

Committee	Dated:
Planning & Transportation Committee	25 July 2017
Subject: Revenue Outturn 2016/17	Public
Report of: Chamberlain Director of the Built Environment Director of Open Spaces The City Surveyor	For Information
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Summary

This report compares the revenue outturn for the services overseen by your Committee in 2016/17 with the final budget for the year. Overall total net expenditure across all risks during the year was £18.491m, whereas the total budget was £18.877m, representing an underspend of (£0.386m) as set out below:

Summary Comparison of 2016/17 <u>All Risk</u> Revenue Outturn with Final Agreed Budget			
Direct Net Expenditure	Final Budget £000	Revenue Outturn £000	Variations Increase/ (Reduction) £000
Director of Built Environment	4,889	4,624	(265)
Director of Open Spaces	1,468	1,504	36
The City Surveyor	905	686	(219)
Total Direct Net Exp	7,262	6,814	(488)
Capital & Support Services	11,615	11,677	62
Overall Totals	18,877	18,491	(386)

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 2016/17 and the proposed carry forward of local risk underspendings to 2017/18 are noted.

MAIN REPORT

Revenue Outturn for 2016/17

1. Actual net expenditure across all risks for your Committee's services during 2016/17 totalled £18.491m, an underspend of (£0.386m) compared to the final budget of £18.877m. 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 2016/17 All Risk Revenue Outturn with Final Budget				
	Final Budget £000	Revenue Outturn £000	Variations Increase/ (Reduction) £000	Variation Increase/ (Reduction) %
Local Risk				
Director of Built Environment	9,336	8,749	(587)	(6.3)
Director of Open Spaces	1,468	1,504	36	2.5
The City Surveyor				
- Breakdown Repairs	538	508	(30)	(5.6)
Maintenance				
- Additional Works Programme	367	178	(189)	(51.5)
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The City Surveyor	905	686	(219)	(24.2)
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Total Local Risk	11,709	10,939	(770)	(6.6)
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Central Risk				
Director of Built Environment	(4,447)	(4,125)	322	(7.2)
Capital and Support Services	11,615	11,677	62	0.5
Overall Totals	18,877	18,491	(386)	(2.0)

2. The main local risk variation comprises:

- **Director of Built Environment (£587,000 underspend):**
 - i. Off-Street Parking savings (£210,000) due mainly to refund on electricity costs, reduced car park maintenance costs relating to contract variation adjustments and increase in car park income.

- ii. Drains and Sewers saving (£192,000) as a result of increase in admin fees from recoverable jobs, additional income from Thames Water Contract reimbursements and increases in pipe-subway opening fees.
- iii. Building Control underspends (£84,000) due to salary savings as a result of difficulties in recruiting, additional income from Approvals in Principle and other running cost savings.
- iv. Transportation Planning underspend (£73,000) due mainly to anticipated spend on Freight Strategy in 2016/17 now going ahead in 2017/18 and reduced printing costs.
- v. On-Street Parking underspend (£74,000) due to breakdown maintenance repair work on pay and display meters not required during the year.
- vi. Highways overspend £47,000 mainly as a result of high levels of repairs and maintenance works being carried out due to increased numbers of building sites and activity in the City including high levels of defects to correct £156,000. This was offset by reduced electricity costs (£33,000), additional admin costs recovered from increase in recoverable jobs (£23,000) and increase in staff cost recovery from projects (£51,000).
- **City Surveyor (£219,000)** - the underspend on 'Breakdown Repairs Maintenance' was (£30,000) due to a reduced requirement for reactive works during the year. The Additional Works Programme (AWP) underspend of (£189,000) was mainly due to works on the Holborn Viaduct Bridge Project for corrosion painting not going ahead and works to Baynard House Car Park lighting and power rewire to be carried out in 2017/18 due to change in the expected works programme. The AWP does not form part of the City Surveyor's local risk budget and will be rolled over to 2017/18. 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, 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 main central risk overspend of £322,000 comprises:

- i. Shortfall in planning fee income £173,000
- ii. Reduced funding transfer from the On-Street Parking Reserve Account £275,000 due to lower net operating costs for Off-Street parking services.
- iii. Increased surplus funds transferred to the On-Street Parking Reserve Account £870,000 due to increases in income for PCN's (£497,000), parking meters (£312,000) and suspended meters/dispensations (£159,000); partly offset by an increase in the provision for PCN bad debts £146,000.
- iv. Reduced funding contributions from Bridge House Estate to City Fund for the London Bridge Staircase project (£79,000) and spend on consultant fees for the Thames Bridges not required for the year (£53,000).

4. The capital and support services overspend of £62,000 is mainly due to increase in premises insurance for the Thames Bridges.
5. Appendix A provides a more detailed comparison of the local and central risk outturn against the final budget, including explanation of significant variations.
6. Appendix B provides a movement in budget from the latest approved budget to the final budget in 2016/17.

Local Risk Carry Forward to 2017/18

7. The Director of the Built Environment had a local risk underspending of (£587,000) on the activities overseen by your Committee, which is eligible to carry forward to 2016/17. The Director also had local risk underspends of (£50,000) on activities overseen by other Committees she supports. The Director is proposing that a total of £500,000 is carried forward, and relates directly to activities overseen by your Committee for the following purposes:
 - £200,000 resources for Future City Initiatives agreed in principle by Policy & Resources Committee.
 - £50,000 for consultants to advise on Traffic congestion as agreed by members.
 - £50,000 to be utilised to build on the work undertaken to attend MIPIM 2017 when consultants were engaged to develop a new media campaign relating to broadening the attractiveness of the City to a more diverse range of business industries.
 - £50,000 to commission detailed City wide map of air pollution in the City.
 - £45,000 for temporary resource to support the transition phase of the Department of Built Environment portfolio which will deliver the Department's priority programmes which in turn is helping to deliver the draft Corporate and Place priorities.
 - £30,000 for Gigabit City WiFi deployment as part of the Citywide WiFi deployment (which will house WiFi equipment on 150 City owned street furniture locations); around 60 street furniture columns will need to be replaced to provide the required coverage in certain areas.
 - £20,000 for POD furniture to accommodate an increase in employees on the first floor North Wing. The furniture will allow staff to envisage the AWOW scheme and can be incorporated into the project when it goes 'live'.
 - £15,000 is required for Strategic Environmental Assessment (SEA) of Freight & Servicing Strategy.
 - £15,000 to fund additional 3D modelling building on the on-going development of the 3D model to model the future development massing scenarios to understand opportunities and capacity with the Eastern Cluster for additional commercial floor space to ensure the City's role as the World's foremost Business Centre.

- £15,000 is required for commissioning of 'Planning for Lighting' document to join emerging family of Planning Advise Notes which will be integral part of planning for the 'Future City'.
 - £10,000 for Cross River Partnership Click & Collect proposal. The Initiative is part of the Freight Strategy.
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 Open Spaces had a local risk overspend of £36,000 on the activities overseen by your Committee. The Director also had a local risk underspend totalling (£582,000) on activities overseen by the Culture, Heritage and Libraries Committee and is proposing that £200,000 of his underspend be carried forward to 2017/18.

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 13th December 2016. The breakdown is shown below in Table 2.
11. The actual expenditure for 2016/17 was £7.808m against a budget of £9.033m, an underspend of (£1.225m).

Table 2: Thames Bridges Repairs, Maintenance and Major Works Fund Analysis of Outturn for 2015/16				
	Final Budget £'000	Outturn £'000	Variance increase/ (decrease) £'000	Variation Increase/ (Reduction) %
Blackfriars Bridge	191	175	(16)	(8.4)
Southwark Bridge	171	33	(138)	(80.7)
London Bridge	329	217	(112)	(34.0)
Millennium Bridge	63	25	(38)	(60.3)
Tower Bridge	8,279	7,358	(921)	(11.1)
Total	9,033	7,808	(1,225)	(13.6)

12. The principal reasons for the (£1.225m) variances are set out below:

- **Southwark Bridge** - underspend of (£138,000) was mainly due to on-going delays in the re-waterproofing of Park Street Bridge, part of the approach to Southwark Bridge. The work cannot start until leaking water main has been fixed. This is due to be repaired in 2017/18.
- **London Bridge** - underspend of (£112,000) was mainly due to the flood lighting project which was due to be carried out in 2016/17. The project was put on hold as the Illuminated River Project was launched, proposing a very similar solution. The works have therefore been co-ordinated and the flood lighting replacement will be carried out in 2017/18. Also, there was an underspend in the testing of the track fixing for the inspection cradle. The cradles are now operational.
- **Tower Bridge** - underspend of (£921,000) was mainly due to works to the walkway roof being postponed as a result of the major works carried out to re-deck the bascules and approaches. From the main Tower Bridge Re-decking Project, the underspend related to saving from the risk money, retention fees due to TfL and delays to upgrading the ANPR cameras works. These and other minor works are being re-programmed into the next financial year.

13. The balance on the fund at 31st March 2017 was £147.799m (£142.802m 31st March 2016), an increase of £4.997m from a year earlier, as set out in Table 3 below.

Table 3: Thames Bridges' Repairs, Maintenance and Major Works Fund Movement in Fund 2016/17	
	£'000
Balance brought forward 1st April 2016	(142,802)
<u>Expenditure:</u>	7,808
<u>Income:</u>	
Planned contributions to fund on 1 st April	(1,093)
Interest accruing	(123)
Rental income	(1,251)
Investment income	(2,185)
Other income	(83)
Gain on fair value of investments	(12,413)
<u>Capital Movements</u>	
Additions	8,524
Gain on property revaluation	(4,181)
Balance carried forward at 31st March 2017	(147,799)

14. The gain on the fair value of investment is primarily due to strong returns in public equity markets for the year ending 31st March 2017. The additions relates to the purchase of 21 Lime Street. 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 2017 of £147.799m will be carried forward to meet the cost of works in 2017/18 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.
16. The Court of Common Council approved the published Efficiency and Sustainability Plan on the 13th October 2016. This plan focuses on the existing Service Based Review programme which is now nearing completion, other agreed transformation initiatives and developing a framework for continuous efficiency improvement for 2017/18 and later years. This plan needs to be viewed in the context of the overall Medium Term Financial Strategy to have a five year plan with sufficient cashable savings to present a balanced budget for all four funds and adopting an investment approach utilising the headroom to invest in one-off projects such as the Museum of London relocation project and 'bow wave' list of outstanding repairs. To assist with this context and messaging, a set of core messages on the City of London Corporation's Finances have been developed and are set out in Appendix C for members information.

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Appendices:

Appendix A – Planning & Transportation Committee – Comparison of 2016/17 Revenue Outturn with Final Budget

Appendix B – Planning & Transportation Committee – Movement in 2016/17 Latest Approved Budget to Final Budget

Appendix C – Efficiency and Sustainability Plan – Core messages