

Committee(s): Port Health and Environmental Services	Dated: 20012021
Subject: Revenue and Capital Budgets 2021/22	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	n/a
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain's Department?	n/a
Report of: The Chamberlain Director of the Built Environment Director of Markets and Consumer Protection Director of Open Spaces	For Decision
Report author: Jenny Pitcairn, Chamberlain's Department	

Summary

This report presents for approval the revenue and capital budgets for the Port Health and Environmental Services Committee for 2021/22.

Overall, the proposed revenue budget for 2021/22 totals (£14.624M), a decrease in net expenditure of £2.567M compared to the 2020/21 Original Budget of (£17.191M).

The proposed budget for 2021/22 has been prepared within the resource envelopes allocated to each Director by Resource Allocation Sub Committee in December 2020 including the 12% savings target, but is dependent on the delivery of significant savings proposals, some of which are subject to Member approval, and some of which are still being developed.

The resource envelopes must be adhered to, as failure to do so will impact Finance Committee's ability to set Council Tax rates for the year ahead and the requirement in law for the City to set a balanced budget.

Recommendations

Members are asked to:

- i) review and approve the proposed revenue budget for 2021/22 for submission to Finance Committee;
- ii) review and approve the proposed capital budgets for 2021/22 for submission to Finance Committee;
- iii) authorise the Chamberlain, in consultation with the Directors of the Built Environment, Markets and Consumer Protection, and Open Spaces, to revise these budgets to allow for any further implications arising from

- subsequently approved savings proposals, amended 2021/22 pay award, and changes to the Cyclical Works Programme; and
- iv) agree that amendments for 2020/21 and 2021/22 budgets arising from changes to recharges during budget setting be delegated to the Chamberlain.

Main Report

Background

1. This report sets out the latest budget for 2020/21 and the proposed revenue and capital budgets for 2021/22 for your Committee and under the control of the Departments of the Built Environment, Markets and Consumer Protection, 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.

2. In the various tables, income, increases in income, 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.

3. The latest 2020/21 budget and provisional 2021/22 budgets, summarised in Table 1 below, are analysed by risk, fund and Chief Officer in Appendix 1.

Table 1 Summary Revenue Budgets 2020/21 and 2021/22	Original Budget 2020/21 £'000	Latest Budget 2020/21 £'000	Original Budget 2021/22 £'000
Expenditure	(25,442)	(25,746)	(24,864)
Income	14,960	15,503	16,594
Support Services and Capital Charges	(6,679)	(6,985)	(6,354)
Total Net Expenditure	(17,191)	(17,228)	(14,624)

Latest Revenue Budget for 2020/21

4. Appendix 2 provides details on budget movements between the 2020/21 original budget and 2020/21 latest budget. Overall, the 2020/21 latest budget is net expenditure of (£17.228M), an increase in net expenditure of (£37,000) compared to the 2020/21 original budget. Main reasons for this net increase are:
 - A net increase in central, departmental and capital recharges, (£306,000)
 - Increases in pay costs due to contribution pay and recruitment of apprentices, (£174,000)
 - Approved carry-forwards from 2019/20, (£99,000)
 - Approved COVID-19 re-budgeting adjustments:
 - Heathrow Animal Reception Centre, (£301,000) increase
 - Cemetery and Crematorium, £148,000 decrease
 - A reduction in the cost of the Corporate Works Programme managed by the City Surveyor during the year due to changes in phasing, £753,000.

Proposed Revenue Budget for 2021/22

5. The proposed 2021/22 budget is net expenditure of (£14.624M), a decrease of £2.567M in net expenditure compared to the 2020/21 original budget.
6. For 2021/22 budgets include:
 - 12% reduction of £1.519m agreed by Resource Allocation Sub Committee on 10 December 2020 reflecting a combination of savings between the new Target Operating Model (TOM), and additional savings to enable a balanced budget across the medium term
 - 2% uplift for inflation offset by 2% efficiency savings (a flat cash position)
 - Previously agreed fundamental review savings of £162,000The resulting resource envelope must be adhered to, as failure to do so will impact Finance Committee's ability to set Council Tax rates for the year ahead and the requirement in law for the City to set a balanced budget.
7. The budget has been prepared within the resource envelopes allocated to each Director by Resource Allocation Sub Committee in December 2020, with the following exceptions and assumptions:

Director of the Built Environment

- In order to remain within the Director's resource envelope before the 12% reduction, changes to service provision will be required, and options for Members' approval are set out in a separate paper on this agenda. The savings to be delivered, which for this Committee amount to £1.074M, have been incorporated into the 2021/22 budget as "Savings to be Applied". If Members approve options which will deliver a lower level of savings, alternative savings to the value of the shortfall must be identified in order to remain within the Director's resource envelope.
- In addition to the savings proposals outlined above, options to deliver the Department's required 12% reduction of £2.423M, of which for this Committee amounts to £1.055M, have yet to be identified. The Director

will continue to work through proposals against the 12% savings and these will be revised once the TOM is progressed through the year(s). The 12% savings have therefore been included in the budget as unidentified Efficiency Savings to ensure flexibility to move people into the right roles as a result of the TOM.

Director of Markets and Consumer Protection

- The Director has identified savings proposals which, if delivered, will enable him to remain within his City Fund resource envelope, including the required 12% reduction. These proposals will be set out in a further paper to follow, and the exact level and timing of savings is therefore not certain at this stage. As a result, the savings to be delivered from the proposals have been incorporated into the 2021/22 budget as “Savings to be Applied” and will be revised as necessary throughout the year.

Director of Open Spaces

- Of the Director’s required 12% reduction for the Cemetery and Crematorium, which amounts to £210,000, a balance of £69,000 is not yet progressed to a stage where it can be detailed in this report and has therefore been included in the budget as unidentified Efficiency Savings.

8. Appendix 3 provides details on budget movements between the 2020/21 original budget and the 2021/22 proposed budget. Overall, there is a decrease in net expenditure of £2.567M. Main reasons for this net decrease are:

- Savings proposals subject to Member approval and/or staff consultation, £1.351M (DBE £1.074M, M&CP £277,000)
- Unidentified efficiency savings, £1.124M (DBE £1.055M, Open Spaces £69,000)
- A reduction in the cost of the Corporate Works Programme managed by the City Surveyor due to changes in planned works, £376,000
- A net reduction in central, departmental and capital recharges, £325,000
- A net increase in transfers from reserves, £118,000
- A reduction in vehicle repairs and maintenance costs, £100,000
- Changes in fees and charges income:
 - Heathrow Animal Reception Centre, £170,000 increase
 - Cemetery and Crematorium, £120,000 increase
 - Waste Collection, (£297,000) reduction
 - Port and Launches, (£183,000) reduction
 - Public Conveniences, (£150,000) reduction
- Increases in pay costs due to pay award (see paragraph 9), incremental and career grade progression, and recruitment of apprentices, (£461,000)
- An increase in the costs of waste disposal, (£170,000)

Staffing Statement

9. Table 2 below shows the movement in manpower and related staff costs.

Table 2 Staffing Summary	Original Budget 2020/21		Original Budget 2021/22	
	Manpower Full-time Equivalent	Estimated Cost £'000	Manpower Full-time Equivalent	Estimated Cost £'000
Service				
Public Conveniences	1.8	(139)	1.2	(86)
Public Conveniences - agency staff	-	(112)	-	(390)
Waste Collection	9.3	(580)	8.1	(522)
Street Cleansing	6.6	(434)	6.4	(418)
Waste Disposal	4.9	(319)	4.9	(313)
Transport Organisation	2.0	(79)	2.0	(96)
Cleansing Services Management	5.4	(388)	4.9	(382)
Coroner	3.0	(212)	3.0	(223)
City Environmental Health	31.8	(2,122)	29.3	(2,112)
Animal Health Services	49.9	(2,411)	47.9	(2,577)
Trading Standards	5.0	(343)	4.4	(350)
Port and Launches *	47.8	(2,615)	76.3	(4,208)
Cemetery and Crematorium	68.0	(2,509)	67.0	(2,593)
Total Port Health and Environmental Services	235.5	(12,263)	255.4	(14,270)

* Port and Launches staffing in 2021/22 includes an additional 27FTE for the increase in throughput expected as a result of Brexit.

10. Members should note that the staff costs for 2021/22 included above and throughout the report were calculated based on the original 3-year pay deal agreed in 2020 which included a cost of living pay award of 2.25% on basic pay and 5% on London weighting for all staff from 1 July 2021. The subsequent decision to reduce the 2021/22 pay award to a 1.525% increase for staff on grades A to C only was made too late to be incorporated into this report, and budgets will need to be amended accordingly, with the resulting savings being used to offset unidentified savings in the first instance.

Draft Capital and Supplementary Revenue Budgets

11. The latest estimated costs for the Committee's current capital and supplementary revenue projects are summarised in Table 3 below.

Service Managed	Project	Exp Pre 01/04/20 £'000	2020/21 £'000	2021/22 £'000	Later Years £'000	Total £'000
Regulatory Services	<u>Pre-Implementation</u> Planning & Regulatory Services Casework Management System	0	(4)	0	0	(4)
Cemetery & Crematorium	<u>Authority to Start Work</u> Cremator Replacement and Mercury Abatement	(18)	(981)	0	0	(999)
Cemetery & Crematorium	Mechanised Digger Replacement	0	(53)	0	0	(53)
Cemetery & Crematorium	Chapel Hot Water	(98)	0	(118)	0	(216)
Total Port Health & Environmental Services		(116)	(1,038)	(118)	0	(1,272)

12. Pre-implementation costs comprise only feasibility and options appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.

13. 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 2021.

Conclusion

14. This report presents the proposed budgets for 2021/22 for the Port Health and Environmental Services Committee for Members to consider and approve.

Appendices

- Appendix 1 – Committee Summary Budget – by Risk, Fund and Chief Officer
- Appendix 2 – 2020/21 Original Budget to 2020/21 Latest Budget
- Appendix 3 – 2020/21 Original Budget to 2021/22 Original Budget

Background Papers

- Report: 2021/22 Budget Setting Update – Resource Allocation Sub Committee, 10 December 2020

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