

Committee:	Date:
Planning & Transportation Committee	28 January 2020
Subject: Revenue and Capital Budgets and High-Level Summary Business Plans 2020/21	Public
Report of: The Chamberlain Director of the Built Environment Director of Open Spaces	For Decision
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Summary

This report presents for approval the revenue and capital budgets for the Planning & Transportation Committee and final high-level summary Business Plans for the Departments of the Built Environment and Open Spaces for 2020/21.

Overall the proposed revenue budget for 2020/21 totals (£19.382M), a decrease in net expenditure of (£0.602M) compared to the 2019/20 Original Budget.

Recommendation

Members are asked to:

- i) review and approve the proposed revenue budget for 2020/21 for submission to Finance Committee;
- ii) review and approve the proposed capital and supplementary revenue projects budgets for 2020/21 for submission to Finance Committee;
- iii) authorise the Chamberlain, in consultation with the Directors of the Built Environment and Open Spaces, to revise these budgets to allow for any further implications arising from Corporate Projects, other reviews and changes to the Cyclical Works Programme;
- iv) agree that minor amendments for 2019/20 and 2020/21 budgets arising during budget setting be delegated to the Chamberlain;
- v) note the factors taken into consideration in compiling the Business Plans of the Departments of the Built Environment and Open Spaces, including efficiency measures;
- vi) approve, subject to the incorporation of any changes sought by this Committee, the final high-level summary Business Plans for 2020/21.

Main Report

Background

1. As part of the new framework for corporate and business planning, departments were asked to produce standardised high-level, 2-side Business Plans for the first time in 2017 for the 2018/19 year. Members generally welcomed these high-level plans for being brief, concise, focused and consistent statements of the key ambitions and objectives for every department.
2. For 2020/21, the high-level summary Business Plan has been further evolved to make use of the information now available and give a better overview of how the department's work contributes to the Corporate Plan. It provides an overview of departmental activity and resources, mainly but not limited to the forthcoming 12 months, including capital and revenue projects. As a high-level summary, this document does not capture the granularity of departmental work but gives the overall picture of departmental activity, customer feedback, trends where applicable and direction of travel.
3. For the first time in 2020/21, high-level summary Business Plans are being brought forward alongside budget estimates, pending full integration of the processes for 2021/22, to inform medium-term financial planning and the development of spending priorities. This report therefore presents the budget and draft final high-level summary Business Plans together as appendices.

Proposed Revenue Budget for 2020/21

4. This report presents, at Appendix 1, the provisional 2020/21 budget for your Committee and under the control of the Directors of the Built Environment and Open Spaces, analysed between:
 - **Local Risk Budgets** – these are budgets deemed to be largely within the Chief Officer's control.
 - **Central Risk Budgets** – these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside his/her control or are budgets of a corporate nature.
 - **Support Services and Capital Charges** – these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk.
5. The budget has been prepared within the resources allocated to each Director.
6. Income increases and reductions in expenditure are shown as positive balances, whereas brackets will be used to denote expenditure, increases in expenditure, or reductions in income. Only significant variances (generally those greater than £50,000) have been commented on.

7. Overall, the 2019/20 latest budget is net expenditure of (£20.398M), an increase in net expenditure of (£414k) compared to the 2019/20 original budget. The proposed 2020/21 budget is net expenditure of (£19.382M), a decrease of £1.016M in net expenditure compared to the 2019/20 latest budget.

Table 1 Summary Revenue Budgets 2019/20 and 2020/21	Original Budget 2019/20 £'000	Latest Budget 2019/20 £'000	Original Budget 2020/21 £'000
Expenditure	(40,215)	(41,320)	(48,136)
Income	32,816	33,558	41,127
Support Services & Capital Charges	(12,585)	(12,636)	(12,373)
Total Net Expenditure	(19,984)	(20,398)	(19,382)

8. Appendix 2 provides details on budget movements between the 2019/20 original budget and 2019/20 latest budget. Overall, there is an increase in net expenditure of (£414k). Main reasons for this net increase are:

Budget Increases:

- Transfer of the Built Environment Directorate from Port Health & Environmental Services Committee to the Planning and Transportation Committee (£1,047k).
- Changes in the recharging of internal legal fees which are now part of local risk budgets (£332k).
- An increase in pay costs due to contribution pay and recruitment of apprentices (£167k)
- One off items (£168k) and carry forward monies from 2018/19 (£68k).
- Energy inflation budget adjustment (£126k)
- An increase in central recharges (£51k).

Budget Decreases:

- Reduction in contributions to the Bridges, Repairs, Maintenance & Major Works Fund following the BHE governance review £1,143k.
- A reduction in the cost of the Cyclical Works Programme due to changes in planned works £299k
- One off budget transfer of £100k for Climate Action Strategy.

9. Appendix 3 provides details on budget movements between the 2019/20 latest budget and the 2020/21 proposed budget. Overall, there is a decrease in net expenditure of £1.016M. Main reasons for this net decrease are:

Budget Decreases:

- Net Fundamental Review savings £7.576M
- Decrease in support service charges £263k

Budget Increases:

- Increase in transfers to Parking reserves (£6.748M).
- Cyclical Works Programme phasing (£89k)

Staffing Statement

10. A summary of the movement in manpower and related staff costs are shown in Table 2 below

Table 2 Manpower statement	Original Budget 2019/20		Original Budget 2020/21	
	Manpower Full-time Equivalent	Estimated Cost £000	Manpower Full-time Equivalent	Estimated Cost £000
Director of The Built Environment				
Town Planning	53.8	(3,249)	49.8	(3,188)
Planning Obligations	2.2	(136)	2.2	(140)
Transportation Planning	47.0	(3,112)	41.0	(2,878)
Road Safety	4.0	(260)	3.0	(202)
Building Control	23.9	(1,559)	23.5	(1,604)
Structural Maintenance/Inspections	5.1	(360)	5.1	(372)
Highways	26.8	(1,621)	26.8	(1,666)
Traffic Management	18.5	(913)	17.5	(886)
Off-Street Parking	2.0	(98)	2.0	(101)
On-Street Parking	16.0	(920)	31.0	(1,308)
Drains & Sewers	8.4	(452)	8.4	(465)
Directorate	0.0	0	10.4	(967)
Vacancy Factor		162		306
	207.6	(12,518)	220.7	(13,471)
Director of Open Spaces				
Tower Bridge Operational	31.6	(1,442)	31.5	(1,469)
	31.6	(1,442)	31.5	(1,469)
Total P&T Committee	239.2	(13,960)	252.2	(14,940)

Bridges Repairs, Maintenance and Major Works

11. The functions relating to the control, maintenance and repair of the five City river bridges (delegated to Planning & Transportation Committee) is exercised in the City's capacity as trustee of Bridge House Estates (BHE). The main purpose of the BHE charity is the maintenance and support of the bridges. In considering whether or not to expend funds of the BHE, the City Corporation as sole trustee of the charity must ensure expenditure is in furtherance of the charitable purposes and BHE is compliant with the duties on the City as trustee (including to act in the best interests of the charity). See Appendix 4 for a summary of the principal duties and responsibilities of charity trustees.

12. The City as trustee has established a designated fund to meet expenditure on repair, maintenance and works on the bridges, known as the BHE Bridges Repairs Fund. It is operated to provide sufficient resources to meet maintenance costs of the five bridges over a period of 50 years. In accordance with the management of the Fund, the schemes have been reviewed and updated in the 50 year projections to 2069/70. These are shown in Appendix 5.

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 DBE, to ensure sufficient funds have been ring fenced.
- 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 2019 was:

- Bridges Repairs £34,022,200
- Bridges Replacement £104,635,247

15. A summary of the works projection is shown below in Table 3. The proposed works are considered to be within the purposes of BHE.

Table 3:	
Bridges Repairs, Maintenance and Major 50 Year Works Projection to 2069/70	
	£'000
Planned expenditure (inflated at 2% pa):	
• Blackfriars Bridge	(52,868)
• Southwark Bridge	(44,668)
• London Bridge	(29,458)
• Millennium Bridge	(33,496)
• Tower Bridge	(142,352)
Forecast Works as at 31 March 2070	(302,842)

16. Within the budgets provided for you as part of the overall Bridges Repairs Fund, there are a number of projects which are currently classed as Supplementary Revenue Projects (SRP) which will have to go through the gateway process.

The forthcoming projects which may be required are summarised in Table 4 below.

Table 4	Project	Budget £'000	Starting Date
Blackfriars Bridge	Parapet repairs /Painting	8,579	2019/20-2022/23
Southwark Bridge	Approach Spans Refurbishment	2,044	2020/21-2021/22
	Footway Strengthening	1,330	2021/22-2022/23
London Bridge	Bearing replacement/Waterproofing	5,049	2020/21
	Scour Protection	663	2020/21
Millennium Bridge	Cable re-tensioning (if required)	459	2021/22
Tower Bridge	High Voltage System Replacement	5,255	2019/20-2021/22
	Hydraulic Power Pack Replacement	1,173	2019/20-2020/21
	Domestic/Foul Water Drainage	500	2022/23
	Sprinkler System Replacement	3,000	2022/23
	Paint Touch-up	4,250	2021/22-2023/24
	Service Cover Duct Replacement	501	2020/21-2021/22
All Bridges	River Camera Projects	352	2020/21(TBC)

Draft Capital and Supplementary Revenue Budgets

17. The latest estimated costs for the Committee's current capital and supplementary revenue projects are summarised in Appendix 6.
18. Pre-implementation costs comprise feasibility and option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.
19. It should be noted that the figures exclude the indicative costs of schemes which have not yet received authority to start work, such as the capital costs of implementing the Holborn/Snow Hill pipe subways scheme or Bridges' waterproofing projects.
20. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2020.

Annual Capital Bid Process

21. The following qualifying bids were approved by Resource Allocation Sub Committee in December 2019. These projects will now progress through the Gateway approval process:
 - London Wall Car Park Joints & Waterproofing £2.0M
 - Lindsay Street Bridge Strengthening £5.0M
 - Dominant House Footbridge £1.078M
 - London Wall Car Park Fire Safety Works £1.370M
 - Fire Safety Works in Car Parks £1.0.32M
22. The following capital bids are subject to further information requests by Resource Allocation Sub Committee, before a final decision is made:
 - Bank Junction Transformation £4.0M
 - Culture Mile Implementation Phase 1 £0.685M
 - Temple Area Managed Access & Traffic Review £2.0M
 - St Pauls Gyratory Removal £30.0M

Draft final high-level summary Business Plan for 2020/21 – Department of the Built Environment

23. This report presents, at Appendix 7, the draft final high-level summary Business Plan for 2020/21 for the Department of the Built Environment.

24. This section outlines the following:

- the factors taken into consideration in compiling the Business Plan,
- how the 2020/21 efficiency target will be delivered,
- which activities will be reduced or stopped, and
- initiatives, programmes and projects identified through the Fundamental Review to be developed and delivered along with the expected timescales for doing so.

25. The Business Plan continues to be based on delivering the Department's vision of *Creating and facilitating the leading future world class city*. The DBE Business Plan contains eight aims and objectives which support the City's Corporate Plan and contribute to the success of corporate aims and outcomes.

26. The Department has compared its activities against the Corporate Plan's twelve corporate outcomes. The table below shows that over half of DBE activities contribute to corporate outcomes 10,11 and 12. More details can be found in the high level business plan at Appendix 7.

Corporate Outcomes	
11. We have clean air, land and water and a thriving and sustainable natural environment	20%
10. We inspire enterprise, excellence, creativity and collaboration	17%
12. Our spaces are secure, resilient and well-maintained	17%

27. Significant work is being carried out across the Department to improve our performance and outcome monitoring databases. This will enable better monitoring of the Department's impact on business plan and corporate outcomes and improved reporting to Members.

28. As part of the Fundamental Review, a benchmarking exercise in collaboration with other Local Authorities will review the Parking Ticket Office to ensure we are providing an efficient service and that our systems are fit for purpose.

29. The DBE budget has been reduced to include a 2% efficiency saving which will be achieved by increased income targets, efficiencies and avoided costs:

- Increased income, reviewing fees in line with Financial Regulations
- Increased staff vacancy factor, review on all vacancies and
- Recommissioning and realigning of divisional work programmes to focus on the Corporate Plan aims and outcomes.

30. DBE will achieve its savings commitments. Savings, budgeting and reviews remain on all management agendas and continue to be a priority for the SLT. By working closely with colleagues in the Chamberlains team, SLT will continue to adjust budgets as needed to address changing business constraints and opportunities.
31. Fees and charges are reviewed biennially to ensure they remain competitive (benchmarked) and cover costs of delivery. Such reviews, in line with the Fundamental Review and Financial Regulations, are included in our budget forecasting for 2020/21 and will be brought to committee for approval. The Department is also reviewing its approach to traffic enforcement and toilet provision as part of the Fundamental Review process.
32. The Department's major activities in 2020/21 will include preparing and delivering on our key strategies, providing an excellent service to our customers and the public, strengthening our resilience to risks from natural and man-made threats, supporting the major projects and the agreed capital programme, ensuring that our staff and departmental structures are fit for the future.
33. The Department will be bringing to committee several key strategies during 2020 and 2021 to help deliver its corporate and business priorities including the Climate Action Strategy, Local Plan, Riverside Strategy and Waste Strategy.
34. Implementation of the Transport Strategy will be a key focus bringing about change in the public realm, and work is being done by officers to ensure our portfolio of projects is aligned to the Transport Strategy, and our Corporate and Departmental priorities.

Draft final high-level summary Business Plan for 2020/21 – Open Spaces Department

35. The draft business plan priorities for 2020/21 for Tower Bridge Operational Service area covered by this Committee, is contained within a separate report in the higher-level business plan reported to Open Spaces Committee and Culture Heritage and Libraries Committee.

Corporate & Strategic Implications

36. Collaboration with other departments continue to offer efficiency benefits. DBE is in collaboration with Markets and Consumer Protection concerning procurement of replacement software to support both planning and environmental health services delivery including enhanced mobile working by officers off site. Such innovation accords with Corporate Plan action 9b.

Public sector equality duty

37. DBE continues to factor equalities responsibilities into all its Business Plan proposals. We are conducting Equality, Diversity and Inclusion self-assessments which will enable a local action plan which is better aligned to the Corporate E&I Plan.
38. Together with colleagues in HR we will be looking at recruitment to ensure all our recruitment adverts are free of gendered language as well as increasing the number of female identifying staff in the department and BAME staff at higher grades.

Resourcing implications

39. The Departmental Workforce Plan has been updated to capture current and foreseeable workforce issues, as well as to ensure the department and staff are 'fit for the future'.

Conclusion

40. This report presents the budget estimates and final high-level summary Business Plans for 2020/21 for the Department of the Built Environment for Members to consider and approve.

Appendices

- Appendix 1 – Committee Summary Budget – by Risk, Fund and Chief Officer
- Appendix 2 – 2019/20 Original Budget to 2019/20 Latest Budget
- Appendix 3 – 2019/20 Latest Budget to 2020/21 Original Budget
- Appendix 4 - Summary of Charity Trustee's Role
- Appendix 5 - Bridges Repairs, Maintenance and Major works 50 Year Programme
- Appendix 6 – Draft Capital and Supplementary Revenue Budgets
- Appendix 7 – Final high-level summary Business Plan 2020/21 – Department of the Built Environment

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