

<b>Committee(s):</b> Port Health and Environmental Services	<b>Dated:</b> 23 11 2021
<b>Subject:</b> Revenue and Capital Budgets 2022/23	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	n/a
<b>Does this proposal require extra revenue and/or capital spending?</b>	N
<b>If so, how much?</b>	n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	n/a
<b>Report of:</b> The Chamberlain Executive Director Environment	<b>For Decision</b>
<b>Report author:</b> Jenny Pitcairn, Chamberlain's Department	

### Summary

This report presents for approval the revenue and capital budgets for the Port Health and Environmental Services Committee for 2022/23.

Overall, the proposed revenue budget for 2022/23 totals (£13.956M), a decrease in net expenditure of £0.747M compared to the 2021/22 Original Budget of (£14.703M).

The proposed budget for 2022/23 has been prepared within the provisional resource envelope allocated to the Executive Director by Resource Allocation Sub Committee in October 2021, but is dependent on the delivery of significant savings proposals which are still being developed.

The resource envelope must be adhered to, as failure to do so will impact Finance Committee's ability to set Council Tax rates for the year ahead and the requirement in law for the City to set a balanced budget.

### Recommendations

Members are asked to:

- i) review and approve the proposed revenue budget for 2022/23 for submission to Finance Committee;
- ii) review and approve the proposed capital budgets for 2022/23 for submission to Finance Committee;
- iii) authorise the Chamberlain, in consultation with the Executive Director Environment, to revise these budgets to allow for any further implications arising from subsequently approved savings proposals, Target Operating Model (TOM) implementation, changes to the Cyclical Works Programme, or changes to the resource envelope; and

- iv) agree that amendments for 2021/22 and 2022/23 budgets arising from changes to recharges during budget setting be delegated to the Chamberlain.

## **Main Report**

### **Background**

1. This report sets out the latest budget for 2021/22 and the proposed revenue and capital budgets for 2022/23 for your Committee and under the control of the Environment Department, 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 his/her control or are budgets of a corporate nature.
  - **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.
2. In the various tables, income, increases in income, and reductions in expenditure are shown as positive balances, whereas brackets will be used to denote expenditure, increases in expenditure, or reductions in income. Only significant variances (generally those greater than £50,000) have been commented on.
3. The latest 2021/22 budget and provisional 2022/23 budgets, summarised in Table 1 below, are analysed by risk, fund and Chief Officer in Appendix 1.

<b>Table 1 Summary Revenue Budgets 2021/22 and 2022/23</b>	<b>Original Budget 2021/22 £'000</b>	<b>Latest Budget 2021/22 £'000</b>	<b>Original Budget 2022/23 £'000</b>
Expenditure	(24,864)	(26,726)	(25,984)
Income	16,594	16,682	18,056
Support Services and Capital Charges	(6,433)	(6,756)	(6,064)
<b>Total Net Expenditure</b>	<b>(14,703)</b>	<b>(16,800)</b>	<b>(13,956)</b>

## **Latest Revenue Budget for 2021/22**

4. Appendix 2 provides details on budget movements between the 2021/22 original budget and 2021/22 latest budget. Overall, the 2021/22 latest budget is net expenditure of (£16.800M), an increase in net expenditure of (£2.097M) compared to the 2021/22 original budget. Main reasons for this net increase are:
  - A net increase in central, departmental and capital recharges, (£323,000)
  - Approved central funding of pension costs in relation to flexible retirements, (£331,000)
  - Approved carry-forwards from 2020/21, (£577,000)
  - An allocation from Finance Committee contingency towards the cost of the Fishmonger's Hall Inquest, (£634,000)
  - An increase in the cost of the Corporate Works Programme managed by the City Surveyor during the year due to changes in phasing, (£171,000).

## **Proposed Revenue Budget for 2022/23**

5. The proposed 2022/23 budget is net expenditure of (£13.956M), a decrease of £0.747M in net expenditure compared to the 2021/22 original budget.
6. For 2022/23 budgets include:
  - 2% uplift for inflation offset by 2% efficiency savings (a flat cash position).
  - Pay increases at 1.525% for grades A-C from 1 July 2021.
  - Increase of 1.25% in employer's National Insurance contributions
  - Previously agreed fundamental review savings

The resulting resource envelope must be adhered to, as failure to do so will impact Finance Committee's ability to set Council Tax rates for the year ahead and the requirement in law for the City to set a balanced budget.
7. The budget has been prepared within the resource envelope allocated to the Executive Director by Resource Allocation Sub Committee in October 2021, with the following exceptions and assumptions:
  - The Executive Director is still in the process of identifying savings proposals which, if delivered, will enable her to remain within her City Fund resource envelope. As a result, the savings required of £1.029M have been incorporated into the 2022/23 budget as "Savings to be Applied" and will be revised as necessary throughout the year. These have been ring-fenced by Committee in the first instance, but this does not necessarily reflect the likely distribution of savings across the Department, which is yet to be determined.
  - The Department is not expected to complete implementation of the TOM until early 2022 therefore the budgets set out here do not reflect any changes to structures that may result from that process, including any associated savings as set out above.

8. Appendix 3 provides details on budget movements between the 2021/22 original budget and the 2022/23 proposed budget. Overall, there is a decrease in net expenditure of £0.759M. Main reasons for this net decrease are:
- Implementation of planned savings resulting in reductions in costs of staffing £83,000, supplies and services £72,000 and contract costs (mainly for street cleansing) £892,000.
  - Changes in fees and charges income:
    - Heathrow Animal Reception Centre, £392,000 increase
    - Port and Launches, £817,000 increase
  - A net reduction in central, departmental and capital recharges, £369,000
  - A reduction in the cost of the Corporate Works Programme managed by the City Surveyor due to changes in planned works (see para 9), £178,000
  - A reduction of (£1.446M) in savings to be allocated. The 2021/22 original budget included £1.309M in savings related to the TOM in addition to £1.166M in further savings required to remain within the resource envelope. Based on current levels of anticipated expenditure and income for 2022/23, only £1.029M remains to be identified which the Director will progress throughout the 2022/23 budgetary cycle.
  - A net decrease in transfers from reserves, (£363,000)
  - Increases in pay costs due to pay award, incremental and career grade progression, and recruitment of apprentices, (£193,000)
9. Members should note that the Cyclical Works Programme (CWP) figures included in this report relate only to elements of previously agreed programmes, which will be completed in 2021/22 and 2022/23. The separate bid for CWP works in 2022/23 has not been included in this report, as it is to be considered by Corporate Asset Sub-Committee in November, and then subsequently by Resource Allocation Sub-Committee to agree the funding. Once both Sub-Committees have agreed the 2022/23 programme Members will be advised of the outcome and the estimates adjusted accordingly.

## Staffing Statement

10. Table 2 below shows the movement in manpower and related staff costs.

<b>Table 2 Staffing Summary</b>	<b>Original Budget 2021/22</b>		<b>Original Budget 2022/23</b>	
<b>Service</b>	Manpower Full-time Equivalent	Estimated Cost £'000	Manpower Full-time Equivalent	Estimated Cost £'000
Public Conveniences	1.2	(86)	1.2	(88)
Public Conveniences - agency staff	-	(390)	-	(313)
Waste Collection	8.1	(522)	8.0	(531)
Street Cleansing	6.4	(418)	6.3	(427)
Waste Disposal	4.9	(313)	4.9	(324)
Transport Organisation	2.0	(96)	2.0	(100)
Cleansing Services Management	4.9	(382)	4.9	(382)
Coroner	3.0	(223)	3.0	(238)
City Environmental Health	29.3	(2,122)	28.3	(2,007)
Animal Health Services	47.9	(2,577)	51.0	(2,685)
Trading Standards	4.4	(350)	4.4	(348)
Port and Launches	76.3	(4,208)	89.0	(4,990)
Cemetery and Crematorium	67.0	(2,593)	67.2	(2,627)
<b>Total Port Health and Environmental Services</b>	<b>255.4</b>	<b>(14,270)</b>	<b>270.2</b>	<b>(15,060)</b>

## Draft Capital and Supplementary Revenue Budgets

11. The latest estimated costs for the Committee's current capital and supplementary revenue projects are summarised in Table 3 below.

Service	Project	Ex. Pre 01/04/21 £'000	2021/22 £'000	2022/23 £'000	Later Years £'000	Total £'000
	<b><u>Pre-Implementation</u></b>					
Port & Launches	Lady Aileen Launch Engines Replacement	-	1	-	-	1
Port & Launches	Denton Pier and Pontoon Overhaul Works	-	50	-	-	50
	<b><u>Authority to Start Work</u></b>					
City Environmental Health	Planning & Regulatory Services Casework Management System	-	283	-	-	283
Cemetery & Crematorium	Mechanised Digger Replacement	-	53	-	-	53
Cemetery & Crematorium	Cremator Replacement and Mercury Abatement	869	43	-	-	912
Cemetery & Crematorium	Chapel Hot Water	98	18	100	-	216
Animal Health Services	HARC Electrical Vehicle Purchase	-	78	-	-	78
<b>TOTAL PORT HEALTH &amp; ENVIRONMENTAL SERVICES</b>		<b>967</b>	<b>526</b>	<b>100</b>	<b>-</b>	<b>1,593</b>

12. Pre-implementation costs comprise only feasibility and options appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.

13. Therefore, the above figures do not include the cost of implementing the Lady Aileen Launch Engines Replacement and Denton Pier and Pontoon Overhaul Works projects which are subject to further gateway approvals.

14. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2022.

## Conclusion

15. This report presents the proposed budgets for 2022/23 for the Port Health and Environmental Services Committee for Members to consider and approve.

## **Appendices**

- Appendix 1 – Committee Summary Budget – by Risk, Fund and Chief Officer
- Appendix 2 – 2021/22 Original Budget to 2021/22 Latest Budget
- Appendix 3 – 2021/22 Original Budget to 2022/23 Original Budget

### **Jenny Pitcairn**

Chamberlain's Department

T: 020 7332 1389

E: [jenny.pitcairn@cityoflondon.gov.uk](mailto:jenny.pitcairn@cityoflondon.gov.uk)