

Committee(s)	Dated:
Planning & Transportation Committee	20 th July 2021
Subject: Revenue Outturn 2020/21	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chamberlain Director of 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 2020/21 with the final budget for the year. Overall total net expenditure across all risks during the year was £20.154m, whereas the total budget was £20.692m, representing an underspend of £538,000 as set out below.

Summary Comparison of 2020/21 Revenue Outturn with Final Agreed Budget				
	Original Budget	Final Budget	Revenue Outturn	Variation Better/ (Worse)
	£'000	£'000	£'000	£'000
Direct Net Expenditure				
Director of Built Environment	(3,843)	(4,703)	(4,427)	276
Director of Open Spaces	(1,806)	(1,814)	(1,813)	1
The City Surveyor	(1,360)	(1,096)	(607)	489
Total Direct Net Expenditure	(7,009)	(7,613)	(6,847)	766
Capital & Support Services	(12,373)	(13,079)	(13,307)	(228)
Overall Total	(19,382)	(20,692)	(20,154)	538

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

Recommendation(s)

Members are asked to:

- Note the report and the carry forward of local risk underspending to 2021/22

Main Report

Revenue Outturn for 2020/21

- Actual net expenditure across all risks for your Committee's services during 2020/21 totalled £20.154m, an underspend of £538,000 compared to the final budget of £20.692m. 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 2020/21 Revenue Outturn with Final Budget				
	Original Budget £'000	Final Budget £'000	Revenue Outturn £'000	Variation Better/ (Worse) £'000
Local Risk				
Director of Built Environment	(11,538)	(12,185)	(11,926)	259
Director of Open Spaces	(1,806)	(1,814)	(1,813)	1
The City Surveyor	(245)	(301)	(187)	114
Total Local Risk	(13,589)	(14,300)	(13,926)	374
Central Risk - Director of DBE	7,695	7,482	7,499	17
Cyclical Works Programme	(1,115)	(795)	(420)	375
Capital and Support Services	(12,373)	(13,079)	(13,307)	(228)
Overall Total	(19,382)	(20,692)	(20,154)	538

2. The most significant local risk variations comprise:

- **Director of Built Environment £259,000 underspend:**

- (i) **On Street Parking underspend £780,000** - staff vacancies and recruitment freeze £182,000, reduced repairs & maintenance contract costs £71,000 and reduction in variable enforcement contract costs due to effects of COVID-19 lockdown £524,000.
- (ii) **Town Planning underspend £739,000** – staff vacancies and recruitment freeze £371,000 and additional income from Planning fees and Planning Performance Agreements £349,000.
- (iii) **Highways underspend £226,000** – staff vacancies and recruitment freeze £187,000, reduced spend on repairs & maintenance works £175,000, and reduced electricity costs £96,000. This was partly offset by decrease in staff cost recovery income from capital projects £182,000 due to vacancies and shortfall in admin fee from reduced level of recoverable works £50,000.
- (iv) **Road Safety underspend £164,000** – staff vacancies and freeze on recruitment £93,000, plus reduced spend on Road Safety Traffic Management works £68,000.
- (v) **Committee Contingency underspend £120,000** – net increase in budget due to COVID-19 re-budgeting adjustment for lost income agreed by RASC which was not allocated to individual services but held centrally to offset overspends across the Department.
- (vi) **Structural Maintenance underspend £77,000** – highway structures breakdown maintenance works not required £57,000 and reduced inspection contract costs due to COVID-19 restrictions £34,000. These were partly offset by shortfalls in Approvals in Principal income £16,000.
- (vii) **Directorate underspend £70,000** – staff vacancies and freeze on recruitment.
- (viii) **Transportation Planning underspend £45,000** - staff vacancies and recruitment freeze £457,000, reduced internal legal fee costs £45,000 and other running cost savings £44,000. This was largely offset by decrease in staff cost recovery income from capital projects £501,000 due to staff vacancies.
- (ix) **Off Street Parking overspend £937,000** – shortfall in car park fee income £1,182,000 due to COVID restrictions. This was partly offset by savings due to reduced activity in SABA contractor costs £161,000, salary underspends £51,000 and reduced electricity costs £41,000.
- (x) **Traffic Management overspend £643,000** – shortfall in road closure, hoarding& scaffolding licences and road permitting fees income £619,000

due to COVID restrictions, plus increase in advertising costs £93,000 due to changes in supplier as a result of the lockdown. This was partly offset by savings on the Lord Mayor's show not going ahead £52,000 and other running cost savings £17,000.

(xi) **Building Control overspend £257,000** – shortfall in Building Regulation Fee income and income from Approvals in Principal £329,000 due to a downturn in the development and construction industry due to the COVID-19 pandemic. This was partly offset by salary underspends due to staff vacancies and freeze on recruitment £59,000, plus reduced spend on other running costs £13,000

(xii) **Drains & Sewers overspend £151,000** – shortfall as a result of reduced pipe subways openings and admin fee income due to the lockdown £211,000. This was partly offset by reduced overtime spend £40,000 and other running cost savings £20,000.

- **The City Surveyor £114,000 underspend:**

- (i) **Highways underspend £83,000** - mainly due to reduced requirement for works due to COVID-19.

- (ii) **Town Planning underspend £19,000** - due to works to blue plaques and related items not progressed in 2020/21 due to contractual changes as a result of COVID-19.

3. Director of Built Environment central risk underspend of £17,000 comprises of the following most significant variations:

- (i) **On Street Parking overspend £741,000** – decrease in parking meter, suspensions and PCN income plus increase in the bad debt provision. This has been off-set by a reduced transfer of funding to the Parking Reserve Account, reduced net local risk operating costs and other central risk underspends.

- (ii) **Highways overspend £194,000** – reduced draw down from the Parking Reserve Account due to reduced repair & maintenance works carried out.

- (iii) **Off-Street Parking underspend £654,000** – increased transfer from the Parking Reserve Account as a result of an overall increase in local risk operating costs caused mainly by reduced parking income.

- (iv) **Town Planning underspend £237,000** – increase in planning application fee and planning performance agreement income.

4. The Cyclical Works Programme (CWP) underspend of £375,000 was mainly due to Shoe Lane Bridge parapet paint work not undertaken in 2020/21, works relating to resurfacing and line marking at Minorities Car Park, entrance/exit gates replacement at Tower Hill Car Park and ventilation/ extract systems works at Baynard House Car park all being deferred to 2021/22 following CASC approval. The CWP does not form part of the City Surveyor's local risk budget and any variances will be carried over to 2021/22. 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
5. The £228,000 overspend on capital and support services is mainly due to changes in the cost re-allocation of central support services due to increase in usage of IT Services.
6. Appendix A and B provides a more detailed comparison of the local and central risk outturn against the final budget, including explanation of significant variations.
7. Appendix C shows the movement from the 2020/21 original budget to the final budget.

Local Risk Carry Forward to 2020/21

8. The Director of the Built Environment has a local risk underspending of £259,000 on the activities overseen by your Committee. The Director had net local risk underspendings totalling £341,000 on activities overseen by other Committees. The Director is proposing that a total of £500,000 of his maximum eligible underspend be carried forward, of which £300,000 relates to activities overseen by your Committee for the following purposes:
 - £273,000 towards offsetting the TOM related unidentified savings until such a time the new director has plans in place to meet the £2.4m TOM savings required for 2021/22.
 - £27,000 to progress and deliver various minor changes to on-street layouts and traffic management that were not able to be progressed in 2020/21 due to the impacts caused by Covid-19.
9. The Director of Open Spaces had a local risk underspend of £1,000 on activities overseen by your Committee. The Director also had local risk underspendings totalling £1.391m on activities overseen by other Committees. The Director is proposing that £168,000 of his eligible underspend be carried forward, none of which relates to activities overseen by your Committee.

Thames Bridges' Repairs Designated Fund

10. With the constitution of the BHE Board by the Court of Common Council on 15 April, the responsibility for the governance of the five Thames bridges now sits with the Bridge House Estates Board. However, narrative on performance against the BHE budget for the bridges in 2020/21 has been provided to this Committee for information only as this Committee was responsible for the budget and activity delivered in 2020/21.
11. The Bridges Repairs Designated Fund is operated to provide sufficient resources to meet the maintenance costs of the five bridges planned for the next 5 years. The higher of the next 5 years of costs or average of 5-years across the 50-year programme of works, as undertaken by the City Surveyor and the Director of the Built Environment and agreed by your Committee in January 2021, provide the total for this designated fund which forms part of the reserves stated within the audited financial statements. The breakdown is shown overleaf in Table 2.
12. The actual expenditure for 2020/21 was £5.209m against a budget of £8.819m, representing an underspend of £3.610m.

Table 2: Thames Bridges Repairs Designated Fund				
Analysis of Outturn for 2020/21				
	Original Budget £'000	Final Budget £'000	Outturn £'000	Variation Better/ (Worse) £'000
Blackfriars Bridge	(3,173)	(175)	(98)	77
Southwark Bridge	(817)	(112)	(27)	85
London Bridge	(4,268)	(3,047)	(2,501)	546
Millennium Bridge	(1,081)	(220)	(77)	143
Tower Bridge	(4,970)	(5,265)	(2,506)	2,759
Total	(14,309)	(8,819)	(5,209)	3,610

13. The main reasons for the £3.610m underspend are set out below:
 - **Tower Bridge** – underspend mainly due to delays in projects going ahead relating to HV system replacement, Hydraulic Power Pack replacement and working at height survey/work. Also, there were delays to complete monorail works due to access restrictions.

- **London Bridge** – underspend mainly as a result of unspent risk money from the Bridge waterproofing /bearing replacement works.
- **Millennium Bridge** – underspend due to the on-going maintenance of the inclinators being curtailed due to its planned removal and retention of suspension cables not required as settlement caused by Tideway was minimal.
- **Southwark Bridge** – underspend as a result of delays in Park Street strengthening works due to nearby development works.
- **Blackfriars Bridge** – underspend as a result of delays in the tender process for the bridge refurbishment project works.

14. Designated funds relevant to the BHE Bridges are now managed as follows:

- Bridges Repairs – representing funds required to maintain the bridges for the next 5 years. The balance held at each financial year-end will be adjusted in line with the maintenance reports provided by the specialist structural engineers contracted by DBE to advise on matters relating to the Bridges owned by BHE, to ensure sufficient funds have been ring-fenced for this purpose.
- Bridges Replacement – representing funds set aside for the future rebuild of the bridges, based on the present value of estimated future costs and adjusted for increases in construction costs.

15. The value of the designated funds as at 31 March 2020 was:

Bridges Repairs	£41.7m
Bridges Replacement	£158.5m

16. From 2021/22, expenditure on bridges repairs will be reported as revenue expenditure against budget throughout the year, to reflect the accounting treatment in the statutory accounts.

Corporate & Strategic Implications

Strategic implications – none.

Financial implications – none.

Resource implications – none.

Legal implications – none.

Risk implications – none.

Equalities implications – none.

Climate implications – none.

Security implications – none.

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Appendices:

Appendix A – Planning & Transportation Committee – Comparison of 2020/21 Local Risk Revenue Outturn with Final Budget

Appendix B – Planning & Transportation Committee – Comparison of 2020/21 Central Risk Revenue Outturn with Final Budget

Appendix C – Planning & Transportation Committee – Movement in 2020/21 Original Budget to Final Budget