is also provided with an update on London Councils reserves. The summary forecast outturn position is as follows:

	M6 Actual	Revised Budget	Forecast	Variance
	£000	£000	£000	£000
Total expenditure	122,736	248,769	245,136	(3,633)
Total income	(122,435)	(246,082)	(243,520)	2,562
Use of reserves	-	(2,687)	(2,687)	-
Net deficit/(surplus)	301	-	(1,071)	(1,071)
Net expenditure by Committee				
Grants	(367)	-	(3)	(3)
Transport and Environment	658	-	(1,090)	(1,090)
Joint	10	-	22	22
Net deficit/(surplus)	301	-	(1,071)	(1,071)

Recommendations The Executive is asked to note the overall forecast surplus as at 30 September 2022 (Month 6) of £1,071 million and note the position on reserves as detailed in paragraphs 12-13.

Month 6 Revenue Forecast 2022/23

Introduction

1. London Councils revenue expenditure budget for 2022/23, as approved by the Leaders' Committee in December 2021, was £254.846 million. The budget was subsequently revised to £248.769 million due to the following:
 - Confirmation of payments in respect of concessionary fares including payments to the Rail Delivery Group resulting in a reduction to the budget of £6.695 million;
 - Confirmation of the total Taxicard budget resulting in a budget reduction of £190,000;
 - The decision of TEC to bring forward underspends of £141,000 that arose in 2021/22 into the current year;
 - The use of prior committed reserves by TEC to fund expenditure on systems development of £281,000; and
 - Carry forward of 2021/22 Joint Committee underspends totalling £386,000 relating to the London's recovery and contribution to the health-related partnership agenda.
2. Table 1 below details the overall consolidated forecast position, with Tables 2-4 showing the position for the three separate funding streams.

Table 1 – Consolidated Income and Expenditure Forecast 2022/23, as at 30 September 2022.

	Grants	TEC	Joint	Consolidated
	£000	£000	£000	£000
Total Expenditure	6,674	228,389	10,073	245,136
Total Income	(6,677)	(227,901)	(8,942)	(243,520)
Use of Reserves	-	(1,578)	(1,109)	(2,687)
Surplus	(3)	(1,090)	22	(1,071)

3. The overall forecasted surplus of £1.070 million in analysed and commented on in more detail below.

Revenue Forecast Position as at 30 September 22 – Grants Committee

4. Table 2 below summarises the forecast outturn position for the Grants Committee:

Table 2 – Summary Forecast – Grants Committee

	M6 Actual	Budget	Forecast	Variance
Expenditure	£000	£000	£000	£000
Employee Costs	134	271	289	18
Running Costs	7	19	10	(9)
Central Recharges	73	145	142	(3)
Total Operating Expenditure	214	435	441	6
S.48 Commissioned services	2,698	6,173	6,173	-
London Funders Group	60	60	60	-
Total Expenditure	2,972	6,668	6,674	6
Income				
Borough contributions towards commissioned services	(2,840)	(6,173)	(6,173)	-
Borough contributions towards the administration of commissions	(495)	(495)	(495)	-
Interest on Investments	(4)	-	(9)	(9)
Transfer from Reserves	-	-	-	-
Total Income	(3,338)	(6,668)	(6,677)	(9)
Net Expenditure	(367)	-	(3)	(3)

5. The projected surplus of £3,000 will be monitored throughout the year however, factors that impact on the overall net expenditure to budget which is explored in more detail in the narrative below, is broadly split between the following:

- A projected overspend on employee costs of £18,000 where a full complement of administration and other support staff are forecasted to be in place for the year. The overspend is partly due to the conclusion of an externally funded project which contributed towards staff and administration costs. This is, however, mitigated by a small reduction in the anticipated central recharges of £3,000;
- An underspend of £9,000 on general running costs, made up of several small underspends across a number of budgets; and
- An additional sum of £9,000 from investment income is forecast to be received on Committee reserves, not previously budgeted for.

6. At the 6-month stage of the year there are four payments to commissioned services being held back totalling £389,000. However, it is anticipated that these payments will be released once payment requirements have been met in the following quarter. Overall, the programme is not forecasted to underspend, however, officers will continue to review financial information relating to each project during the year and the audited accounts at the end of the year. It is possible that underspends will be identified as the year progresses, which will be reflected in the monitoring reports presented to the Grants Committee during 2022/23.

Revenue Forecast Position as at 30 September 2022 – Transport and Environment Committee

7. Table 3 below summarises the forecast outturn position for the Transport and Environment Committee:

Table 3 – Summary Forecast – Transport and Environment Committee

	M6 Actual	Revised Budget	Forecast	Variance
Expenditure	£000	£000	£000	£000
Employee Costs	347	823	740	(83)
Running Costs	164	324	254	(70)
Central Recharges	268	536	536	-
Total Operating Expenditure	779	1,683	1,530	(153)
Payments in respect of Freedom Pass and Taxicard	107,521	218,925	214,991	(3,934)
Direct Services	6,584	10,634	11,216	582
Research	-	40	40	-
System Developments	121	281	281	-
Other 3 rd Party Payments	166	345	331	(14)
Total Expenditure	115,171	231,908	228,389	(3,519)
Income				
Contributions in respect of Freedom Pass and Taxicard	(107,813)	(218,989)	(215,555)	3,434
Income for direct services	(6,576)	(11,079)	(12,101)	(1,022)
Core Member Subscriptions	(49)	(97)	(97)	-
Interest on Investments	(9)	-	(18)	(18)
Other Income	(47)	(74)	(93)	(19)
TfL/TEC Environment Initiatives	(19)	(91)	(37)	54
Transfer from Reserves	-	(1,578)	(1,578)	-
Total Income	(114,513)	(231,908)	(229,479)	2,429
Net Expenditure	658	-	(1,090)	(1,090)

8. The projected surplus of £1.090 million is made up broadly of the following:

- A projected overall surplus of £61,000 in respect of TEC parking traded services, after considering an estimate of the level of borough/TfL/GLA usage volumes during the second quarter.
- An additional overspend of £168,000 on the cost of administering the Hearing Centre at Chancery Exchange where the appeals are heard. This is largely as a result contract inflationary increases, albeit some of this increase is met by additional fixed costs recovered from TfL in relation to RUCA;
- Based on income collected to date, receipts from Lorry Control PCN income are forecast to exceed the £1 million budget by £300,000;
- Included within the £71,000 underspend on Lorry Control Administration is a budget of £141,000 which was carried forward from 2021/22 to contribute towards a review of the service. Due to the timing of this work, some of this will remain unspent, therefore a carry forward request will be made to members at the year-end in order to implement the remaining recommendations from the review in 2023/24.
- There is a forecasted £83,000 underspend on non-operational staffing costs. This is inclusive of the maternity provision and member allowances, which will continue to be monitored throughout the year;
- The level of trips made in the claims submitted by the independent bus operators has not recovered to the extent anticipated post-pandemic, which was reflected when setting the 2022/23 budget. Trip data for the first six months, which takes into account two operators leaving the scheme, indicates that expenditure is forecast to be £700,000 compared to an annual budget of £1.1 million, a projected reduction of £400,000. Details of the third quarter year claims will be reported to this Committee as part of the month 9 forecast report;
- A projected overspend of £115,000 in respect of the £1.518 million budget for the issuing/reissuing costs of Freedom Passes, in part due to inflationary pressure on expenditure and contracts within this budget. This, however, is based on invoices received and activity in the first half of the year so may fluctuate as the year

progresses. This budget will be monitored and managed throughout the financial year;

- Based on income collected to date, receipts from replacement Freedom Passes continue to recover from the pandemic and its associated lockdowns. The 2022/23 revenue budget was increased by £150,000 to reflect this recovery. Of the £750,000 annual budget, forecast receipts are anticipated to be approximately £919,000 net of bank charges, resulting in a surplus of £169,000 which, once reduced by the projected reissue budget overspend, will be applied to the TEC Freedom Pass Renewal Specific Reserve;
- An underspend on general running costs, not attributable to administrative services of £70,000. This is the result of a number of small underspends across a large number of budget lines;
- A forecasted amount of interest on investments of £18,000 for which there is no budgetary provision.
- In addition to the above variances there has been a significant reduction in the level of taxicard expenditure, based on actual trips taken to date. Expenditure against the £10.257 million budget is forecasted to be £6.672 million. This reduction in expenditure is matched with a corresponding decrease in income and therefore has no impact on London Councils net outturn for the year. £2.257 million of these savings will be passed back to the Boroughs.

Revenue Forecast Position as at 30 September 2022 – Joint Committee Core Functions

9. Table 4 below summarises the forecast outturn position for the Joint Committee core functions:

Table 4 – Summary Forecast – Joint Committee core functions

	M6 Actual	Revised Budget	Forecast	Variance
	£000	£000	£000	£000
Expenditure				
Employee Costs	2,495	5,468	5,245	(223)
Running Costs	1,650	3,384	3,855	471
Central Recharges	62	123	123	-
Total Operating Expenditure	4,207	8,975	9,223	248
Commissioning and Research	84	400	339	(61)

Health-related partnership work	148	400	200	(200)
Improvement and Efficiency work	50	182	125	(57)
Digital Enablement	-	100	50	(50)
YPES Regional/Provider Activities	25	50	50	-
Recovery Fund	80	86	86	-
Total Expenditure	4,594	10,193	10,073	(120)
Income				
Income for direct services	(102)	(101)	(101)	-
Core Member Subscriptions	(2,568)	(5,136)	(5,136)	-
Borough contribution towards YPES payments	(180)	(180)	(180)	-
Borough contribution towards LCP payments	(270)	(496)	(496)	-
TEC Transfer for Environmental initiatives	(166)	(345)	(331)	14
Interest on Investments	(23)	(75)	(50)	25
Other Income	(84)	(369)	(266)	103
Central Recharges	(1,191)	(2,382)	(2,382)	-
Transfer from Reserves	-	(1,109)	(1,109)	-
Total Income	(4,584)	(10,193)	(10,051)	142
Net Expenditure/(Income)	10	-	22	22

10. There is a projected deficit of £22,000 forecasted in respect of the joint committee core functions, largely due to the net impact of:

- Employee costs are projected to underspend by £223,000, primarily due to deferring recruitment to certain vacant posts or time lag during recruitment campaigns over and above the vacancy provision built into the budget, along with an underspend on the maternity budget provision.
- There is an anticipated overspend of £471,000 on running costs against an annual budget of £3.384 million. Whilst there are significant pressures on current year running costs of London Councils due to inflationary pressures on expenditure and contracts, this overspend is predominantly driven by an increase to the Southwark Street leaseholder costs. The reversionary lease for the Southwark Street property contains a provision for a rent review to be carried out on 26 March 2021. The City of London commissioned a firm of property advisors to carry out the review. London Councils officers have been recently advised of the

outcome of the review which proposed to increase the current annual rent by £193,000 from £975,000 to £1.168 million. London Councils officers are currently in discussion with the City of London about the proposed rent increase, therefore this amount may change. However, in order to be prudent, an amount of £386,000 has been included in the forecasted expenditure covering the two-year period from March 2021 to March 2023.

- Commissioning and Research is made up of a £400,000 budget on commissioning and £400,000 budget on Health-related partnership working of which £300,000 was brought forward from previous years as agreed by members in July 2022. Expenditure is forecasted to be £539,000, with £339,000 attributed to commissioning and £200,000 to health. Costs of potential projects are inherently difficult to predict therefore members will be advised throughout the year on how expenditure against this budget is developing. A request will be made to members to carry forward any unspent Health budget to 2023/24 should an underspend occur in the current year.
- A forecasted amount of interest on investments of £50,000 which is £25,000 below the approved budget due to fluctuations on interest rates and cash balances.
- Other income is forecasted to be £103,000 behind budget for the year, which is due to the residual impact of Covid-19 on income budgets such as room booking income and additional tenant income as Southwark Street.

Externally Funded Projects

11. The externally funded projects are estimated to have matched income and expenditure of just over £5 million for 2022/23. This is based on a review of the indicative budget plans held at London Councils by the designated project officers, which confirms that there is no projected net cost to London Councils for running these projects during 2022/23; any underspend on the external funds received will be carried forward to be utilised in the next financial year.

Reserves

12. The forecast reserves position for each of the three funding streams for the current year and beyond is illustrated in Table 5 below:

Table 5 – Forecast reserves after all current commitments

	Transport and Environment Committee (£000)	Joint Committee (£000)	Grants Committee (£000)	Total (£000)
General Reserve at 1 April 2022	3,826	5,916	745	10,487
Specific reserve at 1 April 2022	1,944	-	-	1,944
Provisional reserves at 1 April 2022	5,770	5,916	745	12,431
Committed in setting 2022/23 budget	(1,156)	(723)	-	(1,879)
Balances b/f into 2022/23	(141)	(286)	-	(427)
Health-related Partnership work	-	(100)	-	(100)
Provisional other commitments for 2022/23 -2023/24	(539)	(100)	-	(639)
Projected surplus/(deficit) for the year	1,090	(22)	3	1,071
Uncommitted reserves	5,024	4,685	748	10,457

13. The current level of commitments from reserves, as detailed in Table 5, come to £3.045 million over the short-medium term and are detailed in Table 6 below:

Table 6 – Commitments from Reserves 2022-2025

	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Balances b/f from 2021/22	427	-		427
Approved transfer from JC general reserves	623	-	-	623
Approved transfer from TEC general reserves	811	-	-	811
Health-related partnership work	100	100	100	300
TEC priority projects	345	539	-	884
Totals	2,306	639	100	3,045

Conclusions

14. This report highlights the projected outturn position for the current year, based on transactions undertaken up until 30 September 2022 (month 6), together with known future developments. At this point, a forecast underspend of £1.070 million is projected for 2022/23 across the three funding streams. Uncommitted reserves are currently projected to be just under £10.5 million by the end of the current financial year.

15. The next forecast will be presented to the Executive in February, which will highlight the projected position at the third quarter of the 2022/23 financial year.

Recommendations

16. The Executive is asked to note the overall forecast surplus as at 30 September 2022 (Month 6) of £1.070 million and note the position on reserves as detailed in paragraphs 12-13.

Financial Implications for London Councils

No additional implications other than detailed in the body of the report.

Legal Implications for London Councils

None.

Equalities Implications for London Councils

None.

Appendices

None.

Background Papers

London Councils Revenue Forecast File 2022/23.

Executive

London Councils Premises Update

Item no: 7B

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Summary

This report provides an update on work undertaken to establish London Councils future premises requirements. It informs members of the outcome of the review of workspace needs which was undertaken to consider the impact of the COVID-19 pandemic on the use of existing office space. It sets out proposals to ensure that the organisation's future workspace supports the delivery of the Shared Ambitions and reduces the reliance on the use of General Reserves to set balanced budgets.

Recommendations The Executive is asked to:

- note the outcome of the work done by Moveworks, workspace consultancy, to establish London Councils floorspace requirements;
- note the potential financial benefits of moving to a smaller premises; and
- agree that discussions can be held with officers of the City of London to explore possible options for the termination of the Southwark Street lease and a potential new lease for a different property.

London Councils Premises Update

Introduction

1. During the summer of 2021, the Group Leaders of London Councils reflected on their ambitions for London and Londoners. This reflection came after a period of intense and productive collaboration across London through the pandemic: a collaboration based on shared values which they want to continue into the recovery and beyond. In October 2021, the Group Leaders and Corporate Management Team developed four core areas of the Shared Ambitions for London Councils to transform it into an organisation that:

- provides political leadership based on shared values;
- is a trusted partner for central government, the GLA, other cities, business and the voluntary and community sector (VCS);
- focusses on pan-London efforts where they add real value; and
- champions innovation and leading practice and promotes collaboration and coalitions of the willing.

2. In order to achieve the Shared Ambitions, London Councils has to become an organisation that is:

- Strategic and influential;
- Bold and responsive; and
- Modern and digital.

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. The development of a premises strategy is a milestone included in the organisational development and design theme. The COVID-19 pandemic and the use of IT solutions for effective remote working has had a significant influence on how the organisation's offices are used. In addition, the leases on both of London Councils properties are due to expire within three and a half years. This presents an opportunity to rationalise office space in order to reduce premises costs that will allow resources to be repurposed to deliver the Shared Ambitions. A key feature of the premises strategy is to ensure that London Councils future workspace is flexible, affordable and sustainable and supports the delivery of the Shared Ambitions. It also includes proposals to reduce the reliance on the use of General Reserves to set balanced budgets.

Existing Properties

5. London Councils currently has two leasehold agreements to occupy premises in Central London. The main features of the current leasehold agreements can be summarised as follows:
- Southwark Street (Freeholder – City of London Corporation; 31,123 ft² occupied) – This site serves as the headquarters for the organisation and has been occupied since March 2001. A reversionary five-year lease was agreed by the Executive in June 2018, which runs from 26 March 2021 until 25 March 2026. There is no break clause provision contained in the reversionary lease, meaning that London Councils is liable to pay up the agreed rent for the full term of the lease. The current annual rent payable on the leased property is £975,000 however, accounting standards require incentives such as rent-free periods to be spread across the life of the lease and this results in a smoothed rent of £819,000 chargeable to the revenue account. A rent review was due at the start of the reversionary lease and the City of London commissioned a firm of property advisors to

carry out the review. London Councils officers have been recently advised of the outcome of the review which proposes a £193,000 increase to the annual rent bringing it to £1.168 million. London Councils officers are currently in discussion with the City of London on the proposed rent increase, therefore this amount may change.

- Chancery Exchange (Freeholder – D'Aguilar Property Holding Ltd; 7,063 ft² occupied) – This site serves as the appeals hearing centre for the London Tribunal and has been occupied since March 2015. The current 10-year leasehold agreement runs until 29 March 2025. There is no break clause provision in the lease, meaning that there is no facility for early termination and London Councils is liable to pay up the agreed rent for the full term of the lease. The current annual rent payable on the leased property is £297,000 however, a smoothed rent of £261,000 is chargeable to the revenue account. The hearing centre has been housed in separate premises over the past 30 years. Members will be aware that, historically, the view has been taken that separate premises have been necessary for this function to reflect:
 - The judicial independence from councils who, very often, will be parties to the proceedings that are the subject of the appeals being heard; and
 - The specific physical requirements of this service, including several discrete, individual hearing rooms with very particular specifications in terms of configuration, facilities and security, as well as the need for greater public waiting areas for appellants.

6. The approved expenditure budget for each sites for 2022/23, offset by projected income sources, is as follows:

	Southwark Street	Chancery Exchange
	£000	£000
Smoothed Rent <i>(including proposed rent increase)</i>	1,012	260
Business Rates	469	135
Service Charge	-	94
Other premises costs	297	33

Depreciation	121	103
Provisions for redecorations/dilapidations	89	18
Total Expenditure	1,988	643
Recharges to TfL/GLA for RUCA/ULEZ	-	(172)
Recharge to TEC	(422)	-
Recharge to Grants Committee	(53)	-
Recharge to externally funded projects and tenants	(205)	-
External meeting room income	(100)	-
Total Income	(780)	(172)
Net budgeted cost	1,208	471

7. The net cost for the Southwark Street site to the core Joint Committee is £1.208 million per annum as a sum of £770,000 is recharged to the Grants and TEC funding streams, externally funded projects and tenant licence holders for the use of the building. The amounts recharged to Grants and TEC will feed into the charges paid by boroughs to these respective committees' for services provided. In addition to the recharges, there is an income target of £100,000 for the external hire of meeting rooms include in the 2022/23 budget. For Chancery Exchange, the net budgeted cost of £471,000 falls on TEC as sole user of the building and no other income accrues other than the recharge to the GLA/TfL for hearing RUCA/ULEZ appeals. The current contract to manage the RUCA/ULEZ tribunal service ends in December 2023 having already been extended for an additional two-year period. The GLA/TfL will most likely re-tender the contract for another five-year period and London Councils will have the option to bid for the new contract.
8. Following the London Councils Challenge Process, a peer review undertaken and reported to members during 2016, one of the emerging strands sought to explore new ways of working that made more effective use of the two buildings. Based on a working assumption than London Councils would remain at both Southwark Street and Chancery Exchange, a broad set of aspirations for the Southwark Street site sought to:

- make the workspace more agile,
- use less space directly,
- seek to let more space out to boost income and
- make the building a more attractive hub for collaboration amongst staff, members and London local government.

9. The first two bullet points of outlined in paragraph 8 above were achieved.

The full roll out of agile working arrangements at Southwark Street was completed in October 2020 and envelops the existing workspaces on the first, second and third floors. The emergence of the COVID-19 pandemic has had a significant impact on the commercial rental sector in London and made it hard to attract tenants to occupy vacant space. There is a clear trend to organisations occupying less floor space by adopting “hybrid” office/ home operating models. The rental market appears polarised with continued demand for good quality, energy-efficient workspaces to attract workers back to the office while lower quality properties are harder to let. Overall, there is weaker demand amidst increased economic uncertainty. The Southwark Street offices require some refurbishment work in order to make it more attractive to potential tenants and for stakeholders to use as a collaboration space in order to address the last two bullet points. While a detail specification of works for the refurbishments was prepared, the work did not proceed due to the impact of the pandemic which prompted a rethink of the previous plans.

Future Premises Requirements

10. A cross-division working group was set up in 2022 to consider premises matters. One of its tasks was to develop a strategy that sets out London Councils future premises requirements. The group established a number of desired outcomes that would be expected from a future workspace as follows:

- Reduce premises costs
- Make optimal use of available space

- Low carbon footprint
- Enhance collaboration, innovation and effective communication
- Modern and digital
- Increase the productivity of the workforce
- Include sufficient space for meetings, storage and focussed working
- Make employees feel valued and improve their wellbeing
- Positive reflection of the organisation's values

11. Moveworks, a workspace consultancy firm, was commissioned to work with the Premises Working Group to determine the amount of space the organisation needs to operate efficiently and deliver on the Shared Ambitions agreed with members. Moveworks has worked with a number of local authorities and public sector bodies on similar workspace related projects. The work carried out by Moveworks involved:

- obtaining detailed knowledge of London Councils existing working patterns and how its workspaces are currently being used to fulfil business needs;
- reviewing and considering the work already carried out on agile working, the outcome of the staff survey on future ways of working and the subsequent changes to corporate policies;
- engagement with teams and relevant stakeholders to collect information on future working patterns and workspace requirements;
- identifying potential savings on premises costs by reducing total office space; and
- considering proposals to co-locate London Councils' main office and the London Tribunals hearing centre which takes into account the need to maintain judicial independence of the tribunal from London Councils'

member authorities who will normally be parties to the tribunal's proceedings.

12. The Moveworks team agreed a set of project principles with London Councils Corporate Management Team before commencing the assignment which was completed in September 2022. It produced a Future Workplace Report based on its findings from the engagement sessions with London Councils officers and information provided on employee numbers, team structures, operational activity and working patterns. The core themes that emerged from the engagement sessions and information gathering exercise was that a future workspace should:

- encourage collaboration and communication between teams in order to increase creativity, effectiveness and organisational cohesion. A physical base will be important in terms of providing a sense of common purpose, progress and an ethos of collaboration without which it would be extremely hard for the organisation to operate as an effective entity;
- have sufficient meeting space for members, professional officer networks, partners and other stakeholders. This provides a facility to collaborate with members and officers across the boroughs and other partners in our collective work to support London local government. This is consistent with the previous aspiration to make the Southwark Street offices a collaboration hub for London local government;
- be based in a central London location, preferably SE1, that has reasonable transport accessibility for staff, members and officers from member boroughs across London coming to meetings and events at London Councils;
- have flexible workspaces that can be used for a combination of different types of work settings including touch down areas for staff, members, borough officers and partners. Meeting rooms and

collaboration spaces should have audio video equipment to facilitate hybrid meetings; and

- have separate entrances and/or floors for London Councils main offices and the tribunal service in the event that a premises is found that can house the staff and functions based at both current locations.

Reduction of Office Floorspace

13. The Future Workplace Report contained an office layout plan for both the main office and tribunal service designed by a space planner and included the floor space required to incorporate the aspirations for the workplace detailed above. The change in work patterns and use of the buildings following the COVID-19 pandemic has led to a reduction in the amount of space the organisation requires to carry out its operations at both sites. The tribunal service intends to carry out video hearing trials in October 2022 with a view to offering this option to appellants in the future. If successful, this offering will also lead to a reduction in the amount of space required by the tribunal service.

14. The recommended reduction in floorspace for both sites is detailed in the table below:

Site	Current floorspace (ft²)	Proposed floorspace (ft²)	Difference (ft²)	Difference (%)
Main office	31,123	10,301	20,822	67%
Tribunal service	7,063	2,713	4,350	62%
Total	38,186	13,014	25,172	66%

15. The indicative annual rent for office space in the Southbank area range quite widely from £39.50 to £75 per / ft². The average rent-free period on a ten-year lease range from 21 to 25 months. Therefore, the smoothed annual rent over a ten-year period, using a mid-point rent free period of 23 months, could range from £31.93 to £60.62 per / ft². This compares to annual smoothed rent per / ft² for the Southwark Street offices of £32.52 per / ft² (£1.012 million ÷

31,123 ft²) and the Chancery Exchange offices of £36.81 per / ft² (£260,000 ÷ 7,063 ft²). It is worth noting that the Southwark Street building has areas, such as the basement, that are not suitable for office use so would not attract a full rental charge. For that reason, the annual rent per / ft² for usable office space is likely to be higher than the £32.52 per / ft² calculated above.

16. The potential reduction in annual premises costs from moving to smaller premises could range from:

Site	Range
Main office	£603,000 to £867,000
Tribunal service	£227,000 to £284,000

17. A move to a smaller location will result in one-off fit out, relocation and project management costs. The following indicative costs were included in the workspace report:

Costs	Main office £000	Tribunal service £000	Total £000
Fit Out	1,535	456	1,991
Removal	32	4	36
Clearance (allowance)	15	5	20
Project management fees	39	11	50
Total	1,621	476	2,097

The fit out and project management costs can be capitalised and depreciated over the life of the lease in accordance with London Councils' accounting policies. The charge to the revenue account in the first year would potentially be £47,000 based on the value of the removal and clearance costs. These indicative one-off costs will all be offset by future reductions in rent due to occupying reduced office space. The depreciation charge to the revenue account commences on the year after acquisition so for the second year onwards, assuming a ten-year lease is entered into, the annual charge would be £226,000. This expenditure will be subject to a procurement exercise in accordance with the regulations, so these amounts are indicative at this stage.

18. The report also includes a provision of £318,000 for furniture and equipment split between £278,000 for the main office and £40,000 for the tribunal service. The intention is to use existing furniture and equipment wherever possible so it is expected that actual spend will be less. Any new furniture and equipment acquired will be depreciated over a five-year period in accordance with London Councils' accounting policies resulting in an annual revenue charge of £64,000 based on the provisional costs. The depreciation of the estimated fit out and furniture and equipment costs have been factored in the calculation of the potential reduction in annual premises costs in the table above.
19. There will be dilapidation costs payable to the landlords at the end of the leases. Accounting provisions for these costs have been built up over the life of the leases in line with general accepted accountancy practices. There could be potential under or overspends on these provisions when applied to actual costs.
20. London Councils entire IT platform has been migrated to the Cloud as part of the move to agile working, no on-site IT infrastructure will need to be moved and reinstated.

Discussions with the City of London

21. As described above, there are clear cost reductions of moving to a smaller office space over the medium-term. However, if London Councils seeks to move before the expiry of its existing leases, it will incur termination costs associated with its legal obligations under both leases. London Councils officers propose to hold discussions with officers of the City of London to explore options of terminating the current lease on the Southwark Street premises and entering into a new lease for a different property. The discussions will include the proposed increase in rent following the rent review which was due at the start of the reversionary lease on 26 March 2021. The outcome of these discussions will be reported to the Executive.

Conclusion

22. As mentioned above, a physical base is important in building a sense of common purpose, encouraging creativity and embedding corporate culture. It can serve as a space for staff, members, borough officer networks and partners to come together and collaborate in their collective work to support London local government in their role of serving London's communities.
23. There are two possible options for meeting these workspace requirements for the main office which are to remain at the Southwark Street office or move to alternative premises. London Councils adoption of agile working in 2019 followed by an increase in remote working in the wake of the COVID-19 pandemic has led to a reduction in the amount of space required to carry out its operations. The Moveworks report indicates that only 33% of the available space in the Southwark Street building is required for London Councils' operations. The possible relocation of the tribunal service to the Southwark Street offices would only increase the utilisation of the building to 42%. This leaves a significant portion of the building surplus to requirements and it would prove very challenging in the post COVID-19 commercial property market to attract tenants to utilise the space as was envisaged in the previous strategy.
24. A potential move to smaller premises will lead to reduction in premises costs and provide an opportunity to reduce reliance on the use of reserves when setting annual budgets. It will also contribute to ensuring that the organisation's financial arrangements remain sustainable and free up resources that can be used to support the delivery of London Councils Shared Ambitions. The extent of any savings and timing of a move will be influenced by the outcome of discussions with the City of London. In addition to currently housing London Councils in one of its properties, the City of London provides it with a number of support services, including finance, information technology, human resources and legal services. London Councils has secured some significant advantages in its partnership with the City of London Corporation over the years. The unique nature of the City of London among

member boroughs has helped reinforce a sense of independence for London Councils and mitigate any perceptions of excessive influence by one of its member boroughs. It is proposed that any new lease entered into should have a break clause at the midway point in order to provide flexibility to adapt to changing circumstances.

25. The Executive is asked to:

- note the outcome of the work done by Moveworks, workspace consultancy, to establish London Councils floorspace requirements;
- note the potential financial benefits of moving to a smaller premises; and
- agree that discussions can be held with officers of the City of London to explore possible options for the termination of the Southwark Street lease and a potential new lease for a different property.

Financial Implications for London Councils

As detailed in the body of the report.

Legal Implications for London Councils

As detailed in the body of the report

Equalities Implications for London Councils

None

Appendices

None

Background Papers

Future Workplace Report by Moveworks October 2022

Executive

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

Item no: 7C

Report by:	David Sanni	Job title:	Director, Corporate Resources
Date:	8 November 2022		
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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 Executive on the level of London Councils reserves and proposed commitments and the timetable for the overall budget approval process.

Following consideration by this meeting, proposals will be submitted to the Leaders' Committee meeting on 13 December for final consideration and approval.

Recommendations

The Executive is asked to recommend that the Leaders' Committee approve at their meeting on 13 December 2022 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 Executive is also asked to recommend that the Leaders' Committee endorse the following subscription, charges and use of reserves for 2023/24 for TEC, which will be considered by the TEC Executive Sub-Committee on 17 November, before being presented to the main meeting of TEC on 8 December for final 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 £0.3001 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)

Based on the above proposed level of subscriptions and charges, the

Executive is asked to recommend to the Leaders' Committee:

- The provisional consolidated revenue expenditure budget for 2023/24 for London Councils of £279.890 million, as per Appendix A of this report;
- The provisional consolidated revenue income budget for 2023/24 for London Councils of £278.715 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; 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 Executive is also asked to recommend that the Leaders' Committee note:

- The position in respect of forecast uncommitted London Councils reserves as at 31 March 2023, as detailed at paragraphs 50-55;
 - 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 55; and
 - The proposed review of London Councils operating model to identify potential savings and efficiencies to ensure its financial arrangements remain affordable and sustainable.
-

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 10.1% in the 12 months to September 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. The preceding item on the agenda informed members of London Councils future space requirements and set out proposals to move to smaller accommodation in order to reduce associated premises costs.

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
- 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. As set out in the preceding item on the agenda (item 7b), 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

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

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 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. As set out earlier in the report, 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 £200,000 to £250,000 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 will be asked to approve the budget for 2023/24 as shown in the Table 2 below:

Table 2 – Indicative Grants Budget 2023/24

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

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 will be asked to approve the budget for 2023/24 as shown in Table 3 below.

Table 3 – Indicative TEC Budget 2023/24

	2023/24 Proposed Budget	2022/23 Revised Budget
	£000	£000
Employee & Member Costs (excludes service administration staff)	745	823
Running Costs	267	324
Payment in respect of Freedom Pass and Taxicard	250,529	218,925
Direct Services	11,569	10,634
Other Operating Expenditure	385	666
Central Recharges	469	536
Total Expenditure	263,964	231,908
Contributions in respect of Freedom Pass and Taxicard	(250,744)	(218,989)
Income for Direct Services	(12,327)	(11,079)
Other Income	(172)	(262)
Sub-total	(263,243)	(230,330)
General Reserves	(463)	(721)
Brought forward balances	-	(141)
TEC Special Projects Reserves	(258)	(716)
Sub-total	(721)	(1,578)
Total Income	(263,964)	(231,908)

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 2021. The total cost of administering the scheme is estimated to be £846,144 in 2022/23, 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)	0.3001	0.3751	(0.075)	(20)
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 £0.075 per PCN, or 20%, from £0.3751 to £0.3001 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 still being negotiated. The early estimates indicate a cost of £220.297 million, representing a provisional increase of £22.947 million, or 11.63%, on the figure of £197,350 million for 2022/23. The increase represents estimates considering the ongoing recovery from the Covid-19 pandemic. This increase is provisional and officers continue to negotiate with TfL on the final settlement figure.
39. The Rail Delivery Group (RDG) settlement is still being negotiated. Early estimates are for no change to the current costs of £10.257 Million. However, officers are continuing to negotiate regarding the price per journey to be paid and will update TEC accordingly in December.

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 £1.024 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 meetings of the Leaders' Committee on 13 December and 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 £239.116 million, compared to £207.516 million payable for 2022/23. This

represents a reduction of £31.6 million or 15.2% 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

Estimated Cost of Freedom Pass	2023/24(£000)	2022/23 (£000)
TfL Settlement	220,297	197,350
RDG Settlement	16,201	7,548
Non TfL Bus Operators Settlement	1,100	1,100
Freedom Pass Issue Costs	1,518	1,518
Total Cost	239,116	207,516

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 £279.890 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.

Updated position on Reserves

50. 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	
Provisional uncommitted reserves at March 2023	4,685	-	748	4,000	1,024	10,457
Proposed transfer to Premises Transition Reserve	(850)	850	-	-	-	-
Proposals included in 2023/24 budget	-	(437)	(18)	(463)	(258)	(1,176)
Previously approved committed reserves	-	-	-	-	258	258
Estimated residual uncommitted reserves	3,835	413	730	3,537	1,024	9,539

51. 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.

52. For TEC, uncommitted general reserves are forecasted to be £4.000 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, subject to agreement of main TEC meeting on 8 December, uncommitted general TEC reserves are forecast reduce to £3.537 million, or 21.96% of proposed operating and trading expenditure of £16.109 million. The TEC Executive Sub-Committee will be considering options for the level of uncommitted reserves at its meeting on 17

November, with a view to making recommendations to the main TEC meeting in December.

53. 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.

54. 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.

55. 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 the Executive 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.

Budget approval timetable

56. The timetable for the approval of the budget for 2023/24 following this meeting is as follows:

- 17 November - TEC Executive Sub-Committee considered the indicative budget and borough charges for 2023/24 and make recommendations to the main TEC Committee meeting on 8 December for approval;

- 30 November – Grants Committee considers and agrees the indicative grants budget and borough contributions for 2023/24, and makes recommendations to the Leaders' Committee meeting on 13 December for approval;
- 8 December – main TEC Committee – considers recommendations of TEC Executive Sub-Committee and any views arising from the Executive and approves the final budget and charges for 2023/24; and
- 13 December - Leaders' Committee considers this report on the indicative consolidated budget and borough charges for 2023/24 (as amended by this meeting), and a separate report seeking approval of the grants budget and borough contributions for 2023/24. This report will include the indicative budget and borough charges for TEC which the Leaders' Committee is asked to endorse.

Conclusions

57. 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 Executive 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. Following consideration by this meeting, proposals will be submitted to the Leaders' Committee meeting on 13 December for final consideration and approval.

Summary

58. 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.

59. The subscription and budget proposals for 2023/24 relating to the Grants Committee, as contained in this report, will be considered by the Grants Committee at its meeting on 30 November. The Grants Committee will be asked to recommend that the Leaders' Committee approve the proposals as laid out in this report on 13 December.

60. The subscription and budget proposals for 2023/24 relating to the Transport and Environment Committee will be considered by the TEC Executive Sub-Committee at its meeting on 17 November and will be put before the main TEC meeting on 8 December for final approval. The Executive is, therefore, asked to recommend that the Leaders' Committee endorse the provisional TEC figures as laid out in this report, at its 13 December meeting.

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.

Appendix A

Proposed Consolidated Expenditure Budget 2023/24

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Payments in respect of Concessionary Fares				
TfL	0	0	220,297	220,297
RDG	0	0	16,201	16,201
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
Sub-Total	0	0	250,528	250,528
Payments for commissioned services				
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
Sub-Total	0	6,233	0	6,233
TEC Trading Account Expenditure				
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
Sub-Total	0	0	11,568	11,568
Total Direct Services	0	6,233	262,096	268,329
Operating Expenditure				
Contractual Commitments				
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
Sub-Total	2,586	10	105	2,701
Salary Commitments				
Officers	4,843	262	694	5,799
Members	231	20	21	272
Maternity provision	40	10	30	80
Sub-Total	5,114	292	745	6,151
Discretionary Expenditure				
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
Sub-Total	1,531	9	548	2,088
Total Operating Expenditure	9,231	311	1,398	10,940
Central Recharges	9	142	469	620
Total Expenditure	9,240	6,686	263,964	279,890

Appendix B

Proposed Consolidated Income Budget 2023/24

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Borough contributions to TfL	0	0	220,297	220,297
Borough contributions to ATOC	0	0	16,201	16,201
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
Sub-total	0	0	250,744	250,744
Borough contribution to grants payments	0	6,233	0	6,233
ESF Grant Income	0	0	0	0
Sub-total	0	6,233	0	6,233
TEC trading account income				
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
Sub-total	0	0	12,327	12,327
Sub-Total	0	6,233	263,071	269,304
Core borough subscriptions				
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
Sub-total	5,316	435	97	5,848
Other Borough charges				
Borough contributions to HR Metrics service	101	0	0	101
Sub-total	101	0	0	101
Other Income				
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
Sub-total	703	0	75	778
Transfer from Reserves	437	18	721	1,176
Central Recharges	2,683	0	0	2,683
Total Income Base Budget	9,240	6,686	263,964	279,890

Appendix C

Indicative Consolidated Expenditure Budget
2024/25

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Payments in respect of Concessionary Fares				
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
Sub-Total	0	0	372,941	372,941
Payments for commissioned services				
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
Sub-Total	0	6,233	0	6,233
TEC Trading Account Expenditure				
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
Sub-Total	0	0	11,636	11,636
Total Direct Services	0	6,233	384,577	390,810
Operating Expenditure				
Contractual Commitments				
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
Sub-Total	2,191	10	107	2,308
Salary Commitments				
Officers	4,990	268	708	5,966
Members	236	19	22	277
Maternity provision	40	10	30	80
Sub-Total	5,266	297	760	6,323
Discretionary Expenditure				
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
Sub-Total	1,404	1	-99	1,306
Total Operating Expenditure	8,861	308	768	9,937
Central Recharges	10	127	401	538
Total Expenditure	8,871	6,668	385,747	401,286

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
Sub-total	0	0	373,175	373,175
Borough contribution to grants payments	0	6,233	0	6,233
ESF Grant Income	0	0	0	0
Sub-total	0	6,233	0	6,233
TEC trading account income				
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
Sub-total	0	0	12,399	12,399
Sub-Total	0	6,233	385,574	391,807
Core borough subscriptions				
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
Sub-total	5,316	435	97	5,848
Other Borough charges				
Borough contributions to HR Metrics service	101	0	0	101
Sub-total	101	0	0	101
Other Income				
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
Sub-total	728	0	76	804
Transfer from Reserves	0	0	0	0
Central Recharges	2,726	0	0	2,726
Total Income Base Budget	8,871	6,668	385,747	401,286

Appendix E

Indicative Consolidated Expenditure Budget 2025/26

	Jt Ctte £000	Grants £000	TEC £000	Total £000
Payments in respect of Concessionary Fares				
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
Sub-Total	0	0	456,928	456,928
Payments for commissioned services				
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
Sub-Total	0	6,233	0	6,233
TEC Trading Account Expenditure				
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
Sub-Total	0	0	11,726	11,726
Total Direct Services	0	6,233	468,654	474,887
Operating Expenditure				
Contractual Commitments				
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
Sub-Total	2,154	10	109	2,273
Salary Commitments				
Officers	5,090	273	722	6,085
Members	240	19	22	281
Maternity provision	40	10	30	80
Sub-Total	5,370	302	774	6,446
Discretionary Expenditure				
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
Sub-Total	1,407	-11	-160	1,236
Total Operating Expenditure	8,931	301	723	9,955
Central Recharges	10	134	411	555
Total Expenditure	8,941	6,668	469,789	485,398

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
Sub-total	0	0	457,140	457,140
Borough contribution to grants payments	0	6,233	0	6,233
ESF Grant Income	0	0	0	0
Sub-total	0	6,233	0	6,233
TEC trading account income				
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
Sub-total	0	0	12,473	12,473
Sub-Total	0	6,233	469,613	475,846
Core borough subscriptions				
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
Sub-total	5,316	435	97	5,848
Other Borough charges				
Borough contributions to HR Metrics service	101	0	0	101
Sub-total	101	0	0	101
Other Income				
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
Sub-total	755	0	79	834
Transfer from Reserves	0	0	0	0
Central Recharges	2,769	0	0	2,769
Total Income Base Budget	8,941	6,668	469,789	485,398