

Committee	Dated:
Planning & Transportation Committee	10 July 2018
Subject: Revenue Outturn 2017/18	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 2017/18 with the final budget for the year. Overall total net expenditure across all risks during the year was £20.926m, whereas the total budget was £20.676m, representing an overspend of £250k as set out below:

Summary Comparison of 2017/18 Revenue Outturn with Final Agreed Budget			
Direct Net Expenditure	Final Budget £'000	Revenue Outturn £'000	Variations (Increase)/ Reduction £'000
Director of Built Environment	(5,838)	(5,735)	103
Director of Open Spaces	(1,676)	(1,646)	30
The City Surveyor	(795)	(955)	(160)
Total Direct Net Expenditure	(8,309)	(8,336)	(27)
Capital & Support Services	(12,367)	(12,590)	(223)
Overall Total	(20,676)	(20,926)	(250)

Chief Officers submitted requests to carry forward underspends and these have been considered by the Chamberlain in consultation with Chairman and Deputy Chairman of the Resource Allocation Sub Cttee. The Director of Built Environment now has agreement to carry forward £65,000 for the Committees within her remit.

Recommendation

It is recommended that this revenue outturn report for 2017/18 and the carry forward of local risk underspending to 2018/19 are noted.

MAIN REPORT

Revenue Outturn for 2017/18

1. Actual net expenditure across all risks for your Committee's services during 2017/18 totalled £20.926m, an overspend of £250k compared to the final budget of £20.676m. 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 2017/18 Revenue Outturn with Final Budget

	Final Budget £'000	Revenue Outturn £'000	Variations (Increase)/ Reduction £'000	Variation (Increase)/ Reduction %
Local Risk				
Director of Built Environment	(9,953)	(10,009)	(56)	(0.6)
Director of Open Spaces	(1,676)	(1,646)	30	1.8
The City Surveyor				
- Breakdown Repairs Mtce	(283)	(230)	53	18.7
- Additional Works Programme	(512)	(725)	(213)	(41.6)
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The City Surveyor	(795)	(955)	(160)	(20.1)
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Total Local Risk	(12,424)	(12,610)	(186)	(1.5)
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Central Risk				
Director of Built Environment	4,115	4,274	159	3.9
Capital and Support Services	(12,367)	(12,590)	(223)	(1.8)
Overall Total	(20,676)	(20,926)	(250)	(1.2)

2. The main local risk overspend of £186,000 comprises:

- **Director of Built Environment £56,000 overspend:**

- (i) Highways overspend totalled £241,000, mainly due to a £347,000 increase in repairs and maintenance works being carried out as a result of one of the harshest winters, which led to an increase in emergency callouts from 11% to 46% to correct defects for which there is a mandatory duty to make the highway safe, plus increases in electricity costs £65,000 and consultant costs for the Street Lighting Strategy £25,000. These were partly offset by reduced salary costs £38,000 and increase in recoverable staff costs from working on capital projects £158,000.

- (ii) Building Control overspend £187,000 due to a shortfall in Building Regulation fee income £261,000 which was partly offset by salary savings due to difficulties in recruiting and other running cost savings £74,000.
- (iii) Transportation Planning underspend £185,000 due mainly to increase in recoverable staff costs from working on capital projects, salary savings due to difficulties in recruiting, lower than anticipated spend on professional fees and reduced printing costs.
- (iv) Off-Street Parking underspend £82,000 mainly due to increased car park income.
- (v) Structural Maintenance underspend £54,000 mainly due to structures breakdown maintenance works not required and increase in income from SLA funding for work on Thames Tideway Tunnel.
- (vi) Committee Contingency underspend £46,000. A budget of £479,000 was allocated during the 2017-18 estimate review which was agreed by P&T Committee on 12 December 2017. This related to departmental underspends awaiting to be re-allocated to priority projects required within the department, of which £46,000 remained unspent at year end.

- **The City Surveyor £160,000 overspend:**

The Additional Works Programme (AWP) overspend of £213,000 was mainly due to works for 2017/18 completed ahead of schedule and additional works undertaken at all car parks to complete projects. The £53,000 underspend on 'Breakdown Repairs Maintenance' was due to a reduced requirement for reactive works during the year. The AWP does not form part of the City Surveyor's local risk budget and any variances will be carried over to 2018/19. 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.

3. The main central risk underspend of £159,000 comprises:

- (i) Off-Street Parking underspend £69,000 due to increased funding transfer required from the Parking Reserve Account to fund increased spending by the City Surveyor on the AWP.
- (ii) On-Street Parking underspend £67,000 due to increased income of £4,262,000, mainly as a result of additional PCN's issued for the Bank on Safety Scheme and additional parking meter and suspended meters/dispensations income generated, plus reduced service operating costs £185,000 relating to the Bank on Safety Scheme. This was largely offset by an increased bad debt provision for PCN's £2,344,000 and surplus funds of £2,036,000 transferred to the Parking Reserve Account.
- (iii) Town Planning underspend £37,000 mainly as a result of additional planning application fee income.

- (iv) Bridge House Estates overspend £41,000 due to increased funding contributions for the London Bridge Staircase project £73,000, partly offset by £32,000 underspend on consultant works for the Thames Bridges.
- 4. The capital and support services overspend of £223,000 is mainly due to increase in costs and changes in time allocations of central departments, the most significant of which are:
 - (i) Central Support (including, Chamberlain, Town Clerks, Comptroller & City Solicitor and Surveyors) - £160,000
 - (ii) City Procurement - £86,000
- 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 shows the movement from the 2017/18 original budget and the latest approved budget (as reported to your Committee in December 2017) to the final budget.

Local Risk Carry Forward to 2018/19

- 7. The Director of the Built Environment had local risk overspending of £56,000 on the activities overseen by your Committee. The Director also had local risk underspends of £175,000 on activities overseen by other Committees she supports, providing a net local risk underspend position of £119,000 which is eligible for carry forward to 2018/19. Agreement has been reached with the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub-Committee to carry forward £65,000 of her eligible carry forward for activities overseen by your Committee for the following purposes:
 - (i) Town Planning (smart city initiatives) £36k – funds will be used towards developing a smart app to identify loading bay spaces and available parking space in the City for disabled parking. The app will work similar to the toilets app and use technology to indicate unoccupied spaces at any point in time through sensors installed on the relevant parking spaces.
 - (ii) Highways resurfacing £29k - the Highways maintenance budget has been subject to reduction due to efficiency savings required from local risk budgets over the years and has been supplemented since 2012 from TFL and general DBE underspends. Inflationary effects of raw materials have outstripped the limited increases to the budget, making the situation worse. Additional funding towards repairs & maintenance works to counter the deteriorating condition of our highways is required and this is evident from the increased number of potholes within the City.
- 8. The Director of Open Spaces had a local risk underspend of £30,000 on the activities overseen by your Committee, mostly relating to salary underspends for the Tower Bridge Operational service. The Director also had a local risk underspend totalling £458,000 on activities overseen by the Culture, Heritage and Libraries Committee and is proposing that £130,000 of his underspend be carried forward to 2018/19, none of which relates to activities overseen by your Committee.

Thames Bridges' Repairs, Maintenance and Major Works Fund

9. 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 12th December 2017. The breakdown is shown below in Table 2.
10. The actual expenditure for 2017/18 was £1.778m against a budget of £3.108m, representing an underspend of £1.330m.

**Table 2: Thames Bridges Repairs, Maintenance and Major Works Fund
Analysis of Outturn for 2017/18**

	Final Budget £'000	Outturn £'000	Variance (Increase)/ Reduction £'000	Variation (Increase)/ Reduction %
Blackfriars Bridge	(166)	(83)	83	50.0
Southwark Bridge	(144)	(36)	108	75.0
London Bridge	(181)	(100)	81	44.7
Millennium Bridge	(194)	(140)	54	27.8
Tower Bridge	(2,423)	(1,419)	1,004	41.4
Total	(3,108)	(1,778)	1,330	42.8

11. The principal reasons for the £1.330m variances are set out below:

- **All Bridges** – The postponing of the Police CCTV camera project £114,000 and unspent consultancy fees £90,000, affected all bridges this year and contributed to the overall underspend. Furthermore, the installation of the Hostile Vehicle Mitigation barrier on the bridges stalled several maintenance works packages. In addition to these general underspends:
- **Southwark Bridge** - underspend of £108,000 was due to further delays in trying to resolve the leaking water main on Park Street Bridge, reducing the spend on the re-waterproofing project on the bridge in 2017/18.
- **London Bridge** - underspend of £81,000 was caused by delays in gaining Committee approval for the project requiring bearing replacement work.
- **Tower Bridge** - underspend of £1,004,000 was largely made up from unused risk allowance from the Tower Bridge Re-decking Project. There was also an underspend on the heating replacement project in 2017/18 due to the spend profile altering slightly after the last review. The loss of key staff also contributed to the postponing of some smaller building maintenance projects.

12. The balance on the fund at 31st March 2018 was £145.587m (£147.799m 31st March 2017), a decrease of £2.212m from a year earlier, as set out in Table 3 below.

Table 3: Thames Bridges' Repairs, Maintenance & Major Works Fund Movement in Fund 2017/18	
	£'000
Balance brought forward 1st April 2017	147,799
<u>Expenditure:</u>	(1,778)
<u>Income:</u>	
Planned contributions to fund on 1 st April	1,104
Interest accruing	15
Rental income	1,205
Investment income	206
<u>Capital Movements</u>	
Gain/(loss) on property revaluation	(2,964)
Balance carried forward at 31st March 2018	145,587

13. The balance on the fund as at the 31st March 2018 of £145.587m will be carried forward to meet the cost of works in 2018/19 and later years.
14. 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:

Appendix A – Planning & Transportation Committee – Comparison of 2017/18 Revenue Outturn with Final Budget

Appendix B – Planning & Transportation Committee – Movement in 2017/18 Latest Approved Budget to Final Budget