

<b>Committee(s):</b> Port Health and Environmental Services	<b>Dated:</b> 29 11 2022
<b>Subject:</b> Revenue and Capital Budgets 2023/24	<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>	<b>N</b>
<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 2023/24.

Overall, the proposed revenue budget for 2023/24 totals (£14.777M), an increase in net expenditure of £0.443M compared to the 2022/23 Original Budget of (£14.334M).

The proposed budget for 2023/24 has been prepared within the provisional resource envelope allocated to the Executive Director by Resource Allocation Sub Committee in October 2022, including an inflation increase of 4% offset by an efficiency saving of 2% and the full year impact of pay increases to staff arising from the pay deal effective from July 2022. The proposed budget also includes £1.219M in unidentified savings to be achieved during 2023/24 for which savings proposals are still being developed.

The proposed budget does not include estimated energy price increases for 2023/24. The Corporation is currently reviewing these additional energy costs in light of changing market prices. A final agreement on energy cost forecasts for next year will be concluded in early 2023.

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 2023/24 for submission to Finance Committee;
- ii) review and approve the proposed capital budgets for 2023/24 for submission to Finance Committee;
- iii) agree that amendments for 2022/23 and 2023/24 budgets arising from changes to recharges or any further implications arising from subsequently approved savings proposals, energy price increases and other reviews, changes to the Cyclical Works Programme, or changes to the resource envelope be delegated to the Chamberlain in consultation with the Executive Director Environment.

## Main Report

### Background

1. This report sets out the latest budget for 2022/23 and the proposed revenue and capital budgets for 2023/24 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 2022/23 budget and provisional 2023/24 budgets, summarised in Table 1 below, are analysed by risk, fund and Chief Officer in Appendix 1.

<b>Table 1 Summary Revenue Budgets 2022/23 and 2023/24</b>	<b>Original Budget 2022/23 £'000</b>	<b>Latest Budget 2022/23 £'000</b>	<b>Original Budget 2023/24 £'000</b>
Expenditure	(25,948)	(27,076)	(25,808)
Income	18,056	18,421	17,677
Support Services and Capital Charges	(6,442)	(6,577)	(6,646)
<b>Total Net Expenditure</b>	<b>(14,334)</b>	<b>(15,232)</b>	<b>(14,777)</b>

## Latest Revenue Budget for 2022/23

4. Appendix 2 provides details on budget movements between the 2022/23 original budget and 2022/23 latest budget. Overall, the 2022/23 latest budget is net expenditure of (£15.232M), an increase in net expenditure of (£0.898M) compared to the 2022/23 original budget. The main reasons for this net increase are:
  - approved carry-forwards from 2021/22, (£370,000),
  - changes to the phasing of the City Surveyor's Cyclical Works Programme, (£394,000),
  - A net increase in departmental recharges, (£135,000).

## Proposed Revenue Budget for 2023/24

5. The proposed 2023/24 budget is net expenditure of (£14.777M), an increase of (£0.443M) in net expenditure compared to the 2022/23 original budget.

6. For 2023/24 budgets include:
  - 4% uplift for inflation offset by 2% efficiency savings (net 2% growth).
  - The full year effect of pay increases from July 2022.
  - 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, with the following exceptions and assumptions:
  - The proposed budget includes of £1.219M of unidentified savings required to remain within the Executive Director's City Fund resource envelope. The Executive Director is in the process of identifying proposals to deliver these savings. As a result, the savings required of £1.219M have been incorporated into the 2023/24 proposed 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.
  - Members should note this report does not include energy price increases for the 2023/24 financial year. At present the Corporation is reviewing these additional energy costs in light of changing market prices. A final agreement on energy cost forecasts for next year will be concluded in early 2023. Existing energy budgets within the proposed budget are:
    - Heathrow Animal Reception Centre (£80,000)
    - Ports and Launches (£14,000)
    - Cemetery and Crematorium (£144,000)
    - Public Conveniences (£16,000)

- 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 2022/23 and 2023/24. The separate bid for CWP works in 2023/24 has not been included in this report, as it is to be considered by Operational Property & Projects Sub-Committee in November 2022 and will then require approval by Resource Allocation Sub-Committee to agree the funding. Once both Sub-Committees have agreed the 2023/24 programme Members will be advised of the outcome and Members are asked to authorise the Chamberlain to revise the budgets to allow for these approvals.
- It should also be noted that the Building Repairs and Maintenance & Facilities Management contract is currently being retendered and the new contract will commence on 1 April 2023. The original estimates for 2023/24 are based on the latest available asset price from the current contractors (SKANSKA, Amalgamated, ISS and Beaver). Members are asked to authorise the Chamberlain to revise these budgets to allow for any further financial implications arising from the Building Repairs and Maintenance & Facilities Management contract tendering.
- Support services and capital charges budgets reflect the attribution and cost of central departments. However, the full budgets for these departments have not yet been finalised, so further changes to these budgets may be required. Members are asked to agree that the decision as to the changes required to these budgets are delegated to the Chamberlain in consultation with the Executive Director Environment.

8. Appendix 3 provides details on budget movements between the 2022/23 original budget and the 2023/24 proposed budget. Overall, there is an increase in net expenditure of (£0.443M). Main reasons for this net increase are:

- Contract price inflation:
  - Waste Collection, Street Cleansing & Transport, (£728,000) increase
  - Waste Disposal, (£49,000) net increase
- Increases in pay costs due to pay awards, incremental and career grade progression, (£902,000)
- Increase in transport related costs to replace 3 vehicles at HARC, (£180,000)
- A net increase in departmental recharges, (£204,000)
- Implementation of TOM restructure and other planned savings resulting in reductions in costs of staffing £319,000, premises related costs £47,000 and supplies and services £10,000.
- Changes in fees and charges income:
  - Heathrow Animal Reception Centre, £51,000 increase
  - Port and Launches, £594,000 increase
  - Cemetery and Crematorium, £152,000 increase
- Changes in phasing of the Cyclical Works Programme, £276,000 decrease

- A net increase of £190,000 in savings to be allocated. The 2022/23 original budget included £1.029M in savings required to remain within the resource envelope. Based on current levels of anticipated expenditure and income for 2023/24, this has increased to £1.219M to be identified which the Director will progress throughout the 2023/24 budgetary cycle.

## Staffing Statement

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

<b>Table 2 Staffing Summary</b>	<b>Original Budget 2022/23</b>		<b>Original Budget 2023/24</b>	
	Manpower Full-time Equivalent	Estimated Cost £'000	Manpower Full-time Equivalent	Estimated Cost £'000
Public Conveniences	1.2	(88)	1.3	(91)
Public Conveniences - agency staff	-	(313)	-	(350)
Waste Collection	8.0	(531)	8.4	(576)
Street Cleansing	6.3	(427)	7.1	(495)
Waste Disposal	4.9	(324)	4.9	(346)
Transport Organisation	2.0	(100)	2.2	(132)
Cleansing Services Management	4.9	(382)	3.9	(285)
Coroner	3.0	(238)	3.0	(260)
City Environmental Health	28.3	(2,007)	29.2	(2,160)
Animal Health Services	51.0	(2,685)	48.5	(2,660)
Trading Standards	4.4	(348)	5.8	(392)
Port and Launches	89.0	(4,990)	60.6	(3,812)
Cemetery and Crematorium	67.2	(2,627)	66.7	(2,775)
<b>Total Port Health and Environmental Services</b>	<b>270.2</b>	<b>(15,060)</b>	<b>241.6</b>	<b>(14,334)</b>

## Draft Capital and Supplementary Revenue Budgets

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

Service	Project	Ex. Pre 01/04/22 £'000	2022/23 £'000	2023/24 £'000	Later Years £'000	Total £'000
	<b><u>Pre-Implementation</u></b>					
Port & Launches	Denton Pier and Pontoon Overhaul Works	47	3	-	-	50
	<b><u>Authority to Start Work</u></b>					
City Environmental Health	Planning & Regulatory Services Casework Management System	-	283	-	-	283
Port & Launches	Lady Aileen Launch Engines Replacement	-	300	-	-	300
Cemetery & Crematorium	Mechanised Digger Replacement	-	53	-	-	53
Cemetery & Crematorium	Cremator Replacement and Mercury Abatement	827	85	-	-	912
Cemetery & Crematorium	Chapel Hot Water	98	118	-	-	216
Animal Health Services	HARC Electrical Vehicle Purchase	-	78	-	-	78
<b>TOTAL PORT HEALTH &amp; ENVIRONMENTAL SERVICES</b>		<b>972</b>	<b>920</b>	<b>-</b>	<b>-</b>	<b>1,892</b>

11. 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.

12. Therefore, the above figures do not include the cost of implementing the Denton Pier and Pontoon Overhaul Works project which is subject to further gateway approvals.

13. 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 2023.

### Conclusion

14. This report presents the proposed budgets for 2023/24 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 – 2022/23 Original Budget to 2022/23 Latest Budget
- Appendix 3 – 2022/23 Original Budget to 2023/24 Original Budget

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