

<b>Committee(s):</b>	<b>Date(s):</b>
Planning & Transportation	14 <sup>th</sup> July 2015
<b>Subject:</b> Revenue Outturn 2014/15	Public
<b>Report of :</b> The Chamberlain Director of the Built Environment Director of Culture, Heritage and Libraries The City Surveyor	For Information

### Summary

This report compares the revenue outturn for the services overseen by your Committee in 2014/15 with the final budget for the year. Overall total net expenditure during the year was £15.605m, whereas the total budget was £16.235m, representing an underspending of (£0.630m) as set out below:

<b>Summary Comparison of 2014/15 All Risk Revenue Outturn with Final Agreed Budget</b>			
	<b>Final Budget £000</b>	<b>Revenue Outturn £000</b>	<b>Variations Increase/ (Reduction) £000</b>
<b>Direct Net Expenditure</b>			
Director of the Built Environment	4,163	3,901	(262)
Director of Culture, Heritage and Libraries	1,478	1,478	0
The City Surveyor	965	538	(427)
<b>Total Direct Net Expenditure</b>	----- 6,606 -----	----- 5,917 -----	----- (689) -----
<b>Capital and Support Services</b>	9,629	9,688	59
<b>Overall Totals</b>	<b>16,235</b>	<b>15,605</b>	<b>(630)</b>

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

### Recommendation

It is recommended that this revenue outturn report for 2014/15 and the proposed carry forward of underspendings to 2015/16 are noted.

## MAIN REPORT

### Revenue Outturn for 2014/15

1. Actual net expenditure for your Committee's services during 2014/15 totalled £15.605m, an underspend of (£0.630m) compared to the final budget of £16.235m. A summary comparison with the final budget for the year is tabulated below. In this and subsequent tables, figures in brackets indicate income or in hand balances, increases in income or decreases in expenditure.

<b>Table 1 - Summary Comparison of 2014/15 Revenue Outturn with Final Budget</b>				
	<b>Final Budget £000</b>	<b>Revenue Outturn £000</b>	<b>Variations Increase/ (Reduction) £000</b>	<b>Variation Increase/ (Reduction) %</b>
<b>Local Risk</b>				
Director of the Built Environment	8,916	8,132	(784)	(8.8)
Director of Culture, Heritage and Libraries	1,478	1,478	0	0
The City Surveyor				
- Breakdown Repairs	382	306	(76)	(19.9)
Maintenance	583	232	(351)	(60.2)
- Additional Works Programme	----- 965	----- 538	----- (427)	----- (44.2)
	----- <b>11,359</b>	----- <b>10,148</b>	----- <b>(1,211)</b>	----- <b>(10.7)</b>
<b>Total Local Risk</b>	-----	-----	-----	-----
<b>Central Risk</b>				
Director of the Built Environment	<b>(4,753)</b>	<b>(4,231)</b>	<b>522</b>	<b>11.0</b>
<b>Capital and Support Services</b>	<b>9,629</b>	<b>9,688</b>	<b>59</b>	<b>0.6</b>
<b>Overall Totals</b>	<b>16,235</b>	<b>15,605</b>	<b>(630)</b>	<b>(3.9)</b>

2. The main local risk variation comprises of:

- **Director of Built Environment** - underspend is mainly due to:
  - i. Departmental contingency savings of (£336,000) as flagged up throughout the year regarding the Directors overall local risk underspend that had accumulated from On-Street Parking enforcement savings following the retender of the contract, together

with additional income generated from over performance of development related income streams.

- ii. Off-Street Parking savings (£209,000) from additional income generated by increased activity at Tower Hill following the poppy display at Tower of London and the effects of a parking site closure at Tower Hamlets borough leading to increased parking at Minories car park
  - iii. Structural Maintenance & Inspection savings (£154,000) due to additional staff costs recharged to the capital projects at Hampstead Heath ponds and London Bridge staircase, together with reduced spend on the breakdown maintenance contract for highways structures due to procurement delays in employing a suitable contractor to complete the work.
  - iv. On-Street Parking savings (£114,000) due to a variety of underspends on salaries, contracts, printing and repairs to pay & display machines.
- **City Surveyor** - underspend on breakdown repairs maintenance due to lower maintenance requirements on the highways statues and lower than anticipated reactive maintenance callouts for the Off-Street car parks. Additionally, underspends on the Additional Works Programme of (£230,000) relates to planned internal works at the Off-Street car parks which were deferred whilst the car parks' long term future was being decided. The balance of the underspend relates to structural work to the highway which have also been deferred until Year 2 of the programme.
3. The central risk variation is mainly due to an increase in transfers to the On-Street Parking Reserve Account generated from On-Street and Off-Street Parking local risk underspends (as detailed in paragraph 2 above) and additional central risk On-Street Parking income of (£351,000), which facilitated surplus funds to be transferred to the reserve. These savings were partly offset by a shortfall in planning application income of £90,000 due to larger schemes anticipated not being submitted before the year end.
  4. The capital and support services overspend relates to revised methods in re-apportionment of Town Clerks and City Procurement recharges.
  5. Annex A provides a more detailed comparison of the local risk outturn against the final budget, including explanation of significant variations.
  6. Annex B provides a movement in budget from the latest approved budget to the final budget in 2014/15.

### **Local Risk Carry Forward to 2015/16**

7. The Director of the Built Environment had a local risk underspending of (£784,000) on the activities overseen by your Committee, of which £500,000 is eligible to carry forward to 2015/16. The Director also had

local risk underspending totalling (£140,000) on activities overseen by other Committees. The Director is proposing that a total of £499,000 is carried forward, of which £119,000 relates directly to activities overseen by your Committee for the following purposes:

- £30,000 is required for funding legal advice required to sustain the City's case for the Sugar Key affordable housing contribution.
  - £20,000 for installation of new barrier equipment and civil works at the Off-Street car parks following the contract renewal with Vinci.
  - £20,000 is required for legal costs for Farringdon East planning application re Crossrail appeal.
  - £15,000 to fund an apprentice to the Graphics Team for a year.
  - £12,000 for rebranding of the Considerate Contractor Scheme. The energy provided by a rebranding exercise would deliver a scheme that is more focused towards today's construction and street works environment and fit to respond to the challenges of the future.
  - £12,000 for production of four individual publicity films promoting the work of the Department in relation to Tall Buildings in the City, Access in the City, Historic Environment and S106 contributions.
  - £10,000 is required for essential upgrades to enable continued use of UNIFORM planning software.
8. These requests will be considered by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee.
9. The Director of Culture, Heritage & Libraries had a local risk overspend of £800 on the activities overseen by your Committee. The Director also had a local risk underspend totalling (£742,000) on activities overseen by other Committees and is proposing that £322,000 of his underspend be carried forward to 2015/16.
10. The City Surveyor's total underspend on 'Breakdown Repairs Maintenance' was (£76,000) and is offset by overspendings on other Committees. Overall his budget is in balance and he is not making any carry-forward bids to 2015/16. With regard to the (£351,000) underspending to the Additional Works Programme, these do not form part of the City Surveyor's local risk budget and will be rolled over to 2015/16. The Additional Works Programme 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, unspent budgets are automatically rolled over for the life of the programme to allow for the completion of projects which span multiple financial years.

### **Thames Bridges' Repairs, Maintenance and Major Works Fund**

11. The Bridges Repairs, Maintenance and Major Works Fund is operated to provide sufficient resources to meet the maintenance costs of the five

bridges over a period of 50 years. The fifty 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 1<sup>st</sup> December 2014. The breakdown is shown below in Table 2.

12. The actual expenditure for 2014/15 was £1.812m against a budget of £1.833m, an underspend of (£0.021m).

	Final Budget £'000	Outturn £'000	Variance increase/ (decrease) £'000	Variation Increase/ (Reduction) %
Blackfriars Bridge	270	69	(201)	(74.4)
Southwark Bridge	193	15	(178)	(92.2)
London Bridge	94	65	(29)	(30.9)
Millennium Bridge	247	125	(122)	(49.4)
Tower Bridge	1,029	1,538	509	49.5
<b>Total</b>	<b>1,833</b>	<b>1,812</b>	<b>(21)</b>	<b>(1.1)</b>

13. The principal reasons for the (£0.021m) variances are set out below:

- **Blackfriars Bridge** - underspend of (£201,000) was as a result of no access to the bridge due to issues co-ordinating span closures with Network Rail and restricted access due to foreshore work at Baynard House.
- **Southwark Bridge** - underspend of (£178,000) was mainly due to delays by Thames Water undertaking essential repairs to the water main in the approaches to the bridge before works to Park Street Bridge could be undertaken.
- **Millennium Bridge** - underspend of (£122,000) was mainly due to work on dampers not required (£65,000) and fees not required for painting touch up (£57,000). Painting has been postponed as phase 3 of the Millennium Bridge Riverside Enhancement works has been re-programmed to fit in with the City of London Boys School holidays.
- **Tower Bridge** - overspend of £509,000 was mainly due to spend on the Bridgemaster's House New Control Room. This overspend was offset by underspends on the other bridges

14. The balance on the fund at 31st March 2015 was £138.688m (£127.972m 31<sup>st</sup> March 2014), an increase of £10.716m from a year earlier, as set out in Table 3 below.

<b>Table 3: Thames Bridges' Repairs, Maintenance and Major Works Fund</b>	
<b>Movement in Fund 2014/15</b>	
	£'000
<b>Balance brought forward 1<sup>st</sup> April 2014</b>	<b>(127,972)</b>
<u>Expenditure:</u>	1,812
<u>Income:</u>	
Planned contributions to fund on 1 <sup>st</sup> April	(1,056)
Interest accruing	(103)
Rental income	(274)
Investment income	(1,675)
Gain on fair value of investments	(7,758)
<u>Capital Movements</u>	
Gain on property revaluation	(1,662)
<b>Balance carried forward at 31<sup>st</sup> March 2015</b>	<b>(138,688)</b>

15. The gain on fair value investment relates to increases on investments held within the Fund and increases on the revaluation of property values held, most notably Millennium Bridge House. The balance on the fund at the 31st March 2015 of £138.688m will be carried forward to meet the cost of works in 2015/16 and later years.
16. An updated 50 year programme will be presented later on in the year to your committee for approval, as part of the annual estimate cycle.

**Contact Officers:**

Simon Owen - [simon.owen@cityoflondon.gov.uk](mailto:simon.owen@cityoflondon.gov.uk) ext 1358  
Dipti Patel - [dipti.patel@cityoflondon.gov.uk](mailto:dipti.patel@cityoflondon.gov.uk) ext 3628

**Appendices**

**Annex A** – Planning & Transportation Committee – Comparison of 2014/15 Revenue Outturn with Final Budget

**Annex B** - Planning & Transportation Committee – Movement in 2014/15 Latest Approved Budget to Final Budget

Planning & Transportation Committee – Comparison of 2014/15 Revenue Outturn with Final Budget

	<b>Final Budget £000</b>	<b>Revenue Outturn £000</b>	<b>Variation Increase/ (Decrease)</b>	<b>Variation Increase/ (Reduction) %</b>	<b>Reasons</b>
<b>LOCAL RISK</b>					
<b>Director of the Built Environment</b>					
City Fund					
Town Planning	2,215	2,133	<b>(82)</b>	(3.7)	1
Planning Obligations	20	20	<b>0</b>	0	
Transportation Planning	375	470	<b>95</b>	25.3	2
Road Safety	225	191	<b>(34)</b>	(15.1)	
Building Control	38	(12)	<b>(50)</b>	(131.6)	3
Structural Mtce/Inspections	479	325	<b>(154)</b>	(32.2)	4
Highways	3,419	3,438	<b>19</b>	0.6	
Traffic Management	(1,066)	(956)	<b>110</b>	10.3	5
Off-Street Parking	(157)	(366)	<b>(209)</b>	(133.1)	6
On-Street Parking	2,508	2,394	<b>(114)</b>	(4.5)	7
Drains & Sewers	284	251	<b>(33)</b>	(11.6)	
Committee Contingency	336	0	<b>(336)</b>	(100.0)	8
<b>Total City Fund</b>	<b>8,676</b>	<b>7,888</b>	<b>(788)</b>	<b>(9.1)</b>	
Bridge House Estates					
Thames Bridges	240	244	<b>4</b>	1.7	
<b>Total Direct of the Built Environment</b>	<b>8,916</b>	<b>8,132</b>	<b>(784)</b>	<b>(8.8)</b>	
<b>Director of Culture, Heritage &amp; Libraries</b>					
Tower Bridge	<b>1,478</b>	<b>1,478</b>	<b>0</b>	<b>0</b>	
<b>The City Surveyor*</b>					
Town Planning	216	180	<b>(36)</b>	(16.7)	
Highways	390	156	<b>(234)</b>	(60.0)	
Off-Street Parking	359	202	<b>(157)</b>	(43.7)	
<b>Total City Surveyor</b>	<b>965</b>	<b>538</b>	<b>(427)</b>	<b>(44.2)</b>	9
<b>TOTAL LOCAL RISK</b>	<b>11,359</b>	<b>10,148</b>	<b>(1,211)</b>	<b>(10.7)</b>	

(\*includes the Additional Works Programme)

## Reasons for significant Local Risk variations

1. **Town Planning** - underspend due to staff vacancies (£31,000), reduction in printing charges (£31,000), reduced costs for advertising General Development Order notices (£17,000) and savings across other supplies and services expenditure budgets (£3,000).
2. **Transportation Planning** - overspend due to costs relating to virtual App to promote Aldgate £37,000, floating-car traffic speed survey £21,000, other traffic surveys and pilot projects £37,000.
3. **Building Control** - underspend due to staff vacancies (£18,000), reduction in subscription costs for the core building portal (£12,000), reduction in printing charges (£6,000), savings across other supplies and services expenditure budgets (£9,000) and additional Building Regulation fee income (£5,000).
4. **Structural Maintenance & Inspections** - underspend due to staff costs recharged to capital projects (£97,000) relating to Hampstead Heath ponds and London Bridge staircase, together with reduced spend on the breakdown maintenance contract for highways structures, due to procurement delays in appointing a suitable contractor (£57,000).
5. **Traffic Management** - overspend due to a shortfall in income from hoardings and scaffolding licences £241,000 which was partly offset by reduced costs for advertising road closure notices (£48,000), increased income from road closure fees (£78,000) and savings across various budgets (£5,000).
6. **Off-Street Parking** - underspend due to increased car park fees from additional activity following the poppy display at Tower of London and effects of a parking site closure in Tower Hamlets leading to increased activity at Minorities car park (£152,000), reduced barrier equipment contract costs (£17,000), no spend on fees due to structural inspections not being carried out (£20,000) and other general underspends across various expenditure budgets (£20,000).
7. **On-Street Parking** - underspend due to reduced charges for Penalty Charge Notices referred for adjudication (£45,000), salary savings in the Parking Ticket Office due to vacancies (£23,000), reduced repair and maintenance costs for parking meters (£25,000) and reduction in printing charges (£21,000).
8. **Committee Contingency** – underspend due to overall Departmental contingency saving of (£336,000) as flagged up throughout the year regarding the Directors overall local risk underspend that had accumulated from the On-Street Parking enforcement contract savings following the retender exercise and over performance of development related income streams.
9. **City Surveyor** - underspend of (£76,000) on Breakdown Repairs Maintenance is due to lower maintenance requirements on the highways statues and lower than anticipated reactive maintenance callouts for the Off-Street car parks. The City Surveyor's Additional Works Programme underspend of (£351,000) was mainly due to planned internal works at the Off-Street car parks which were deferred whilst their long term future was being decided and also structural work to the highways being deferred until Year 2 of the programme.



Planning & Transportation Committee – Comparison of 2014/15 Revenue Outturn with Final Budget

	<b>Final Budget £000</b>	<b>Revenue Outturn £000</b>	<b>Variation Increase/ (Decrease) £000</b>	<b>Variation Increase/ (Reduction) %</b>	<b>Reasons</b>
<b>CENTRAL RISK</b>					
<b>Director of the Built Environment</b>					
City Fund					
Town Planning	(805)	(715)	<b>90</b>	11.2	10
Street Scene	182	182	<b>0</b>	0	
Highways	(1,958)	(2,005)	<b>(47)</b>	(2.4)	
Off-Street Parking	(490)	(117)	<b>373</b>	76.1	11
On-Street Parking	(2,829)	(2,705)	<b>124</b>	4.4	12
Committee Contingency	15	0	<b>(15)</b>	(100.0)	
	<b>(5,885)</b>	<b>(5,360)</b>	<b>525</b>	<b>8.9</b>	
Bridge House Estates					
Thames Bridges	1,132	1,129	<b>(3)</b>	(0.3)	
<b>Total Director of the Built Environment</b>	<b>(4,753)</b>	<b>(4,231)</b>	<b>522</b>	<b>11.0</b>	
<b>TOTAL CENTRAL RISK</b>	<b>(4,753)</b>	<b>(4,231)</b>	<b>522</b>	<b>11.0</b>	

Reasons for significant Central Risk variations

10. **Town Planning** – shortfall in planning application fee income due to large schemes anticipated not being submitted as formal planning applications at the close of the financial year.
11. **Off-Street Parking** - as detailed in Annex A, local risk operating underspends of (£209,000) and reduced spend by the City Surveyor on the Additional Work Programme (£157,000), together with increases in central risk rental income for new leases at Minorities car park (£20,000), resulted in a reduced requirement to draw down from the On-Street Parking Reserve Account (£396,000).
12. **On-Street Parking** – increases in central risk parking meter income (£218,000) and PCN income (£133,000), together with reductions in the provision for bad debts (£94,000) and local risk operating underspends, resulted in a surplus position and allowed an increase in the funds transferred to the On-Street Parking Reserve Account of £569,000.

Planning & Transportation Committee – Movement in 2014/15 Latest Approved Budget to Final Budget

Analysis by Service Managed	Original Budget 2014-15 £'000	Latest Approved Budget* 2014-15 £'000	Final Budget 2014-15 £'000	Movement £'000	Notes
<b>CITY FUND</b>					
Town Planning	2,526	2,246	2,277	31	(a)
Transportation Planning	1,262	1,143	1,115	(28)	(b)
Planning Obligations	0	32	20	(12)	(c)
Road Safety	295	271	271	0	
Street Scene	0	0	182	182	(d)
Building Control	613	443	442	(1)	
Structural Maintenance/Inspections	0	537	537	0	
Highways	8,286	7,728	7,798	70	(e)
Rechargeable Works	0	0	0	0	
Traffic Management	(877)	(787)	(783)	4	
Off- Street Parking	0		0	0	
On – Street Parking	0		0	0	
Drains & Sewers	456	406	406	0	
Contingency	(25)	597	351	(246)	(f)
<b>TOTAL CITY FUND</b>	<b>12,536</b>	<b>12,616</b>	<b>12,616</b>	<b>0</b>	
<b>BRIDGE HOUSE ESTATES</b>					
Bridges	1,906	1,839	1,842	3	
Tower Bridge Operational	1,808	1,770	1,777	7	
<b>TOTAL BRIDGE HOUSE ESTATES</b>	<b>3,714</b>	<b>3,609</b>	<b>3,619</b>	<b>10</b>	(g)
<b>TOTAL</b>	<b>16,250</b>	<b>16,225</b>	<b>16,235</b>	<b>10</b>	

\*Latest Approved Budget as reported to your Committee on 1<sup>st</sup> December 2014

**Notes:**

- a) Transfer of £6,000 from Contingency for legal fees, £2,000 transfer from Directorate for IT equipment and £23,000 adjustment for support service recharge due to the review of the apportionment basis for City Procurement service following its restructure.
- b) Transfer of (£30,000) to capital for staffing resources related to the Cross Rail Project, transfer from Contingency of £3,000 for training and (£1,000) adjustment for support services recharges.
- c) Transfer back to Finance Committee Contingency (£12,000) for reduced CIL preparation costs.
- d) Adjustment for supplementary revenue projects relating to Barbican Area Strategy £152,000 and Cross Rail Moorgate Urban Integration £30,000.

Planning & Transportation Committee – Movement in 2014/15 Latest Approved Budget to Final Budget

- e) Transfer of £58,000 from Contingency and £10,000 from Traffic Management for additional repair & maintenance works, together with £2,000 adjustment for supplementary revenue project relating to refurbishment of Sturgeon Lighting Units.
- f) Transfer of (£100,000) to capital for St Pauls Area Security Scheme, (£40,000) contribution from Built Environment to Town Clerks for Community Safety HUB, (£58,000) to Highways for additional repairs & maintenance works, (£32,000) to Cleansing Services for waste collection contract costs, (£7,000) to Parking Ticket Office for training, (£6,000) to Town Planning for legal fees and (£3,000) to Transportation Planning for training.
- g) £10,000 adjustment for support service recharges due to review of apportionment basis relating to Town Clerks and City Procurement service.