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Date: Friday, 05 November 2010

Dear Allison,

### **Re: Taxicard budget 2010/11 - Proposals to address projected overspend**

Further to our previous letter dated 13 October 2010, I am writing to explain in more detail the implications for your borough of the projected Taxicard overspend.

The Transport and Environment Committee (TEC) on 14 October had been asked to consider measures to address the projected overspend on Taxicard in 2010/11 and to agree a new method of apportioning TfL funding from 2011/12 onwards. TEC decided to defer a decision on the spend measures to the TEC Executive Sub-Committee on 11 November. The decision on TfL funding was deferred to the full December TEC Committee.

The November TEC Executive will be asked to agree to recommend boroughs should:

- Increase the minimum member charge to £2.50 (there is an associated reduction in subsidy of £1 to make this work).
- Reduce the trip subsidy by a further £1.00 for all three tariff periods (subsidy would be £8.30 instead of £10.30 for a daytime trip)
- End double swiping unless the second swipe is paid for fully by boroughs.

It will also be recommended that boroughs pay for any additional trips given to their members over and above their normal allocation.

However, if it agrees to recommend some or all of the measures there will still be the need for individual boroughs to formally agree them. As boroughs will require some time to consider the options and make their decisions, and given the need to write to Taxicard members to inform them of any changes, it is unlikely to be practical to introduce these changes before 1 January 2011.

The impact of the first two proposed changes will be that single journeys will cost between £1 and £2 more. If you decide to end double-swiping, then a customer that currently takes a trip using a double-swipe, will pay considerably more for a trip of the same length in future as only one subsidy can be used.

The attached table provides you with your borough's figures including an estimate of how much each measure would save you. These figures estimate savings from 1 January to 31 March 2011. They have been calculated by taking the number of trips between these dates in 2010 and then applying your current projected annual percentage increase.

London Councils has also negotiated a further reduction in the Taxicard management charge per trip with Computer Cab from 1 October 2010 and the likely amount this will save you is in the attached table.

If you agree to implement all 3 measures these savings will substantially reduce the overspend as shown in the table, but may not yield enough savings in the remainder of 2010/11. However, it is possible that additional savings will be made if the changes lead to a slow down in growth because customers are taking fewer trips. We cannot reasonably estimate in advance how it will affect trip patterns in individual boroughs. We have estimated that the savings from double-swiping may only achieve 50% of the possible total as some customers may take additional single trips instead. Again this will only be known in the light of experience and the savings could be more. We will redeploy TfL resources to cover overspends where boroughs have taken steps to address the projected overspend.


London Councils is happy to write to your Taxicard members to inform them of the changes if you agree to them. However, the post is likely to be affected by the heavier quantities in December, and we suggest we should write in early December to give sufficient notice to your Taxicard customers, if the change is to take effect 1 January 2011. London Councils will therefore need to receive your written agreement (signed by a director or an assistant director) to the proposals by 25 November 2010 if you wish us to write to your customers on your behalf with a 1 January 2011 start date.

If your borough wishes to implement these changes in advance of their being considered by the TEC Executive you can of course do so. We would need written authorisation to implement the measures. In that case we would be able to write to your customers and implement the changes earlier than 1 January 2011.

If your borough does not wish to implement these measures you have the option to fund the overspend yourselves. If you choose not to make the changes recommended by TEC or put in extra money, London Councils will have no alternative but to suspend your borough scheme for the remainder of the financial year when your budget is spent. The estimated date by which your borough's budget would be spent is in the attached table.

If you require more information please contact Tony O'Connor, Project Manager by email: [tony.o'connor@londoncouncils.gov.uk](mailto:tony.o'connor@londoncouncils.gov.uk) or by telephone: 020 7934 9501.

Yours sincerely

A handwritten signature in black ink that reads "Stephen Benton".

Stephen Benton  
Programme Director, Transport & Mobility