

<b>Committee(s):</b>	<b>Date(s):</b>	
Port Health and Environmental Services	13 November 2012	
<b>Subject:</b> REVENUE AND CAPITAL BUDGETS - 2013/14	<b>Public</b>	
<b>Report of:</b> The Chamberlain Director of the Built Environment Director of Markets and Consumer Protection Director of Open Spaces	<b>For Decision</b>	
<p style="text-align: center;"><b><u>Summary</u></b></p> <p>This report is the annual submission of the revenue and capital budgets overseen by your Committee. In particular it seeks approval to the provisional revenue budget for 2013/14, for subsequent submission to the Finance Committee. Details of the Committee's draft capital budget are also provided. The budgets have been prepared within the resources allocated to each Director; however the Director of Markets and Consumer Protection has only achieved this through inclusion of £250,000 as unidentified savings.</p> <p>Business priorities for the forthcoming year include:</p> <ul style="list-style-type: none"> <li>• continued review of public convenience provision;</li> <li>• introduction of measures to increase the household recycling rate;</li> <li>• adoption of a new Waste Strategy;</li> <li>• review of the Port Health service in light of reduced trade and in preparation for the London Gateway Port;</li> <li>• ensuring the income stream at the Heathrow Animal Reception Centre is not adversely affected by proposed changes to animal imports and checks; and</li> <li>• use of market research findings to improve cemetery and crematorium services in line with stakeholder needs.</li> </ul>		

Summary Of Table 1	Latest Approved Budget 2012/13 £'000	Original Budget 2013/14 £'000	Movement  £'000
Expenditure	22,009	21,126	(883)
Income	(11,196)	(10,981)	215
Support Services and Capital Charges	4,383	4,288	(95)
Total Net Expenditure	15,196	14,433	(763)

Overall, the 2013/14 provisional revenue budget totals £14.433m, a decrease of £0.763m compared with the latest approved budget for 2012/13. The main reasons for this reduction are:-

- One-off carry forwards from 2011/12 totalling £469,000 are included in the 2012/13 latest approved budget;
- Required savings totalling £211,000 resulting from the recent departmental re-organisation have been incorporated; and
- A reduction in support services and capital charges of £95,000.

### **Recommendations**

The Committee is requested to:

- review the provisional 2013/14 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee;
- review and approve the draft capital budget;
- authorise the Chamberlain to revise these budgets to allow for further implications arising from potential budget developments including PP2P reviews, the implementation of the City of London Procurement Service, changes to the Additional Works Programme and changes in respect of recharges.

## **Main Report**

### **Introduction**

1. This report sets out the proposed revenue and capital budgets for 2013/14. The revenue budget management arrangements are to:
  - Provide a clear distinction between local risk, central risk and recharge budgets.
  - Place responsibility for budgetary control on departmental Chief Officers.
  - Apply a cash limit policy to Chief Officers' budgets.
2. The proposed budget for 2013/14 has been analysed by the service expenditure and compared with the latest approved budget for the current year.
3. The report also compares the current year's budget with the forecast outturn.

### **Business Planning Priorities**

#### **Director of the Built Environment**

4. The household recycling rate remains below the target of 40%, and increasing this rate will be a priority, through more focused monitoring, data analysis and targeted communications by a dedicated recycling assistant.
5. Officers will continue to explore options to improve and reduce the cost of public convenience provision.
6. Finalise adoption of the new Waste Strategy.

#### **Director of Markets and Consumer Protection**

7. A review of the Port Health Service is currently underway to ensure that it provides the most effective use of resources. The opening of the London Gateway Port in the last quarter of 2013 will introduce further challenges for the service.
8. The Department of Environment, Food and Rural Affairs has recently proposed some changes to how animals can be imported into the country, and the way in which checks should be carried out. Negotiations are currently underway to ensure that the income stream to the Animal Reception Centre is protected.

## **Director of Open Spaces**

9. The Cemetery and Crematorium Service is currently using a market research consultant to help gain a better understanding of public perceptions and opinions on the services it provides; this work will be completed in early 2013. The resulting information will be used to develop services in order to improve quality and better meet the needs of the bereaved and the local community.
10. Work will be undertaken to continue improvement of the cemetery landscape by the removal of an existing conifer hedge, to be replaced with a mixed beech and holly hedge, and rejuvenation of historic cemetery plantings.

### **Proposed Revenue Budget for 2013/14**

11. The proposed Revenue Budget for 2013/14 is shown in Table 1 below 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 of his/her control or are budgets of a corporate nature (e.g. interest on balances and rent incomes from investment properties).
  - 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.
12. The provisional 2013/14 budgets being presented to your Committee, and under the control of the Directors of the Built Environment, Markets and Consumer Protection, and Open Spaces, have been prepared in accordance with guidelines agreed by the Policy & Resources and Finance Committees. These include:
  - a 1% uplift for inflation;
  - the first 1% of the total efficiency savings of 2% required by 2014/15;
  - £211,000 of savings required as a result of the recent departmental reorganisation; and
  - the proper control of transfers of non-staffing budget to staffing budgets.

The remaining 1% of efficiency savings will be applied to the 2014/15 budgets.

13. The budget has been prepared within the resources allocated to the Directors of the Built Environment and Open Spaces. In order to meet the resources allocated to the Director of Markets and Consumer Protection, the proposed budget includes £250,000 of savings yet to be identified, as well as a virement of £14,000 from his budgets within Licensing Committee. The shortfall is mainly the result of a reduction in income from Port Health services, together with increases in pay costs resulting from provision for pay award, increments and re-gradings. The Director is currently undertaking a review of the Port Health service in order to identify further savings to balance the budget for 2013/14.

TABLE 1 PORT HEALTH AND ENVIRONMENTAL SERVICES COMMITTEE SUMMARY – ALL FUNDS						
Analysis of Service Expenditure	Local or Central Risk	Actual 2011/12 £'000	Latest Approved Budget 2012/13 £'000	Original Budget 2013/14 £'000	Movement 2012/13 to 2013/14 £'000	Paragraph Reference
<b>EXPENDITURE</b>						
Employees	L	10,643	10,767	10,667	(100)	16
Employees	C	2	8	8	0	
Premises Related Expenses (see note i)	L	1,714	1,651	1,499	(152)	17
Premises Related Expenses (see note ii)	C	663	698	698	0	
City Surveyor – Repairs & Maintenance	L	588	714	773	59	26
Transport Related Expenses	L	469	526	364	(162)	18
Supplies & Services (see note iii)	L	2,770	2,062	1,905	(157)	19
Third Party Payments	L	7,410	5,575	5,454	(121)	20
Transfer to Reserve	L	17	5	5	0	
Contingencies	L	3	3	3	0	
Savings to be Applied	L	0	0	(250)	(250)	21
<b>Total Expenditure</b>		<b>24,279</b>	<b>22,009</b>	<b>21,126</b>	<b>(883)</b>	
<b>INCOME</b>						
Government Grants	L	(92)	(93)	0	93	19
Other Grants, Reimbursements and Contributions	L	(143)	(138)	(92)	46	
Customer, Client Receipts	L	(12,862)	(10,965)	(10,736)	229	18, 20, 23
Transfer from Reserves	L	(134)	0	(153)	(153)	24
<b>Total Income</b>		<b>(13,231)</b>	<b>(11,196)</b>	<b>(10,981)</b>	<b>215</b>	
TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		<b>11,048</b>	<b>10,813</b>	<b>10,145</b>	<b>(668)</b>	
<b>SUPPORT SERVICES AND CAPITAL CHARGES</b>						
Central Support Services & Capital Charges		5,483	5,167	5,053	(114)	25
Recharges within Fund		(628)	(1,124)	(1,099)	25	
Recharges Across Funds		318	340	334	(6)	
<b>Total Support Services and Capital Charges</b>		<b>5,173</b>	<b>4,383</b>	<b>4,288</b>	<b>(95)</b>	
<b>TOTAL NET EXPENDITURE/(INCOME)</b>		<b>16,221</b>	<b>15,196</b>	<b>14,433</b>	<b>(763)</b>	

Notes - Examples of types of service expenditure:-

- (i) Premises Related Expenses (local risk) – includes repairs & maintenance, energy costs, rates, water services, cleaning and domestic supplies
- (ii) Premises Related Expenses (central risk) – rates for Walbrook Wharf depot and offices
- (iii) Supplies and Services – Equipment, furniture, materials, uniforms, printing, stationary, professional fees, grants & subscriptions

14. Income and favourable variances are presented in brackets. An analysis of this Revenue Expenditure by Service Managed is provided in Appendix 1. Only significant variances (generally those greater than £100,000) have been commented on in the following paragraphs.
15. Overall there is a reduction of £763,000 in the overall budget between the 2012/13 latest approved budget and the 2013/14 original budget. This movement is explained by the variances set out in the following paragraphs.
16. A reduction of £100,000 in employee costs mainly as a result of the removal of the one-off effect of carry-forwards in 2012/13 for Olympics staffing costs, project work, apprentices and short-term cover particularly within City Environmental Health. This has been partly offset by provision for increments and pay award increases.
17. The 2012/13 premises related expenses budget includes a one-off carry-forward of £152,000 for repairs and maintenance at Heathrow Animal Reception Centre.
18. An increase of £64,000 in unplanned rechargeable vehicle maintenance and running costs in 2012/13 is offset by an equal increase in income. The transport related expenses budget in 2012/13 also includes one-off costs of £88,000 for vehicle purchases which are not required in 2013/14.
19. A reduction of £72,000 in consultants' fees and associated costs for one-off Air Quality projects is offset by an equal reduction in grant income. Again, one-off carry-forwards totalling £83,000 across a number of supplies and services budget headings are included in the 2012/13 budget.
20. A net reduction of £83,000 in the costs of waste disposal as a result of reduced tonnages and variations in the composition of waste streams, enabling more recycling. This was mostly offset by a reduction of £78,000 in income due to a fall in market prices for recyclates. The third party payments budget in 2012/13 also includes a one-off carry-forward of £24,000 for additional payments to Enterprise for project work.
21. In order to meet his resource allocation, the Director of Markets and Consumer Protection has included £250,000 of unidentified savings in his budget for 2013/14. This is mainly the result of a reduction in Port Health income of £253,000 from the 2012/13 original budget due to a decrease in trade, which is largely determined by regulation but also by trade patterns i.e. the ports selected by shipping lines. This reduction has been incorporated in the latest approved budget for 2012/13 but has been offset in this year by savings or additional income within the Department which are not fully sustainable into 2013/14. In addition, increases in pay costs in

2013/14 resulting from provision for pay award, increments and re-gradings that amount to over £100,000, and a required £50,000 of savings relating to the departmental reorganisation, have contributed to the deficit.

22. The Director is currently undertaking a review of the Port Health Service in order to address this shortfall, in conjunction with planning for the opening of the London Gateway Port. As agreed by your Committee in September 2012, some existing resources may transfer to London Gateway, and start-up costs are to be met from the Products of Animal Origin Reserve. This Reserve could also be used to meet any remaining shortfall in income from the inspection service. Detailed proposals will be the subject of a separate report.
23. One-off income of £50,000 for street cleansing works was received in 2012/13 mainly in relation to Diamond Jubilee and Olympics preparations and clean-up.
24. £153,000 from the Landfill Allowance Trading Scheme Reserve of £300,000 is to be transferred to the Director of the Built Environment's local risk budgets during 2013/14, as previously agreed by your Committee and Finance Committee in May 2012. This one-off income will meet the increased cost of agency staff for public conveniences whilst alternative options to offset this cost are explored by Officers over the forthcoming year, as reported in more detail elsewhere on your agenda today.
25. A reduction in central support services and capital recharges reflects the net impact of changes in the budgets of central departments and their apportionment between committees, as shown in Appendix 2.
26. The increase of £59,000 in the budget for the City Surveyor's repairs and maintenance programme reflects changes in the composition and phasing of the works. See Table 2 overleaf.



<b>TABLE 2 - CITY SURVEYOR LOCAL RISK</b>	<b>Latest Approved Budget 2012/13 £'000</b>	<b>Original Budget 2013/14 £'000</b>
<b>Repairs and Maintenance</b>		
<b>Additional Works Programme</b>	<b>391</b>	<b>481</b>
<b>Planned and Reactive Works</b>		
Public Conveniences	26	17
Walbrook Wharf	131	140
Heathrow Animal Reception Centre	24	21
Meat Inspector's Office	3	0
Cemetery and Crematorium	139	114
<b>Total City Surveyor</b>	<b>714</b>	<b>773</b>

27. Budgets have provisionally been included for the 2013/14 additional works programme based on bids considered by the Corporate Asset Sub Committee in June 2012. However, a decision on funding of the programme is not due to be made by the Resource Allocation Sub Committee until December. It may therefore be necessary to adjust budgets to reflect the Resource Allocation Sub Committee's decision.

28. Analysis of the movement in manpower and related staff costs are shown in Table 3 below.

Table 3 - Manpower statement	Latest Approved Budget 2012/13		Original Budget 2013/14	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Public Conveniences	6.0	236	6.0	239
Public Conveniences - Agency Staff	-	495	-	470
Waste Collection	10.1	487	10.1	512
Street Cleansing	7.7	411	7.7	402
Waste Disposal	5.3	270	5.3	276
Transport Organisation	1.0	49	1.0	50
Walbrook Wharf	3.0	174	3.0	171
Cleansing Services Management	4.7	292	4.4	361
Built Environment Directorate	6.2	570	4.2	534
Coroner	1.0	21	1.0	21
City Environmental Health	28.5	1,721	28.5	1,625
Pest Control	4.0	141	4.0	131
Meat Inspector's Office	7.0	342	7.0	343
Animal Health Services	32.7	1,285	31.4	1,316
Trading Standards	3.6	230	4.0	216
Port & Launches	38.3	2,078	37.2	2,037
Cemetery and Crematorium	64.4	1,973	64.4	1,971
<b>TOTAL PORT HEALTH &amp; ENVIRONMENTAL SERVICES</b>	<b>223.5</b>	<b>10,775</b>	<b>219.2</b>	<b>10,675</b>

### **Potential Further Budget Developments**

29. The provisional nature of the 2013/14 revenue budget recognises that further revisions may be required, including in relation to:

- the anticipated opening of the new London Gateway Port in the last quarter of 2013, for which the City as London Port Health Authority has a statutory duty to provide inspection and enforcement services;
- budget reductions to capture savings arising from the on-going PP2P reviews;
- budget adjustments relating to the implementation of the City of London Procurement Service; and
- decisions on funding of the 2013/14 Additional Work Programme by the Resource Allocation Committee in December 2012.

## Revenue Budget 2012/13

30. The forecast outturn for the current year is £15.169m compared to the latest approved budget of £15.196m, a potential underspend of £27,000. This potential underspend relates to Walbrook Wharf rates (central risk).

## Draft Capital Budget

31. No new bids were submitted recently by the Committee to the Policy and Resources Committee for resources to evaluate new capital or supplementary revenue projects.

32. The Committee's draft capital and supplementary revenue project budgets are summarised in the Tables below. Estimated expenditure is analysed as follows:

- Committed – Projects which are contractually committed.
- Uncommitted – Projects which have been the subject of an options appraisal report but are not yet contractually committed.
- Options Appraisal costs – The costs of evaluating all other schemes approved to proceed to that stage.

	Exp. Pre 01/04/2012 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	Later Years £'000	Total £'000
<u>Evaluated Schemes</u>						
- Committed						
Animal By-Product Facility	1,955	12	0	0	0	1,967
<b>TOTAL</b>	<b>1,955</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,967</b>

	Exp. Pre 01/04/2012 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	Later Years £'000	Total £'000
<u>Evaluated Schemes</u>						
- Committed						
Public Conveniences	367	20	39	0	0	426
<b>TOTAL</b>	<b>367</b>	<b>20</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>426</b>

TABLE 6 – City Fund Draft Supplementary Revenue Budget						
	Exp. Pre 01/04/2012 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	Later Years £'000	Total £'000
<u>Evaluated Schemes</u>						
- Committed						
Old Crematorium Refurbishment	113	1,110	0	0	0	1,223
<b>TOTAL</b>	<b>113</b>	<b>1,110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,223</b>

33. The latest updated information on the capital project budgets is being submitted in a progress monitoring report to the Finance Committee on 11 December 2012. Summaries of these budgets will subsequently be used to determine overall financing, with the full capital and supplementary revenue project budgets being presented to the Court of Common Council for approval in March 2013.

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**APPENDIX 1a**

Analysis by Service Managed	Actual	Latest Approved Budget			Original Budget			Movement 2012/13 to 2013/14	Paragraph Reference
	2011/12	2012/13		2013/14					
	Net £'000	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000	£'000	
<b>DIRECTOR OF THE BUILT ENVIRONMENT</b>									
Public Conveniences	1,280	2,010	(399)	1,611	2,054	(399)	1,655	44	
Waste Collection	1,347	1,859	(795)	1,064	1,915	(796)	1,119	55	
Street Cleansing	5,632	6,149	(409)	5,740	6,087	(359)	5,728	(12)	
Waste Disposal	2,246	1,990	(733)	1,257	1,796	(655)	1,141	(116)	20, 25
Transport Organisation (see note i)	0	387	(387)	0	322	(322)	0	0	
Walbrook Wharf (see note i)	0	2,623	(2,623)	0	2,556	(2,556)	0	0	
Cleansing Services Management (see note i)	0	382	(382)	0	453	(453)	0	0	
Built Environment Directorate (see note i)	0	1,176	(1,176)	0	1,135	(1,135)	0	0	
<b>SUBTOTAL DBE</b>	<b>10,505</b>	<b>16,576</b>	<b>(6,904)</b>	<b>9,672</b>	<b>16,318</b>	<b>(6,675)</b>	<b>9,643</b>	<b>(29)</b>	
Transfer from LATS Reserve	0	0	0	0	0	(153)	(153)	(153)	24
<b>TOTAL DIRECTOR OF THE BUILT ENVIRONMENT</b>	<b>10,505</b>	<b>16,576</b>	<b>(6,904)</b>	<b>9,672</b>	<b>16,318</b>	<b>(6,828)</b>	<b>9,490</b>	<b>(182)</b>	
<b>DIRECTOR OF OPEN SPACES</b>									
Cemetery and Crematorium	102	4,279	(4,080)	199	4,296	(4,100)	196	(3)	
<b>TOTAL DIRECTOR OF OPEN SPACES</b>	<b>102</b>	<b>4,279</b>	<b>(4,080)</b>	<b>199</b>	<b>4,296</b>	<b>(4,100)</b>	<b>196</b>	<b>(3)</b>	

Notes (i) These services are support services which are fully recharged to front-line services within the Department. The net cost of front-line services includes the cost of the recharges from these services.

**APPENDIX 1b**

Analysis by Service Managed	Actual	Latest Approved Budget			Original Budget			Movement 2012/13 to 2013/14	Paragraph Reference
	2011/12	2012/13		2013/14					
	Net £'000	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000	£'000	
<b>DIRECTOR OF MARKETS AND CONSUMER PROTECTION</b>									
<b>City Fund</b>									
Coroner	236	88	0	88	88	0	88	0	
City Environmental Health	2,413	2,895	(156)	2,739	2,681	(14)	2,667	(72)	16, 19
Pest Control	122	228	(88)	140	218	(88)	130	(10)	
Animal Health Services	788	2,632	(2,453)	179	2,433	(2,466)	(33)	(212)	17
Trading Standards	338	394	(55)	339	383	(34)	349	10	
Port & Launches	1,504	3,395	(1,807)	1,588	3,320	(1,761)	1,559	(29)	
<b>Total City Fund</b>	<b>5,401</b>	<b>9,632</b>	<b>(4,559)</b>	<b>5,073</b>	<b>9,123</b>	<b>(4,363)</b>	<b>4,760</b>	<b>(313)</b>	
<b>City's Cash</b>									
Meat Inspector's Office	213	767	(515)	252	751	(514)	237	(15)	
<b>Total City's Cash</b>	<b>213</b>	<b>767</b>	<b>(515)</b>	<b>252</b>	<b>751</b>	<b>(514)</b>	<b>237</b>	<b>(15)</b>	
<b>SUBTOTAL</b>	<b>5,614</b>	<b>10,399</b>	<b>(5,074)</b>	<b>5,325</b>	<b>9,874</b>	<b>(4,877)</b>	<b>4,997</b>	<b>(328)</b>	
Unidentified Savings (City Fund)	0	0	0	0	(250)	0	(250)	(250)	21-22
<b>TOTAL DIRECTOR OF MARKETS AND CONSUMER PROTECTION</b>	<b>5,614</b>	<b>10,399</b>	<b>(5,074)</b>	<b>5,325</b>	<b>9,624</b>	<b>(4,877)</b>	<b>4,747</b>	<b>(578)</b>	
<b>COMMITTEE TOTAL</b>	<b>16,221</b>	<b>31,254</b>	<b>(16,058)</b>	<b>15,196</b>	<b>30,238</b>	<b>(15,805)</b>	<b>14,433</b>	<b>(763)</b>	

**APPENDIX 2**

<b>Support Service and Capital Charges from/to Port Health and Environmental Services Committee</b>	<b>Actual 2011/12 £000</b>	<b>Latest Approved Budget 2012/13 £000</b>	<b>Original Budget 2013/14 £000</b>
<b>Support Service and Capital Charges</b>			
City Surveyor's Employee Recharge	115	157	167
Insurance	270	251	252
IS Recharges - Chamberlain	343	1,142	1,124
Capital Charges	3,056	1,960	1,926
Support Services -			
Chamberlain	1,005	1,035	989
Comptroller and City Solicitor	178	139	133
Town Clerk	391	350	333
City Surveyor	62	65	65
Other	63	68	64
<b>Total Support Services and Capital Charges</b>	<b>5,483</b>	<b>5,167</b>	<b>5,053</b>
<b>Recharges Within Funds</b>			
Corporate and Democratic Core – Finance Committee	(52)	(52)	(52)
Unfit Meat Disposal – Markets Committee	(48)	(57)	(62)
Directorate Recharge – Markets Committee	22	16	16
Walbrook Wharf Offices – Licensing Committee	(60)	(59)	(60)
Charity Collection Licensing - Police Committee	(14)	(14)	(15)
Directorate Recharge – Planning and Transportation Committee	(476)	(958)	(926)
<b>Recharges Across Funds</b>			
Directorate Recharge – Markets Committee	209	242	242
Directorate Recharge – Open Spaces Committee	109	98	92
<b>TOTAL SUPPORT SERVICE AND CAPITAL CHARGES</b>	<b>5,173</b>	<b>4,383</b>	<b>4,288</b>