

Committee(s): Port Health and Environmental Services Committee	Dated: 14/11/2023
Subject: Revenue and Capital Budgets 2024/25	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?	No
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 Interim Executive Director Environment	For Decision
Report author: 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 2024/25.

Overall, the proposed revenue budget for 2024/25 totals (£17.087M), an increase in net expenditure of (£1.786M) compared to the 2023/24 Original Budget of (£15.301M).

The proposed budget for 2024/25 has been prepared within the provisional resource envelope allocated to the Interim Executive Director Environment by Resource Allocation Sub Committee in October 2023, including an inflation increase of 3% and the full year impact of pay increases to staff arising from the pay deal effective from July 2023. The proposed budget also includes £1.130M in unidentified savings to be achieved during 2024/25, comprising £0.774M as a result of the loss of trade at Heathrow Animal Reception Centre previously reported to this Committee, and £0.356M due to cleansing contract inflation for 2024/25.

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 2024/25 for submission to Finance Committee;

- ii) review and approve the proposed capital budgets for 2024/25 for submission to Finance Committee;
- iii) agree that amendments for 2023/24 and 2024/25 budgets arising from changes to recharges or any further implications arising from subsequently approved savings proposals, changes to the Cyclical Works Programme, or changes to the resource envelope be delegated to the Chamberlain in consultation with the Interim Executive Director Environment.

Main Report

Background

1. This report sets out the latest budget for 2023/24 and the proposed revenue budget for 2024/25 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 2023/24 budget and provisional 2024/25 budgets, summarised in Table 1 below, are analysed by risk, fund and Chief Officer in Appendix 1.

Table 1 Summary Revenue Budgets 2023/24 and 2024/25	Original Budget 2023/24 £'000	Latest Budget 2023/24 £'000	Original Budget 2024/25 £'000
Expenditure	(25,808)	(27,816)	(28,023)
Income	17,677	19,327	17,912
Support Services and Capital Charges	(7,170)	(7,027)	(6,976)
Total Net Expenditure	(15,301)	(15,516)	(17,087)

Latest Revenue Budget for 2023/24

4. Appendix 2 provides details on budget movements between the 2023/24 original budget and 2023/24 latest budget. Overall, the 2023/24 latest budget is net expenditure of (£15.516M), an increase in net expenditure of (£0.215M)

compared to the 2023/24 original budget. The main reasons for this net increase are:

- Approved funding from the On-Street Parking Reserve (OSPR) to meet cumulative inflation uplifts up to 2023/24 on the cleansing contract, £810,000
- Increase in cleansing contract costs due to 2023/24 inflation uplift being higher than originally projected, (£117,000)
- Increases in income from Port Health services, £350,000, and the Cemetery & Crematorium, £300,000.
- One-off transfer from the Landfill Allowance Trading Reserve, £300,000
- Inclusion of vacancy allowance across Port Health & Public Protection services, £115,000
- Removal of unidentified savings target, (£1.219m), and a reduction in the income target for HARC to partially mitigate the loss of trade, (£194,000), as a result of the above improvements
- Impact of employee cost increases arising from the pay deal effective July 2023, (£681,000)
- Changes to the City Surveyor's Building Repairs & Maintenance budgets, (£73,000)
- A net decrease in departmental recharges, £143,000.

Proposed Revenue Budget for 2024/25

5. The proposed 2024/25 budget is net expenditure of (£17.087M), an increase of (£1.786M) in net expenditure compared to the 2023/24 original budget.

6. For 2024/25 budgets include:

- 3% uplift for inflation.
- The full year effect of pay increases from July 2023.

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 Interim Executive Director Environment, with the following exceptions and assumptions set out in paragraphs 8 to 14.

8. The proposed budget includes of £1.130M of unidentified savings required to remain within the Interim Executive Director's City Fund resource envelope. The Interim Executive Director is continuing to develop proposals to deliver these savings. As a result, the savings required of £1.130M have been incorporated into the 2024/25 proposed budget as "Savings to be Applied" and will be revised as necessary throughout the year.

9. Within this £1.130M of Savings to be Applied, £356,000 relates to the difference between the 3% inflation uplift to the resource envelope and the estimated 2024/25 inflation uplift on the street cleansing contract. It is currently intended that a bid will be submitted to the next Priorities Board for additional OSPR

funding to meet this gap, which if approved would then reduce the Savings to be Applied for the Committee to £0.774M.

10. The proposed budget does not include the cost of any additional cleansing resources which are the subject of the separate paper on this agenda.
11. The proposed budget does not include the impact of changes to the Port Health Service as a result of the Border Target Operating Model. As set out in the separate report on that matter on this agenda, there remain uncertainties in the resource implications and charging regime that mean we are unable to determine the financial impact in the detail required to incorporate it into the proposed budget at this stage. However, it is expected that the overall impact should be neutral, as once fully implemented the service is expected to operate on a full cost recovery basis. Government have already confirmed that readiness funding will continue to be available until the end of July 2024 – the date that the new regime impacts Port Health Authorities and should become self-funding. Due to the uncertainties in the new regime, the Port Health Service has asked government to also consider underwriting the function for the whole of 2024/25.
12. The proposed budget reflects the latest projections for Heathrow Animal Reception Centre (HARC) considering the actions noted in the Forward Plan report elsewhere on this agenda, where the consequent financial implications are sufficiently detailed to include. The remaining local risk shortfall, which is £0.774M, is now shown as Savings to be Applied. This is an improvement of £0.974M from the expected full year local risk shortfall of £1.748M for HARC reported to your March 2023 meeting.
13. Members should note that the Cyclical Works Programme (CWP) figures included in this report relate only to elements of previously agreed programmes. The separate bid for CWP works in 2024/25 has not been included in this report, as it is to be considered by Projects and Procurement Sub-Committee and will then require approval by Resource Allocation Sub-Committee to agree the funding. Once both Sub-Committees have agreed the 2024/25 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.
14. 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 Interim Executive Director Environment.
15. Appendix 3 provides details on budget movements between the 2023/24 original budget and the 2024/25 proposed budget. Overall, there is an increase in net expenditure of (£1.786M). Main reasons for this net increase are:
 - Cleansing contracts price inflation, (£820,000)
 - Increases in pay costs due to pay awards, incremental and career grade progression, (£1.37M)

- Approved funding from the On-Street Parking Reserve (OSPR) to meet cumulative inflation uplifts up to 2023/24 on the cleansing contract, £810,000
- Net reduction in operating costs at Heathrow Animal Reception Centre, £93,000
- Changes in fees and charges income:
 - Heathrow Animal Reception Centre, (£1.635M) decrease
 - Port Health services, £483,000 increase
 - Cemetery and Crematorium, £544,000 increase
 - Cleansing services, £261,000 increase
- A net reduction of (£89,000) in savings to be allocated. The 2023/24 original budget included £1.219M in savings required to remain within the resource envelope. Based on current levels of anticipated expenditure and income for 2024/25, this has reduced to £1.130M to be identified which the Interim Executive Director Environment will progress throughout the 2024/25 budgetary cycle.
- A net decrease in departmental recharges, £194,000.

Staffing Statement

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

Table 2 Staffing Summary	Original Budget 2023/24		Original Budget 2024/25	
	Manpower Full-time Equivalent	Estimated Cost £'000	Manpower Full-time Equivalent	Estimated Cost £'000
Public Conveniences	1.3	(91)	1.3	(96)
Public Conveniences - agency staff	-	(350)	-	(411)
Waste Collection	8.4	(576)	8.2	(629)
Street Cleansing	7.1	(495)	6.5	(554)
Waste Disposal	4.9	(346)	4.9	(381)
Transport Organisation	2.2	(132)	2.2	(146)
Cleansing Services Management	3.9	(285)	4.5	(325)
Coroner	3.0	(260)	3.6	(319)
City Environmental Health	29.2	(2,160)	29.4	(2,319)
Animal Health Services	49.5	(2,660)	49.2	(2,814)
Trading Standards	5.8	(392)	5.8	(433)
Port and Launches	60.6	(3,812)	54.6	(3,693)
Cemetery and Crematorium	66.7	(2,775)	66.7	(3,078)
Total Port Health and Environmental Services	242.6	(14,334)	236.9	(15,198)

Draft Capital and Supplementary Revenue Budgets

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

Service	Project	Ex. Pre 01/04/23 £'000	2023/24 £'000	2024/25 £'000	Later Years £'000	Total £'000
Port & Launches	<u>Pre-Implementation</u>					
	Denton Pier and Pontoon Overhaul Works	47	-	3	-	50
City Environmental Health	<u>Authority to Start Work</u>					
	Planning & Regulatory Services Casework Management System	75	207	-	-	282
Port & Launches	Lady Aileen Launch Engines Replacement	192	133	-	-	325
Cemetery & Crematorium	Hot Water, Heat Source & Space Heating Replacement	98	116	-	-	214
Cemetery & Crematorium	Cremator & Crematorium Lighting + Power Rewire	26	73	20	-	119
Animal Health Services	HARC Electrical Vehicle Purchase	-	78	-	-	78
TOTAL PORT HEALTH & ENVIRONMENTAL SERVICES		438	607	23	-	1068

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

19. 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 2024.

Conclusion

20. This report presents the proposed budgets for 2024/25 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 – 2023/24 Original Budget to 2023/24 Latest Budget
- Appendix 3 – 2023/24 Original Budget to 2024/25 Original Budget

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