

<b>Committee(s)</b>	<b>Dated:</b>
Natural Environment Board	10 July 2023
<b>Subject:</b> Revenue Outturn 2022/23 – Natural Environment Board	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	<b>1, 2, 3, 4, 5, 8, 11 &amp; 12</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>n/a</b>
<b>What is the source of Funding?</b>	<b>n/a</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>n/a</b>
<b>Report of:</b> Chamberlain Executive Director Environment	<b>For Information</b>
<b>Report author:</b> Clem Harcourt – Chamberlains Department	

### Summary

This report compares the revenue outturn for the services overseen by your Board in 2022/23 with the final agreed budget for the year. In total, there was an adverse budget position of (£257k) for the services overseen by your Board compared with the final agreed budget for the year as set out in the table below.

The Natural Environment Board is the strategic overarching committee for the entire Natural Environment Division and whilst this report details the 2022/23 revenue outturn position for the Natural Environment Directorate, Learning Programme, City Gardens and Bunhill Fields, revenue outturn reports for all of the sections within the Natural Environment Division (excluding Keats House and The Monument which are reported to the Culture, Heritage and Libraries Committee) are also provided in the appendices.

	<b>Final Agreed Budget</b>	<b>Revenue Outturn</b>	<b>Variation Better/ (Worse)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Local Risk</b>			
Executive Director Environment	(2,331)	(2,392)	(61)
City Surveyor	(171)	(278)	(107)
<b>Total Local Risk</b>	<b>(2,502)</b>	<b>(2,670)</b>	<b>(168)</b>
<b>Central Risk</b>	<b>(271)</b>	<b>(248)</b>	<b>23</b>
<b>Recharges</b>	<b>691</b>	<b>579</b>	<b>(112)</b>
<b>Total</b>	<b>(2,082)</b>	<b>(2,339)</b>	<b>(257)</b>

Explanations for significant budget variances within the Executive Director's local risk budget are detailed in paragraphs 5 to 10.

The Executive Director Environment had an overall local risk overspend of (£61k) (excluding City Surveyor) for activities overseen by your Board. The Executive Director also had net a local risk underspend totalling £1.186m on activities overseen by other Committees within her remit, after adjusting for unspent carry forwards from 2021/22. The Executive Director Environment is proposing that her maximum permitted underspend of £500k be carried forward into 2023/24, £60k of which relate to activities overseen by your Board. A request has also been made to carry forward £4k in unspent Transformation Fund monies into 2023/24.

### **Recommendation(s)**

Note the report and the proposed carry forward of local risk and Transformation Fund underspending to 2023/24.

### **Main Report**

#### **Budget Position for 2022/23**

1. The 2022/23 original budget for services overseen by your Board (received in December 2021) was (£1.801m) net expenditure. This budget was endorsed by the Court of Common Council in March 2022 and subsequently updated for approved net increases of (£281k). These consisted of:
  - net reduction of £63k in the Executive Director Environment's local risk budget primarily due to part of the Directorate's contingency budget being allocated to other sections of the Natural Environment Division during 2022/23, as well as a reduction in the Directorate's staffing budget following the introduction of the Target Operating Model.
  - (£126k) increase in the City Surveyor's net local risk budget largely due to the re-phasing of works as part of the Cyclical Works Programme (CWP).
  - (£251k) increase in central risk net expenditure during 2022/23 largely explained by centrally funded budgets being provided for pension strain and redundancy costs.
  - net budget adjustments to recharges of £33k largely relating to changes in the Directorate and Learning Team budgets, resulting in additional recharges to other areas of the Natural Environment Division.
2. A reconciliation between the original budget and the final agreed budget for 2022/23 is provided in Appendix A.

## Revenue Outturn 2022/23

3. Actual net expenditure for your Board's services during 2022/23 totalled (£2.339m), an adverse budget variance of (£257k) compared with the final agreed budget of (£2.082m).
4. A summary comparison with the final agreed budget for the year is tabulated below. In the tables, income, increases in income and reductions in expenditure are shown as positive balances, whereas brackets are used to denote expenditure, increases in expenditure, or shortfalls in income. Only significant variances (generally those greater than £50k) are commented on.

### Natural Environment Board Comparison of 2022/23 Revenue Outturn with Final Agreed Budget

		Original Budget £000	Final Agreed Budget £000	Revenue Outturn £000	Better (Worse) £000	Para
<b>LOCAL RISK</b>						
<b>Executive Director Environment</b>						
<b>City Gardens</b>	Expenditure	(1,824)	(1,874)	(1,813)	61	5
	Income	600	600	552	(48)	6
<b>Bunhill Fields</b>	Expenditure	(104)	(108)	(110)	(2)	
	Income	-	-	-	-	
<b>Directorate</b>	Expenditure	(712)	(581)	(759)	(178)	7
	Income	-	-	-	-	
<b>Learning Programme</b>	Expenditure	(394)	(408)	(313)	95	8
	Income	40	40	51	11	
<b>Sub-Total</b>	<b>Expenditure</b>	<b>(3,034)</b>	<b>(2,971)</b>	<b>(2,995)</b>	<b>(24)</b>	
<b>Sub-Total</b>	<b>Income</b>	<b>640</b>	<b>640</b>	<b>603</b>	<b>(37)</b>	
<b>Total Net Expenditure</b>		<b>(2,394)</b>	<b>(2,331)</b>	<b>(2,392)</b>	<b>(61)</b>	
City Surveyors Local Risk (Repairs and Maintenance)		(45)	(47)	(39)	8	
City Surveyors (Cyclical Works Programme)		0	(124)	(239)	(115)	9
<b>TOTAL LOCAL RISK</b>		<b>(2,439)</b>	<b>(2,502)</b>	<b>(2,670)</b>	<b>(168)</b>	
<b>CENTRAL RISK</b>						
City Gardens		(20)	(133)	(110)	23	
Bunhill Fields		0	(1)	(1)	-	
Directorate		-	(137)	(137)	-	
<b>TOTAL CENTRAL RISK</b>		<b>(20)</b>	<b>(271)</b>	<b>(248)</b>	<b>23</b>	

## RECHARGES

Insurance	(16)	(16)	(22)	(6)
Admin Buildings	(88)	(88)	(89)	(1)
Support Services	(387)	(387)	(510)	(123)
Surveyor's Employee Recharge	(63)	(63)	(61)	2
IT Recharges	(77)	(77)	(91)	(14)
Film Liaison Staff Costs	-	(5)	(7)	(2)
Capital Charges	(22)	(22)	(26)	(4)
Recharges Within Fund (Directorate, Democratic Core, & Learning)	998	2,195	2,068	(127)
Recharges Across Fund (Directorate Recharges)	313	(846)	(683)	163
<b>TOTAL RECHARGES</b>	<b>658</b>	<b>691</b>	<b>579</b>	<b>(112)</b>
<b>OVERALL TOTAL NET EXP</b>	<b>(1,801)</b>	<b>(2,082)</b>	<b>(2,339)</b>	<b>(257)</b>

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## Reasons for Significant Variations

5. The £61k underspend on City Gardens expenditure primarily relates to savings from employment costs due to vacant posts.
6. The (£48k) adverse variance on income at City Gardens is largely explained by reduced maintenance income from historic Section 106 contributions. This was partly offset by increased income from filming.
7. The (£178k) overspend on expenditure on the Directorate is due to additional agency costs being required to cover vacant posts, including the Interim Director of Natural Environment position. This was partly offset by the Directorate's contingency budgets not being fully utilised by other sections of the Natural Environment Division during 2022/23.
8. The £95k favourable variance on the Learning Programme's expenditure is due to underspends on employment costs due to vacant posts.
9. The (£115k) adverse variance within the CWP is due to re-phasing of the delivery of the CWP projects over the life cycle of the programme. The overspend on CWP expenditure primarily relates to the Bunhill Fields Burial Grounds project. The CWP is a three-year rolling programme reported to the Operational Property and Projects Sub Committee (OPPSC) quarterly, where the City Surveyor will report on financial performance and 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 works which span multiple financial years.
10. The (£112k) adverse variance relating to recharges is due to increased expenditure associated with the level of support services provided by corporate departments during the year as well as lower than anticipated recharges from the Directorate and Learning Programme to other Natural Environment Divisions. This was largely due to lower than anticipated recharges from the Environment Department's Directorate to the Natural Environment Division.

## Local Risk Carry Forward to 2023/24

11. Chief Officers can generally request underspends of up to 10% or £500,000 (whichever is the lesser) of the final agreed local risk budget to be carried forward, so long as the underspending is not fortuitous and the resources were for a planned purpose that was prevented from happening during the year. Such requests are subject to the approval of the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resources Allocation Sub Committee. In accordance with Financial Regulations any overall Departmental overspends are carried forward in full and are met from the agreed 2023/24 budgets.
12. The Executive Director Environment had a local risk overspend of (£61k) on the activities overseen by your Board. The Executive Director also had a net local risk underspend totalling £1.186m on activities overseen by other Committees within her remit, after adjusting for unspent carry forwards from 2021/22. The Executive Director is proposing that her maximum eligible underspend of £500,000 be carried forward, of which £60k relates to activities overseen by your Board for the following purpose:
  - To develop management plans for Sites of Importance for Nature Conservation (SINCs) within the City in order to deliver the ambitions of the Biodiversity Action Plan.
13. Please also note that a request has been made to carry forward £4k in unspent central risk Transformation Fund monies relating to the IT Transformation project at City Gardens into 2023/24.

## Conclusion

14. This report presents the revenue outturn position for 2022/23 for the Natural Environment Board for Members to note.

## Appendices

- Appendix A - Movement between the 2022/23 Original Budget and the 2022/23 Final Agreed Budget
- Appendix B - Outturn Report 2022/23 (Hampstead Heath, Highgate Wood & Queen's Park Committee)
- Appendix C - Outturn Report 2022/23 (Epping Forest & Commons Committee)
- Appendix D - Outturn Report 2022/23 (West Ham Park Committee)

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**Appendix A - Movement between the 2022/23 Original Budget and the 2022/23 Final Agreed Budget**

<b>Natural Environment Board</b>	<b>£000</b>
<b>Original Budget (All Risks)</b>	<b>(1,801)</b>
<b>Original Net Local Risk Budget (Executive Director Environment &amp; City Surveyor)</b>	<b>(2,439)</b>
<b>Executive Director Environment</b>	
Centrally funded cost of living staff pay rises effective July 2022	(70)
Allocation from Directorate contingency budgets to fund initiatives within other sections of Natural Environment Division	86
Budget adjustments to Directorate staffing budgets following introduction of Target Operating Model	47
<b>City Surveyor</b>	
Re-phasing of works as part of the Cyclical Works Programme at City Gardens and Bunhill Fields	(124)
Additional Planned & Reactive Works managed by City Surveyor's	(2)
<b>Final Agreed Net Local Risk Budget (Executive Director Environment &amp; City Surveyor)</b>	<b>(2,502)</b>
<b>Central Risk</b>	
<b>Original Central Risk Budget (Executive Director Environment)</b>	<b>(20)</b>
Centrally funded pension strain costs	(125)
Centrally funded redundancy costs	(122)
Carry forward funding from Transformation Fund for IT projects at City Gardens	(4)
<b>Final Agreed Central Risk Budget</b>	<b>(271)</b>
<b>Recharges</b>	
<b>Original Recharges Budget</b>	<b>658</b>
Additional Directorate recharges to other areas of Natural Environment due to pay increases and other budget adjustments	24
Additional Learning Programme recharges to other areas of Natural Environment Division due to pay increases to staff	14
Increased budget for filming recharges at City Gardens	(5)
<b>Final Agreed Recharges Budget</b>	<b>691</b>
<b>Final Agreed Budget (All Risks)</b>	<b>(2,082)</b>