

Committee	Dated:
Planning & Transportation Committee	18 June 2019
Subject: Revenue Outturn 2018/19	Public
Report of: Chamberlain Director of the Built Environment Director of Open Spaces The City Surveyor	For Information
Report author: Dipti Patel, Chamberlain's Department	

Summary

This report compares the revenue outturn for the services overseen by your Committee in 2018/19 with the final budget for the year. Overall total net expenditure across all risks during the year was £20.025m, whereas the total budget was £20.340m, representing an underspend of £315,000 as set out below:

Summary Comparison of 2018/19 Revenue Outturn with Final Agreed Budget			
Direct Net Expenditure	Final Budget £'000	Revenue Outturn £'000	Variations (Increase)/ Reduction £'000
Director of Built Environment	(4,711)	(4,425)	286
Director of Open Spaces	(1,732)	(1,754)	(22)
The City Surveyor	(750)	(617)	133
Total Direct Net Expenditure	(7,193)	(6,796)	397
Capital & Support Services	(13,147)	(13,229)	(82)
Overall Total	(20,340)	(20,025)	315

Chief Officers submitted requests to carry forward underspends and these will be considered by the Chamberlain in consultation with Chairman and Deputy Chairman of the Resource Allocation Sub Cttee.

Recommendation

It is recommended that this revenue outturn report for 2018/19 and the carry forward of local risk underspending to 2019/20 are noted.

MAIN REPORT

Revenue Outturn for 2018/19

1. Actual net expenditure across all risks for your Committee's services during 2018/19 totalled £20.025m, an underspend of £315,000 compared to the final budget of £20.340m. A summary comparison with the final budget for the year is tabulated below. In this and subsequent tables, expenditure and adverse variances are presented in brackets. Only significant variances (generally those greater than £50,000) have been commented on.

Table 1 - Summary Comparison of 2018/19 Revenue Outturn with Final Budget

	Final Budget £'000	Revenue Outturn £'000	Variations (Increase)/ Reduction £'000	Variation (Increase)/ Reduction %
Local Risk				
Director of Built Environment	(9,533)	(9,396)	137	1.4
Director of Open Spaces	(1,732)	(1,754)	(22)	(1.3)
The City Surveyor				
- Breakdown Repairs Mtce	(282)	(300)	(18)	(6.4)
- Cyclical Works Programme	(468)	(317)	151	32.3
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The City Surveyor	(750)	(617)	133	17.7
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Total Local Risk	(12,015)	(11,767)	248	2.1
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Central Risk				
Director of Built Environment	4,822	4,971	149	3.1
Capital and Support Services	(13,147)	(13,229)	(82)	(0.6)
Overall Total	(20,340)	(20,025)	315	1.5

2. The local risk underspend of £248,000 comprises:

- **Director of Built Environment £137,000 underspend:**

- (i) Town Planning underspend £206,000, due to staff vacancies and reduced advertisement costs.
- (ii) Highways underspend £131,000, due to increase in staff cost recovery from capital projects £134,000, staff vacancies £58,000 and reduced electricity costs £50,000. This was partly offset by overspends in R&M works £54,000 and a provision set for bad debts for recoverable works disputed by TfL relating to Upper Thames Street Tunnel £64,000.

- (iii) Road Safety underspend £63,000, due to work costs for traffic management schemes being less than anticipated in 2018/19 £50,000 and reduced advertising costs £9,000.
- (iv) Structural Maintenance underspend £43,000, due to highway structures breakdown maintenance works not required.
- (v) Drains & Sewers underspend £43,000, due to reduced repairs and maintenance works required and reduced staff overtime costs.
- (vi) Transportation Planning overspend £185,000, due to under recovery in staff costs working on non-chargeable corporate capital projects, increased employee costs due to maternity cover and additional staff training costs.
- (vii) Building Control overspend £144,000, due to a shortfall in Building Regulation fee income and approval in principal income.

- **The City Surveyor £133,000 underspend:**

The underspend was mainly due to Cyclical Works Programme (CWP) for cost of works at Shoe Lane Bridge which were less than anticipated (£55,000) and delays in getting scheduled Monument consent from the Inspector of Ancient Monuments/Historic England (£82,000). The CWP does not form part of the City Surveyor's local risk budget and any variances will be carried over to 2019/20. This is a three year rolling programme reported to the Corporate Asset Sub Committee (CASC) quarterly, where the City Surveyor will report on financial performance and also phasing of the projects. Under the governance of the programme, variances on budgets are adjusted for the life of the programme to allow for the completion of projects which span multiple financial years.

3. The central risk underspend of £149,000 comprises:
 - (i) Town Planning underspend £111,000, due to additional planning application fee income and pre-application advice income.
 - (ii) Bridge House Estates underspend £48,000, due to consultant works for the Thames Bridges not required.
 - (iii) Off-Street Parking overspend £43,000, due to overall decrease in local risk operating costs which resulted in a decrease in transfer required from the Parking Reserve Account.
4. The £82,000 overspend on capital and support services is mainly due to increase in Admin Buildings and IS costs recharged from Finance Committee.
5. Appendix A provides a more detailed comparison of the local and central risk outturn against the final budget, including explanation of significant variations.
6. Appendix B shows the movement from the 2018/19 original budget and the latest approved budget (as reported to your Committee in November 2018) to the final budget.

Local Risk Carry Forward to 2019/20

7. The Director of the Built Environment had local risk underspending of £137,000 on the activities overseen by your Committee. The Director also had local risk underspends of £55,000 on activities overseen by other Committees she supports. The Director is proposing that a total of £188,000 of her overall underspend of £192,000 be carried forward, of which £93,000 relates to activities overseen by your Committee for the following purposes:
- (i) **ANPR CCTV Enforcement Cameras £38K** – to help improve compliance and address road safety issues which are not being addressed adding road danger risk to our streets and increasing congestion.
 - (ii) **Lower Thame Street Void Reinstatement £15K** – a permanent reinstatement is now required after a major void (similar to a sinkhole) opened up under Lower Thames St, causing the road to collapse, the street and adjacent coach park to be closed and significant disruption to be caused to local stakeholders in 2018/19.
 - (iii) **Guildhall North Plaza Pond, Drainage & Lighting Irrigation £15K** – the proposed bid covers significant repairs now required to the pond, it's associated drainage, irrigation for the planters and relighting the space, without which the space will continue to decline.
 - (iv) **Air Quality & Traffic Sensor Trail at Beech St £15K** – taking advantage of the low frequency mesh established for the City Street Lighting control system. The mesh has significant capacity to carry additional data from further sensor technology and provide real time data to support this key City Project.
 - (v) **Pedestrian Modelling £10k** – funds will be used to ensure that new development schemes provide new pedestrian routes in the right locations and directions to accommodate this growth.
8. The Director of Open Spaces had a local risk overspend of £22,000 on activities overseen by your Committee, this being the result of exceptional use of specialist agency staff to ensure the City's statutory obligation for raising and maintaining the Bridge continued. The Director also had a local risk underspending totalling £326,000 on activities overseen by other Committees. The Director is proposing that £19,000 of his eligible underspend of £304,000 be carried forward, none of which relates to activities overseen by your Committee.

Thames Bridges' Repairs, Maintenance and Major Works Fund

9. The Bridges Repairs, Maintenance and Major Works Fund is operated to provide sufficient resources to meet the maintenance costs of the five bridges. The 50 year programme of works undertaken by the City Surveyor and the Director of the Built Environment to be met by the fund was agreed by your Committee on 20 November 2018. The breakdown is shown below in Table 2.
10. The actual expenditure for 2018/19 was £3.167m against a budget of £3.873m, representing an underspend of £0.706m.

Table 2: Thames Bridges Repairs, Maintenance and Major Works Fund Analysis of Outturn for 2018/19				
	Final Budget £'000	Outturn £'000	Variance (Increase)/ Reduction £'000	Variation (Increase)/ Reduction %
Blackfriars Bridge	(1,110)	(912)	198	17.8
Southwark Bridge	(426)	(244)	182	42.7
London Bridge	(854)	(601)	253	29.6
Millennium Bridge	(167)	(89)	78	46.7
Tower Bridge	(1,316)	(1,321)	(5)	(0.4)
Total	(3,873)	(3,167)	706	18.2

11. The main reasons for the £0.706m underspend are set out below:

- **Blackfriars Bridge** – underspend as a result of delays in receiving tender documents due to on-going access issues associated with the proposed refurbishment works and delay in works to Street Lighting over the bridge due to legal uncertainty on ownership.
- **Southwark Bridge** - underspend due to delays in upgrading the Street Lighting. These works were postponed with a view to aligning programme of works with the security upgrade works. Also, the cost of works required at Park Street Bridge was less than anticipated.
- **London Bridge** - underspend due to works to replace electrical boards being postponed until the Illuminated River Project completes on site and delays in receiving tender documents for Bridge bearing replacement works.
- **Millennium Bridge** - underspend due to scour protection works and additional survey work being re-programmed around the Thames Tideway works.

12. As part of the current comprehensive review of the governance and administration of BHE, the financial statements of the charity for the year-ended 31 March 2018 were restated to reflect the reconstitution of the permanent endowment fund. Detailed analysis of this was presented to the following Committees in November/December 2018 – City Bridge Trust, Finance Investment Board, Property Investment Board, Investment Committee, Finance and Policy & Resources. The review concluded that all the assets of BHE are available to fulfil the charity's objectives, with the requirements of the bridges being the prime objective.

13. Designated funds relevant to the BHE Bridges are now managed as follows:

- Bridges Repairs – representing funds required to maintain the bridges for the next 5 years. The balance held at each financial year-end will be adjusted in line with the maintenance reports provided by the specialist structural engineers contracted by DBE to advise on matters relating to the Bridges owned by BHE, to ensure sufficient funds have been ring-fenced for this purpose
- Bridges Replacement – representing funds set aside for the future rebuild of the bridges, based on the present value of estimated future costs and adjusted for increases in construction costs.

14. The value of the above designated funds as at 31 March 2018 was:

Bridges Repairs	£19.9m
Bridges Replacement	£123.5m

15. The Task & Finish Group that are addressing the governance review of BHE supported DBE in commissioning an additional report from the specialist structural engineers to consider the future replacement costs of the bridges. The initial results of this report are currently being considered to enable the value of the Bridges Replacement Fund to be confirmed as at 31 March 2019.

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Appendices:

Appendix A – Planning & Transportation Committee – Comparison of 2018/19 Revenue Outturn with Final Budget

Appendix B – Planning & Transportation Committee – Movement in 2018/19 Latest Approved Budget to Final Budget