

Committee(s)	Dated: 14 December 2021
Planning & Transportation Committee	
Subject: Revenue and Capital Budgets 2022/23	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
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: The Chamberlain Executive Director Environment	For Decision
Report author: Dipti Patel, Chamberlain's Department	

Summary

This report presents for approval the revenue and capital budgets for the Planning & Transportation Committee for 2022/23.

Overall, the proposed revenue budget for 2022/23 totals (£13.290M), a decrease in net expenditure of £1.099M compared to the 2021/22 Original Budget of (£14.389M).

The proposed budget for 2022/23 has been prepared within the provisional resource envelopes 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 envelopes 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 City Fund budget.

Recommendation(s)

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 (CWP), or changes to the resource envelope, and
- iv) agree that any 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 of their 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.
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.

Table 1 Summary Revenue Budgets 2021/22 and 2022/23	Original Budget 2021/22 £'000	Latest Budget 2021/22 £'000	Original Budget 2022/23 £'000
Expenditure	(36,069)	(37,019)	(31,888)
Income	31,836	31,965	28,208
Support Services & Capital Charges	(10,156)	(10,546)	(9,610)
Total Net Expenditure	(14,389)	(15,600)	(13,290)

Latest Revenue Budget 2021/22

- 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 (£15.600M), an increase in net expenditure of (£1.211M) compared to the 2021/22 original budget. Main reasons for this net increase are:

Budget Increases:

- Reduced transfer from parking reserves required, due to reduced Off Street Parking CWP works, (£422,000)
- A net increase in central, departmental and capital recharges, mainly reflecting increases in Highways Infrastructure Asset Depreciation costs, (£390,000)
- Approved central funding of pension costs in relation to flexible retirements, (£235,000)
- Corporate apprentice funding and pay award adjustment, (£157,000)
- Budget transfer from IS Division for the GIS Team, (£116,000)
- Approved carry-forwards from 2020/21 relating to delivery of various changes to on-street layouts and traffic management, (£27,000)

Budget Decreases:

- Reduction in the cost of the CWP during the year due to changes in planned works, £210,000

Proposed Revenue Budget for 2022/23

- The proposed 2022/23 budget is net expenditure of (£13.290M), a decrease of £1.099M in net expenditure compared to the 2021/22 original budget.
- 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

- The budget has been prepared within the resource envelope allocated to the Executive Director that was agreed 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 £1.885M 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 required, 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 £1.099M. Main reasons for this net decrease are:

Budget Decreases:

- Reduced transfer to reserves mainly due to impact of the pandemic on parking income from PCN's, £3.412M
- A reduction in the cost of the CWP due to changes in planned works, £784,000 (see para 9)
- A decrease in central, departmental and capital recharges, mainly reflecting reductions in Highways Infrastructure Asset Depreciation costs, £546,000
- Increased income from Planning fees and Highways fees, £244,000
- Further savings needed to remain within the resource envelope. The overall anticipated savings of £1.885M for 2022/23 remain to be fully identified and the Director will progress these "Savings to be Applied" throughout the 2022/23 budgetary cycle, £199,000
- Allocation of planned Highways R&M savings approved in January 2021, £167,000
- Reduced contractor costs for On- Street Parking Services, £88,000

Budget Increases:

- Decrease mainly in PCN income and Traffic Restriction Enforcement income, (£3.361M)
 - Decrease in transfer from parking reserves required to Off-Street Parking due to reduced CWP works and depreciation costs, (£511,000)
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 - Fundamental Review Savings relating to reduction of DBE staffing establishment over three years through 'natural change', provision for pay award and NI increases, career grade progression, apprenticeships and vacancy factor adjustment, (£321,000)
 - Budget transfer from IS Division for the GIS Team, (£116,000)
9. Members should note that the 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.

Table 2 Staffing Summary	Original Budget 2021/22		Original Budget 2022/23	
	Manpower Full-time Equivalent	Estimated Cost £000	Manpower Full-time Equivalent	Estimated Cost £000
Executive Director Environment				
Town Planning	53.3	(3,474)	57.5	(3,672)
Planning Obligations	2.2	(147)	2.2	(147)
Transportation Planning	34.9	(2,589)	34.9	(2,583)
Road Safety	2.0	(123)	2.0	(123)
Building Control	23.0	(1,633)	24.0	(1,667)
Structural Maintenance/Inspections	5.0	(383)	5.0	(381)
Highways	24.7	(1,612)	25.7	(1,635)
Traffic Management	16.6	(898)	16.6	(902)
Off-Street Parking	0.7	(48)	0.7	(48)
On-Street Parking	22.2	(1,095)	21.7	(1,070)
Drains & Sewers	8.6	(500)	8.6	(502)
Directorate	11.1	(1,037)	11.1	(1,048)
Vacancy Factor		331		155
Total P&T Committee	204.3	(13,208)	209.8	(13,623)

Draft Capital and Supplementary Revenue Budgets

11. The latest estimated costs of the Committee's current capital and supplementary revenue projects are summarised in Appendix 4.
12. Pre-implementation costs comprise feasibility and option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.
13. Therefore, the above pre-implementation figures exclude the indicative costs of schemes which have not yet received authority to start work, such as the capital costs of implementing the Bank Junction and Barbican Podium Waterproofing projects for example.

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. This will also include any new schemes agreed by RASC and Finance Committee as part of the 2022/23 annual capital bidding exercise in December. The Department had a number of schemes initially put forward requesting central funding resources which included:

- St Paul's Gyatory
- Barbican and Golden Lane Healthy Streets and Zero Emissions Zone
- Healthy Streets Minor Schemes Programme
- Beech Street Transportation and Public Realm Project
- St Paul's Cathedral Re-lighting
- Secure City Programme
- Bank Junction Improvements – All Change at Bank

Conclusion

15. This report presents the proposed budgets for 2022/23 for the Planning & Transportation 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
- Appendix 4 – Draft Capital and Supplementary Revenue Budgets

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