

Committee	Dated:
Planning & Transportation Committee	14 July 2020
Subject: Revenue Outturn 2019/20	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 2019/20 with the final budget for the year. Overall total net expenditure across all risks during the year was £20.219m, whereas the total budget was £20.764m, representing an underspend of £545,000 as set out below.

Summary Comparison of 2019/20 Revenue Outturn with Final Agreed Budget			
	Final Budget £'000	Revenue Outturn £'000	Variation Better/ (Worse) £'000
Direct Net Expenditure			
Director of Built Environment	(4,809)	(4,826)	(17)
Director of Open Spaces	(1,772)	(1,860)	(88)
The City Surveyor	(1,271)	(784)	487
Total Direct Net Expenditure	(7,852)	(7,470)	382
Capital & Support Services	(12,912)	(12,749)	163
Overall Total	(20,764)	(20,219)	545

Chief Officers have submitted requests to carry forward underspendings, and these will be considered by the Chamberlain in consultation with Chairman and Deputy Chairman of the Resource Allocation Sub Cttee. Overspendings will be carried forward to be repaid in 2020/21.

Recommendation

Members are asked to:

- Note this revenue outturn report for 2019/20 and the carry forward of local risk overspending to 2020/21 of £236,000 for the Director of Built Environment.

Main Report

Revenue Outturn for 2019/20

1. Actual net expenditure across all risks for your Committee's services during 2019/20 totalled £20.219m, an underspend of £545,000 compared to the final budget of £20.764m. 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 2019/20 Revenue Outturn with Final Budget				
	Final Budget £'000	Revenue Outturn £'000	Variation Better/ (Worse) £'000	Variation Better/ (Worse) %
Local Risk				
Director of Built Environment	(11,542)	(11,832)	(290)	(25.1)
Director of Open Spaces	(1,772)	(1,860)	(88)	(5.0)
The City Surveyor	(295)	(221)	74	25.1
Total Local Risk	(13,609)	(13,913)	(304)	(2.2)
Central Risk				
Director of Built Environment	6,733	7,006	273	4.1
Total Central Risk	6,733	7,006	273	4.1
Cyclical Works Programme	(976)	(563)	413	42.3
Capital and Support Services	(12,912)	(12,749)	163	1.3
Overall Total	(20,764)	(20,219)	545	2.6

2. The most significant local risk variations comprise:

- **Director of Built Environment £290,000 overspend:**

- (i) Traffic Management overspend £364,000 – shortfall in road closure, hoarding and scaffolding licences and road permitting fees income £473,000. This was partly offset by salary underspends £70,000 and reduced advertising costs £39,000.
- (ii) Highways overspend £219,000 – decrease in staff cost recovery income from capital projects £264,000 due to vacancies and overspend in R&M works £241,000 due to increase in indices within the R&M works contract, increase in carriageway surface repairs and undertaking repairs to old lanterns which was not anticipated. This was partly offset by salary underspends £142,000 and reduced electricity costs £132,000.
- (iii) Off Street Parking overspend £234,000 – shortfall in car park fee income as a result of losing a high value season ticket holder and closure of car parks due to the lockdown.

- (iv) Building Control overspend £78,000 – shortfall in Building Regulation Fee income.
- (v) Town Planning underspend £268,000 – staff vacancies, recruitment freeze and reduced advertisement costs.
- (vi) On Street Parking underspend £99,000 – reduced enforcement contract costs as a result of lower than anticipated inflationary increases.
- (vii) Road Safety underspend £96,000 – due to staff vacancies and freeze on recruitment.
- (viii) Directorate underspend £72,000 – staff vacancies and freeze on recruitment.
- (ix) Structural Maintenance underspend £58,000 – highway structures breakdown maintenance works not required.

- **Director of Open Spaces £88,000 overspend:**

Overspend as a result of exceptional use of specialist agency staff to ensure the City's statutory obligation for raising and maintaining the Bridge continued.

- **The City Surveyor £74,000 underspend:**

Underspend mainly due to reduced requirement for reactive works at the car parks.

3. Director of Built Environment central risk underspend of £273,000 comprises of the following most significant variations:
 - (i) Off-Street Parking underspend £230,000 – increase in transfer required from the Parking Reserve Account as a result of an overall increase in local risk operating costs.
 - (ii) Highways underspend £172,000 – increase in transfer required from the Parking Reserve Account for R&M works costs which are eligible to be met by the Parking Reserve Account.
 - (iii) Bridge House Estates underspend £51,000 – consultant works for the Thames Bridges not required.
 - (iv) On-Street Parking overspend £99,000 – increase in bad debt provision and additional transfer to the Parking Reserve Account £4,233,000, largely offset by increase in parking meter, suspensions and PCN income £4,134,000.
 - (v) Town Planning overspend £72,000 - reduction in planning application fee income.

4. The Cyclical Works Programme (CWP) underspend of £413,000 was mainly due to delays in projects being started at Shoe Lane Bridge (undertaken by DBE) and Wood Street Lift refurbishment. The CWP does not form part of the City Surveyor's local risk budget and any variances will be carried over to 2020/21. 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

5. The £163,000 underspend on capital and support services is mainly due to decrease in support Services and IS costs recharged from Finance Committee
6. Appendix A1 and A2 provides a more detailed comparison of the local and central risk outturn against the final budget, including explanation of significant variations.
7. Appendix B shows the movement from the 2019/20 original budget and the latest approved budget (as reported to your Committee in January 2020) to the final budget.

Local Risk Carry Forward to 2020/21

8. The Director of the Built Environment has a local risk overspending of £290,000 on the activities overseen by your Committee. The Director had net local risk overspendings totalling £31,000 on activities overseen by other Committees and after adjusting for the unspent portion of carry forwards from 2018/19, has a total overspend of £336,000. Any overspend on a Chief Officer's local risk budget is required to be carried forward and recovered from within the department's budget allocation for the following year unless specifically waived by the Finance Committee. Subject to agreement by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee, it is proposed to reduce the carry forward overspend by £100,000 to take into account the DBE contribution to the Climate Action Strategy. An overspend of £236,000 will therefore be carried forward to be repaid in 2020/21, and the Director is working to identify savings to offset this additional budget pressure.
9. The Director of Open Spaces had a local risk overspend of £88,000 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 local risk underspendings totalling £554,000 on activities overseen by other Committees. The Director is proposing that £358,000 of his eligible underspend of £466,000 be carried forward, none of which relates to activities overseen by your Committee.

Thames Bridges' Repairs, Maintenance and Major Works Fund

10. 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 in January 2020. The breakdown is shown overleaf in Table 2.
11. The actual expenditure for 2019/20 was £2.229m against a budget of £4.029m, representing an underspend of £1.8m.

Table 2: Thames Bridges Repairs, Maintenance and Major Works Fund Analysis of Outturn for 2019/20				
	Final Budget £'000	Outturn £'000	Variance Better/ (Worse) £'000	Variation Better/ (Worse) %
Blackfriars Bridge	(237)	(48)	189	79.6
Southwark Bridge	(56)	(67)	(11)	(19.8)
London Bridge	(2,039)	(354)	1,685	82.6
Millennium Bridge	(195)	(127)	68	34.9
Tower Bridge	(1,502)	(1,633)	(131)	(8.7)
Total	(4,029)	(2,229)	1,800	44.7

12. The main reasons for the £1.800m underspend are set out below:

- **Blackfriars Bridge** – underspend as a result of delays in parapet refurbishment works due to restricted access, contractual issues delaying distribution board replacement and issues in arranging access with TfL for column testing.
- **London Bridge** – underspend as a result of delays to the Bridge waterproofing /bearing replacement works due to Cadent gas work. Spend is now expected in 2020/21.
- **Millennium Bridge** – underspend due to scour protection works and additional survey work being re-programmed around the Thames Tideway works.
- **Tower Bridge** – overspend due to large scale replacement of existing Bridge Lighting luminaires as a result of failures with the lighting units, cabling/wiring and in some instances fixings which were originally installed for the 2012 Olympics.

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 designated funds as at 31 March 2019 was:

Bridges Repairs	£34.0m
Bridges Replacement	£104.5m

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Appendices:

Appendix A1 – Planning & Transportation Committee – Comparison of 2019/20
Local Risk Revenue Outturn with Final Budget

Appendix A2 – Planning & Transportation Committee – Comparison of 2019/20
Central Risk Revenue Outturn with Final Budget

Appendix B – Planning & Transportation Committee – Movement in 2019/20
Latest Approved Budget to Final Budget