

Committee(s)	Dated:
Natural Environment Board	11 July 2024
Subject: Revenue Outturn 2023/24 – Natural Environment Board	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: Chamberlain Interim Executive Director Environment	For Information
Report author: Clem Harcourt – Chamberlain’s Department	

Summary

This report compares the revenue outturn for the services overseen by your Board in 2023/24 with the final budget for the year. In total, there was an adverse budget position of (£246k) for the services overseen by your Board compared with the final 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 2023/24 revenue outturn position for the Natural Environment Directorate, Learning Programme, City Gardens and Bunhill Fields (see table below), the report also provides a summary of the revenue outturn 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) as provided in Appendix 2.

	Final Budget	Revenue Outturn	Variation Better/ (Worse)
	£000	£000	£000
Local Risk			
Interim Executive Director Environment	(2,597)	(2,674)	(77)
City Surveyor	(82)	(259)	(177)
Total Local Risk	(2,679)	(2,933)	(254)
Central Risk	(104)	(88)	16
Recharges	691	683	(8)
Total Net Expenditure	(2,092)	(2,338)	(246)

Explanations for significant budget variances are detailed in paragraphs 5 to 8.

The Interim Executive Director Environment had an overall local risk overspend of (£77k) (excluding City Surveyor) for activities overseen by your Board. The Interim Executive Director Environment also had net a local risk underspend totalling £114k on activities overseen by other Committees within his remit, after adjusting for unspent carry forwards from 2022/23. The Interim Executive Director Environment is proposing that £37k be carried forward into 2024/25, none of which relate to your Board. A request has also been made to carry forward £2k in unspent Transformation Fund monies into 2024/25.

Recommendation(s)

Note the report and the proposed carry forward of Transformation Fund underspending into 2024/25.

Main Report

Budget Position for 2023/24

1. The 2023/24 original budget for services overseen by your Board (received in December 2022) was (£1.893m) net expenditure. This budget was endorsed by the Court of Common Council in March 2023 and subsequently updated for approved net increases of (£199k) resulting in a final budget for 2023/24 of (£2.092m) net expenditure. This is explained by the following budget movements:
 - (£173k) increase in your Board's local risk resource base following implementation of the second phase of the Target Operating Model (TOM2) within the Natural Environment Division;
 - (£89k) net increase in local risk budgets following contingency funding provided for cost of living pay increases to staff and centrally funded apprenticeships during 2023/24;
 - (£84k) central risk Transformation Fund monies to support the Operational Property Review within the Natural Environment Division and the IT Transformation project at City Gardens;
 - (£60k) local risk carry forward funding from 2022/23 to support the Biodiversity Action Plan at City Gardens;
 - (£29k) net increase in other budgets primarily attributable to additional recharges largely explained by increased recharges from the Cleansing Services section to City Gardens; and
 - £236k transfer of Directorate contingency funding to support initiatives in other sections of the Natural Environment Division.

2. A reconciliation between the original budget and the final budget for 2023/24 is provided in Appendix 1.

Revenue Outturn 2023/24

3. Actual net expenditure for your Board's services during 2023/24 totalled (£2.338m), an adverse budget variance of (£246k) compared with the final budget of (£2.092m) net expenditure.
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 2023/24 Revenue Outturn with Final Budget

	Original Budget £000	Final Budget £000	Revenue Outturn £000	Better (Worse) £000	Para
LOCAL RISK					
Interim Executive Director Environment City Gardens	(1,354)	(1,409)	(1,406)	3	
Bunhill Fields	(108)	(116)	(108)	8	
Directorate	(679)	(638)	(742)	(104)	5
Learning Programme	(370)	(434)	(418)	16	
Total Net Expenditure	(2,511)	(2,597)	(2,674)	(77)	
City Surveyors Local Risk (Repairs and Maintenance)	(45)	(42)	(22)	20	
City Surveyors (Cyclical Works Programme)	(40)	(40)	(237)	(197)	6
TOTAL LOCAL RISK	(2,596)	(2,679)	(2,933)	(254)	
CENTRAL RISK					
City Gardens	(20)	(24)	(3)	21	
Directorate	0	(80)	(85)	(5)	
TOTAL CENTRAL RISK	(20)	(104)	(88)	16	
RECHARGES					
Insurance	(20)	(20)	(20)	0	
Admin Buildings	(98)	(98)	(15)	83	
Support Services	(360)	(360)	(359)	1	
Surveyor's Employee Recharge	(62)	(62)	(64)	(2)	
IT Recharges	(62)	(62)	(124)	(62)	
Film Liaison Staff Costs	0	(3)	(4)	(1)	
Capital Charges	(27)	(27)	(29)	(2)	
Recharges Within Fund (Directorate, Democratic Core, & Learning)	2,176	2,139	2,142	3	
Recharges Across Fund (Directorate Recharges)	(824)	(816)	(844)	(28)	
TOTAL RECHARGES	723	691	683	(8)	7, 8
OVERALL TOTAL NET EXP	(1,893)	(2,092)	(2,338)	(246)	

Reasons for Significant Variations

- The (£104k) overspend for the Directorate was largely due to agency costs being required to provide additional HR and health and safety support to the Natural Environment Division following implementation of the TOM2 restructure. This was in addition to extra internal legal fees being incurred during 2023/24 to support the work of the Natural Environment Division. The overspend on the Directorate was partly offset by the contingency budget not being fully utilised.

6. The (£197k) adverse variance within the Cyclical Works Programme (CWP) was largely due to re-phasing of the delivery of CWP projects over the life cycle of the programme relating to conservation works on the Bunhill Fields Burial Grounds project. The CWP is a three-year rolling programme reported to the Projects and Procurement Sub Committee 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.
7. Net recharges for your Board were (£8k) overspent overall compared with the final budget for 2023/24. This is largely due to increased IT recharges (£62k) due to additional costs incurred by the IT Division and higher than budgeted recharges from the Environment Department's Directorate (£28k). The net overspend on recharges was partly offset by £83k reduced cost of administrative buildings being lower than originally anticipated.
8. During 2023/24, a review of central support services recharges was carried out. This involved updating the basis of apportionment for all recharges following the TOM and Governance Review along with trying to make them more transparent and fairer across all services. The updated basis has led to several variations to the original budget across committees, but overall total recharges have remained within the total original envelope. City Fund Original Budget (£29.9m) vs Outturn (£27.9m), and City's Estate Original Budget (£24.2m) vs Outturn (£22.9m). Consultation has been held with areas where recharges are funded from local reserves, i.e. HRA and Police, any variation/increase in costs across other services are met from the deficit funding and have no effect on front-line services. The full review has not yet been formally approved by Members as work is ongoing as how the new basis will affect 2024/25 budgets. Once the review is fully adopted, the 2024/25 budget will be reviewed and updated where necessary and the paper on the review made available.

Local Risk Carry Forward to 2024/25

9. 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 2024/25 budgets.
10. The Interim Executive Director Environment had a local risk overspend of (£77k) on the activities overseen by your Board. The Interim Executive Director also had a net local risk underspend totalling £114k on activities overseen by other Committees within his remit, after adjusting for unspent carry forwards from 2022/23. The Interim Executive Director Environment is proposing that his maximum eligible underspend of £37k be carried forward, none of which relates to activities overseen by your Board.

11. Please also note that a request has been made to carry forward £2k in unspent central risk Transformation Fund monies relating to the IT Transformation project at City Gardens into 2024/25.

Natural Environment Division Revenue Outturn – 2023/24

12. Appendix 2 provides a summary of the outturn for the whole Natural Environment Division and City Gardens for 2023/24 which is analysed between the different sections of the Division and provides explanations for significant variances above £50k. Appendix 2 shows total net expenditure of (£19.122m) for 2023/24 for the Natural Environment Division, amounting to an overspend of (£1.894m) compared to the final net expenditure budget of (£17.228m). Please note that the summary excludes the outturn position for both Keats House and The Monument which are reported separately to the Culture, Heritage and Libraries committee. Further detail will be provided in the various outturn reports to the individual Natural Environment service committees.

Conclusion

13. This report presents the revenue outturn position for 2023/24 for the Natural Environment Board for Members to note.

Appendices

- Appendix 1 - Movement between 2023/24 Original Budget and 2023/24 Final Budget
- Appendix 2 – Natural Environment Division – Summary Revenue Outturn – 2023/24

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