

Committee(s):	Date(s):	Item no.
Planning & Transportation	5 th July 2016	
Subject: Revenue Outturn 2015/16		Public
Report of : 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 2015/16 with the final budget for the year. Overall total net expenditure across all risks during the year was £18.120m, whereas the total budget was £16.958m, representing an overspend of £1.162m as set out below:

Summary Comparison of 2015/16 <u>All Risk</u> Revenue Outturn with Final Agreed Budget			
	Final Budget £000	Revenue Outturn £000	Variations Increase/ (Reduction) £000
Direct Net Expenditure			
Director of the Built Environment	4,020	5,637	1,617
Director of Culture, Heritage and Libraries	1,410	1,404	(6)
The City Surveyor	742	383	(359)
	-----	-----	-----
Total Direct Net Expenditure	6,172	7,424	1,252
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Capital and Support Services	10,786	10,696	(90)
Overall Totals	16,958	18,120	1,162

Chief Officers have submitted requests to carry forward local risk underspending 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 2015/16 and the proposed carry forward of local risk underspendings to 2016/17 are noted.

MAIN REPORT

Revenue Outturn for 2015/16

1. Actual net expenditure across all risks for your Committee's services during 2015/16 totalled £18.120m, an overspend of £1.162m compared to the final budget of £16.958m. 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.

Table 1 - Summary Comparison of 2015/16 All Risk Revenue Outturn with Final Budget				
	Final Budget £000	Revenue Outturn £000	Variations Increase/ (Reduction) £000	Variation Increase/ (Reduction) %
Local Risk				
Director of the Built Environment	9,089	8,718	(371)	(4.1)
Director of Culture, Heritage and Libraries	1,410	1,404	(6)	(0.4)
The City Surveyor				
- Breakdown Repairs	210	128	(82)	(39.0)
Maintenance	532	255	(277)	(52.1)
- Additional Works Programme	----- 742	----- 383	----- (359)	----- (48.4)
	----- 11,241	----- 10,505	----- (736)	----- (6.5)
Total Local Risk				
Central Risk				
Director of the Built Environment	(5,069)	(3,081)	1,988	39.2
Capital and Support Services	10,786	10,696	(90)	(0.8)
Overall Totals	16,958	18,120	1,162	6.9

2. The main local risk variation comprises:
 - **Director of Built Environment (£371,000 underspend):**

- i. On-Street Parking savings (£381,000) due mainly to delays in obtaining Committee approval to undertake the upgrade work on the pay and display machines, reduced pay and display machine maintenance costs, salary savings on vacant posts, reduction in rental and telemetry charges due to the withdrawal of card payment facility and other general underspends.
 - ii. Drains and Sewers savings (£124,000) as a result of additional income from Thames Water Contract reimbursements and increases in pipe-subway opening fees.
 - iii. Building Control underspends (£109,000) due to salary savings as a result of difficulties in recruiting.
 - iv. Town Planning underspend (£93,000) due mainly to staff time recharged to Thames Tideway Tunnel, reduction in payment for General Development Order notices, reduced printing charges and other running cost savings.
 - v. Transportation Planning £185,000 and Highways £82,000 overspend mainly due to under recovery of staff costs due to time allocated on shadow capital schemes and other non-recoverable high priority corporate projects e.g Cultural Hub and Future Cities. This was partly reduced by additional highway administration fee income for recoverable works.
 - vi. Off-Street Parking overspend £74,000 was mainly due to shortfall in income from season tickets and increased maintenance contract costs.
 - vii. Traffic Management overspend £62,000 due to shortfall in road closure licence fees, which were partly offset by salary savings on vacant posts and additional hoarding and scaffolding licence fee income.
- **City Surveyor (£359,000)** - the underspend on 'Breakdown Repairs Maintenance' was (£82,000). With regard to the (£277,000) underspend for the Additional Works Programme, this does not form part of the City Surveyor's local risk budget and will be rolled over to 2016/17. 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.

3. The central risk overspend of £1,988,000 is mainly due to funding contributions to City Fund from Bridge House Estate for the London Bridge Staircase project £2,176,000 and a reduction in transfer funding from On-Street Parking Reserve account £205,000 mainly due to reduced net operating costs in On-Street Parking. This has been offset by an increase in planning fee income (£276,000) from a couple of large unanticipated applications which were submitted and reimbursement of funding to Finance Contingency for CIL preparation costs (£71,000).
4. The capital and support services underspend of (£90,000) is mainly due to capital charges relating to Corporate IT systems which were lower than budgeted due to a change in the basis of apportionment between service departments. However, the impact on the City Fund overall was neutral.
5. Annex A provides a more detailed comparison of the local and central 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 2015/16.

Local Risk Carry Forward to 2016/17

7. The Director of the Built Environment had a local risk underspending of (£371,000) on the activities overseen by your Committee, which is eligible to carry forward to 2016/17. The Director also had local risk underspends of (£41,000) on activities overseen by other Committees she supports. The Director is proposing that a total of £336,000 is carried forward, of which £85,000 relates to Port Health & Environmental Services Committee and £251,000 relates directly to activities overseen by your Committee for the following purposes:
 - £50,000 to fund staff costs for Cultural Hub Public Realm Programme.
 - £46,000 for safety improvements to West Smithfield/Poultry junction and Health & Safety audit of Smithfield Market operations identified a need for

measures to reduce traffic speeds turning into East Poultry Avenue to reduce risk to market operatives.

- £40,000 for daylight/sunlight study to support work on the Future City to analyse impact on residential, other sensitive uses and open spaces.
 - £30,000 is required for additional 3-D modelling work on the Eastern Cluster.
 - £20,000 for the completion of the Strategic Housing Market Assessment for the City.
 - £20,000 to complete the Barbican Listed Building Management Guidelines volume 3 to provide planning certainty for works to the building for the future and to support the wider work on the development of the Cultural Hub.
 - £20,000 for wind modelling to enhance the understanding of wind patterns including preparation of Supplementary Planning Documents to include revised comfort modelling for all groups.
 - £10,000 is required for publicity costs to raise the profile of the planning function.
 - £10,000 to fund further pedestrian modelling to identify key sites where additional pedestrian routes need to be negotiated as part of development proposals.
 - £5,000 is required for benchmarking review of off street parking charges as car parking charges have not been increased for some time.
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 underspend of (£6,233) on the activities overseen by your Committee. The Director also had a local risk underspend totalling (£898,000) on activities overseen by other Committees and is proposing that £119,000 of his underspend be carried forward to 2016/17.

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 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 15th December 2015. The breakdown is shown below in Table 2.

11. The actual expenditure for 2015/16 was £1.602m against a budget of £2.861m, an underspend of (£1.259m).

	Final Budget £'000	Outturn £'000	Variance increase/ (decrease) £'000	Variation Increase/ (Reduction) %
Blackfriars Bridge	228	67	(161)	(70.6)
Southwark Bridge	112	63	(49)	(43.7)
London Bridge	175	52	(123)	(70.0)
Millennium Bridge	390	313	(77)	(19.7)
Tower Bridge	1,956	1,107	(849)	(43.4)
Total	2,861	1,602	(1,259)	(44.0)

12. The principal reasons for the (£1.259m) variances are set out below:

- **Blackfriars Bridge** - underspend of (£161,000) was as a result of no access to the bridge due to issues co-ordinating span closures with Network Rail and on-going Cycle Super Highways works.
- **Southwark Bridge** - underspend of (£49,000) 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.

- **London Bridge** - underspend of (£123,000) was mainly due to works being postponed due to delays in completion of the new staircase. This includes the removal of the old staircase and reinstating the access cradles.
 - **Millennium Bridge** - underspend of (£77,000) was mainly due to work on repainting the bridge coming under budget (£57,000) and reduced spend in consultancy fees (£20,000).
 - **Tower Bridge** - underspend of (£849,000) was mainly due to delays in the approval process for the Tower Bridge Re-decking Project (£370,000), works no longer required and/or not completed to the required standard as part of the lift refurbishment work (£270,000) and various other minor works being re-programmed into the next financial year.
13. The balance on the fund at 31st March 2016 was £142.891m (£138.688m 31st March 2015), an increase of £4.203m from a year earlier, as set out in Table 3 below.

Table 3: Thames Bridges' Repairs, Maintenance and Major Works Fund	
Movement in Fund 2015/16	
	£'000
Balance brought forward 1st April 2015	(138,688)
<u>Expenditure:</u>	1,602
<u>Income:</u>	
Planned contributions to fund on 1 st April	(1,077)
Interest accruing	(121)
Rental income	(1,125)
Investment income	(2,249)
Loss on fair value of investments	3,161
<u>Capital Movements</u>	
Gain on property revaluation	(4,394)
Balance carried forward at 31st March 2016	(142,891)

14. The loss on fair value investment relates to decreases in market value of investments held within the Fund. The gain on property revaluation reflects the in-year, unrealised market movement in the value of property investments made from the balances held in the Bridges Repairs Fund. The balance on the fund as at the 31st March 2016 of £142.891m will be carried forward to meet the cost of works in 2016/17 and later years.

15. 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.

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Appendices

Annex A – Planning & Transportation Committee – Comparison of 2015/16 Revenue Outturn with Final Budget

Annex B - Planning & Transportation Committee – Movement in 2015/16 Latest Approved Budget to Final Budget

Planning & Transportation Committee – Comparison of 2015/16 Revenue Outturn with Final Budget

	Final Budget £000	Revenue Outturn £000	Variation Increase/ (Decrease)	Variation Increase/ (Reduction) %	Reasons
LOCAL RISK					
Director of the Built Environment					
City Fund					
Town Planning	2,430	2,337	(93)	(3.8)	1
Planning Obligations	0	0	0	0	
Transportation Planning	472	657	185	39.2	2
Road Safety	242	215	(27)	(11.2)	
Building Control	37	(72)	(109)	(294.6)	3
Structural Mtce/Inspections	452	413	(39)	(8.6)	
Highways	3,386	3,468	82	2.4	4
Traffic Management	(1,237)	(1,175)	62	5.0	5
Off-Street Parking	(43)	31	74	172.1	6
On-Street Parking	2,765	2,384	(381)	(13.8)	7
Drains & Sewers	331	207	(124)	(37.5)	8
Committee Contingency	0	0	0	0	
Total City Fund	8,835	8,465	(370)	(4.2)	
Bridge House Estates					
Thames Bridges	254	253	(1)	(0.4)	
Total Direct of the Built Environment	9,089	8,718	(371)	(4.1)	
Director of Culture, Heritage & Libraries					
Tower Bridge	1,410	1,404	(6)	(0.4)	
The City Surveyor*					
Town Planning	106	30	(76)	(71.7)	
Highways	238	146	(92)	(38.7)	
Off-Street Parking	398	207	(191)	(48.0)	
Total City Surveyor	742	383	(359)	(48.4)	9
TOTAL LOCAL RISK	11,241	10,505	(736)	(6.5)	

(*includes the Additional Works Programme)

Reasons for significant Local Risk variations

1. **Town Planning** - underspend due to staff vacancies (£13,000), reduction in printing charges (£19,000), reduced costs for advertising General Development Order notices (£26,000), savings across other supplies and services expenditure budgets (£3,000) and Thames Tideway Tunnel SLA contribution for officers time spent on the project (£32,000).
2. **Transportation Planning** - overspend as a result of under recovery of staff costs due to vacancies, staff working on shadow schemes and other Corporate non recoverable projects £167,000 and shortfall in income from stopping up orders and projection Licences £14,000.
3. **Building Control** - underspend due to staff vacancies (£82,000), reduction in payment for software maintenance subscription costs (£15,000), savings across other supplies and services expenditure budgets (£9,000) and additional Building Regulation fee income (£3,000).
4. **Highways** – overspend mainly due to under recovery of staff costs due to vacancies, staff working on shadow schemes and other Corporate non recoverable projects £132,000, which has been offset by additional highway administration fee for recoverable works (£50,000).
5. **Traffic Management** - overspend due to a shortfall in income from road closure fees £146,000 which was partly offset by, salary underspends due to vacancies (£40,000), increased income from hoardings and scaffolding licences (£34,000) and savings across various budgets (£10,000).
6. **Off-Street Parking** - overspend mainly due to shortfall in season ticket car park fees £59,000 and increased car park maintenance contract costs £20,000.
7. **On-Street Parking** - underspend of (£227,000) due to upgrade of pay and display machines not being carried out due to delays in getting Committee approval to carry out the works, reduction in rental and telemetry charges due to withdrawal of card payment facility (£31,000), salary savings in the Parking Ticket Office due to vacancies (£33,000), reduced repair and maintenance costs for parking meters (£27,000), reduction in software maintenance costs (£21,000), reduction in printing charges (£14,000), reduced legal fee costs (£14,000) and reduced contract costs due to reduction in PAS charges (£13,000).
8. **Drains and Sewers** – underspend of (£124,000) mainly due to increase in reimbursement from Thames Water contract (£48,000),

increase in pipe-subway openings fees due to increased activity (£46,000) and savings across various budgets (£30,000).

9. **City Surveyor** - underspend of (£82,000) on Breakdown Repairs Maintenance is due to delays in specifying and procuring Highways statues servicing contract and credit received for works in relation to the relocation of pipework in London Wall car park. The City Surveyor's Additional Works Programme underspend of (£277,000) was mainly due to delays in the Replacement/Landlords Lighting and Power Rewire projects at the Off-Street car parks, Shoe Lane bridge works and conservation works to City Wall being deferred to 2016/17.

Planning & Transportation Committee – Comparison of 2015/16 Revenue Outturn with Final Budget

	Final Budget £000	Revenue Outturn £000	Variation Increase/ (Decrease) £000	Variation Increase/ (Reduction) %	Reasons
CENTRAL RISK					
Director of the Built Environment					
City Fund					
Town Planning	(804)	(1,080)	(276)	(34.3)	10
Planning Obligations	0	(71)	(71)	0	11
Highways	(1,896)	(1,955)	(59)	(3.1)	12
Off-Street Parking	(551)	(431)	120	21.8	13
On-Street Parking	(2,853)	(2,709)	144	5.0	14
Structural Maintenance Committee	(130)	(164)	(34)	(26.2)	
Contingency	12	0	(12)		
				(100.0)	
	(6,222)	(6,410)	(188)	(3.0)	
Bridge House Estates					
Thames Bridges	1,153	3,329	2,176	188.7	15
Total Director of the Built Environment	(5,069)	(3,081)	1,988	39.2	
TOTAL CENTRAL RISK	(5,069)	(3,081)	1,988	39.2	

Reasons for significant Central Risk variations

10. **Town Planning** – favourable variance is from planning fee income due to large planning applications being submitted in the last quarter of the financial year which were not anticipated.
11. **Planning Obligations** – variance due to reimbursement of CIL preparation costs back to Finance contingency as agreed at Finance Committee on 1st May 2012.
12. **Highways** – increase in funding transfer from On-Street Parking Reserve Account for eligible road maintenance works.
13. **Off-Street Parking** - local risk operating overspend of £74,000 and reduced spend by the City Surveyor on the Additional Work

Programme (£191,000), resulted in a reduced requirement to draw down from the On-Street Parking Reserve Account £118,000.

14. **On-Street Parking** – increases in central risk parking meter income (£265,000) and PCN income (£446,000), together with increase in the provision for bad debts £30,000, resulted in a surplus position and allowed an increase in the funds transferred to the On-Street Parking Reserve Account of £807,000.
15. **Thames Bridges** – variance due to funding for the construction of London Bridge Staircase £2,176,000, as the new staircase is a City Fund asset, the funding from Bridge House Estates is being charged to revenue. Expenditure on the project was incurred ahead of the assumed phasing.

Planning & Transportation Committee – Movement in 2015/16 Latest Approved Budget to Final Budget

Analysis by Service Managed	Original Budget 2015-16 £'000	Latest Approved Budget* 2015-16 £'000	Final Budget 2015-16 £'000	Movement £'000	Notes
CITY FUND					
Town Planning	2,108	2,426	2,441	15	(a)
Transportation Planning	993	1,331	1,331	0	
Planning Obligations	0	0	0	0	
Road Safety	274	315	315	0	
Street Scene	0	0	0	0	
Building Control	526	436	436	0	
Structural Maintenance/Inspections	506	160	130	(30)	(b)
Highways	9,175	8,507	8,609	102	(b)
Rechargeable Works	0	0	0	0	
Traffic Management	(706)	(932)	(924)	8	(c)
Off- Street Parking	0	80	80	0	
On – Street Parking	0	227	227	0	
Drains & Sewers	433	495	456	(39)	(b)
Contingency	399	15	12	(3)	(a)
TOTAL CITY FUND	13,708	13,060	13,113	53	
BRIDGE HOUSE ESTATES					
Bridges	1,873	1,983	1,983	0	
Tower Bridge Operational	1,712	1,811	1,862	51	
TOTAL BRIDGE HOUSE ESTATES	3,585	3,794	3,845	51	(d)
TOTAL	17,293	16,854	16,958	104	

*Latest Approved Budget as reported to your Committee on 15th December 2015.

Notes:

- a) Transfer of £3,000 from Contingency to Town Planning to cover the cost of Deputy Chair of P&T Committee to attend MPIM and adjustment for support service recharge of £12,000 for legal fees.
- b) Transfer of £30,000 from Structural Maintenance for repair & maintenance works, £39,000 from Drains & Sewers for additional repair & maintenance works and £33,000 adjustment for supplementary revenue project relating to St Paul's Area Security.
- c) Adjustment for support service recharge of £8,000 for film liaison staff costs.
- d) £51,000 adjustment for support service recharges due to different method of apportioning central support recharges between Tower Bridge Tourism and Operational.