

City of London Corporation Committee Report

Committee(s): Port Health and Environmental Services Committee	Dated: 07/01/2025
Subject: Revenue and Capital Budgets 2025/26	Public report: For Decision
This proposal: <ul style="list-style-type: none"> • provides business enabling functions 	
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 Executive Director Environment
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 2025/26.

Overall, the proposed revenue budget for 2025/26 totals (£20.638M), an increase in net expenditure of (£4.055M) compared to the 2024/25 Original Budget of (£16.583M). This increase is primarily due to allocation of £3.388M of Cyclical Works Programme budgets in relation to your Committee's properties, together with an increase of £0.460M in recharges.

The proposed budget for 2025/26 has been prepared within the resource envelope allocated to the Executive Director Environment by Resource Allocation Sub Committee, including an inflation increase of 2%. The proposed budget also includes £0.998M in savings to be applied during 2025/26, comprising £0.753M to be delivered through implementation of the Animal Health & Welfare Services forward plan as previously reported to this Committee, and £0.245M due to cleansing contract inflation for 2025/26.

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.

Recommendation(s)

Members are asked to:

- Review and approve the proposed revenue budget for 2025/26 for submission to Finance Committee.
- Review and approve the proposed capital budgets for 2025/26 for submission to Finance Committee.
- Agree that amendments for 2024/25 and 2025/26 budgets arising from changes to recharges, energy prices or any further implications arising from subsequently approved savings proposals or changes to the Cyclical Works Programme be delegated to the Chamberlain in consultation with the Executive Director Environment.

Main Report

Background

1. This report sets out the latest budget for 2024/25 and the proposed revenue budget for 2025/26 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 2024/25 budget and provisional 2025/26 budgets, summarised in Table 1 overleaf, are analysed by risk, fund and Chief Officer in Appendix 1.

Table 1 Summary Revenue Budgets 2024/25 and 2025/26	Original Budget 2024/25 £'000	Latest Budget 2024/25 £'000	Original Budget 2025/26 £'000
Expenditure	(28,055)	(30,915)	(37,147)
Income	17,912	20,059	23,409
Support Services and Capital Charges	(6,440)	(6,515)	(6,900)
Total Net Expenditure	(16,583)	(17,371)	(20,638)

Latest Revenue Budget for 2024/25

4. Appendix 2 provides details on budget movements between the 2024/25 original budget and 2024/25 latest budget. Overall, the 2024/25 latest budget is net expenditure of (£17.371M), an increase in net expenditure of (£0.788M) compared to the 2024/25 original budget. The main reasons for this net increase are:
- Removal of Animal Health & Welfare Services target Savings to be Applied, (£730,000)
 - Allocation of Repairs & Maintenance budgets as part of the agreed £133m five-year Cyclical Works Programme (CWP) to clear the backlog of repairs works across the City, (£713,000)
 - Approved funding from the On-Street Parking Reserve (OSPR) of £1,413,000, to meet the costs of additional resources and inflation uplift for 2024/25 on the cleansing contract, (£1,413,000). Net zero impact.
 - Increases in income from City Environmental Health, £214,000, Animal Health & Welfare Services, £120,000, and the Cemetery & Crematorium, £150,000.
 - One-off transfer from the Landfill Allowance Trading Reserve, £250,000

Proposed Revenue Budget for 2025/26

5. The proposed 2025/26 budget is net expenditure of (£20.638M), an increase of (£4.055M) in net expenditure compared to the 2024/25 original budget.

Proposals

6. For 2025/26 budgets include a 2% uplift for inflation in accordance with Resource Allocation Sub-Committee guidelines. 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 Environment, with the following exceptions and assumptions set out in paragraphs 8 to 11.
8. The proposed budget includes £0.998M of Savings to be Applied required to remain within the Executive Director's City Fund resource envelope.

9. Within this £0.998M of Savings to be Applied, £245,000 relates to the difference between the 2% inflation uplift to the resource envelope and the estimated 2025/26 inflation uplift on the waste collection & street cleansing contract. A bid for additional OSPR funding to meet this gap has been approved by Priorities Board for onward submission to Resource Allocation Sub Committee and Policy and Resources Committee, which if approved would then reduce the Savings to be Applied for the Committee to £0.753M.
10. The remaining £0.753M of Savings to be Applied is the projected additional net income to be delivered through implementation of the approved Forward Plan for Animal Health & Welfare Services.
11. Members should note this report does not include forecast energy price increases for the 2025/26 financial year, other than the 2% budgetary inflation allowed. Any budget adjustment for rising energy prices will be allocated by the Chamberlain during the financial year from an agreed central budgetary provision.
12. Appendix 3 provides details on budget movements between the 2024/25 original budget and the 2025/26 proposed budget. Overall, there is an increase in net expenditure of (£4.055M). Main reasons for this net increase are:
 - Repairs & Maintenance budgets allocated as part of the agreed £133m five-year Cyclical Works Programme (CWP) to clear the backlog of repairs works across the City, (£3.388M)
 - A net increase in central and departmental recharges, (£0.460M).
 - Cleansing contracts price inflation, (£0.425M), partly offset by an increase in savings to be applied pending approval of a bid in progress for OSPR funding, £0.245M
 - Increases in pay costs due to pay awards, incremental and career grade progression, (£0.731M)
 - Approved funding from the On-Street Parking Reserve (OSPR) of £1.413M, to meet the costs of additional resources and inflation uplift for 2024/25 on the cleansing contract, (£1.413M). Net zero impact.
 - Increase in costs of (£3.337M) in relation to implementation of the Ports Border TOM fully met by a net increase in income of £3.337M. Net zero impact.
 - Changes in fees and charges and contribution income:
 - City Environmental Health, £0.201M increase
 - Heathrow Animal Reception Centre, £0.241M increase
 - Cemetery and Crematorium, £0.135M increase
 - Cleansing services, £0.115M increase

Potential Further Budget Adjustments

13. The provisional nature of the 2025/26 Estimate recognises that further revisions may be required to realign funds for:
 - a. Changes to central and departmental support services apportionments as a result of the agreement of the estimates for these services (no changes are at present anticipated); and

- b. As noted in paragraph 11 the estimate for 2025/26 does not include the estimated energy price increases for the 2025/26 financial year. A separate provision is held, to be allocated where needed during the year, based on the Chamberlain's assessment that energy cost inflation cannot be contained within local risk budgets.

Staffing Statement

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

Table 2 Staffing Summary	Original Budget 2024/25		Original Budget 2025/26	
	Manpower Full-time Equivalent	Estimated Cost £'000	Manpower Full-time Equivalent	Estimated Cost £'000
Service				
Public Conveniences	1.3	(96)	1.3	(101)
Public Conveniences - agency staff	-	(411)	-	(440)
Waste Collection	8.2	(629)	8.2	(651)
Street Cleansing	6.5	(554)	6.5	(572)
Waste Disposal	4.9	(381)	4.9	(397)
Transport Organisation	2.2	(146)	2.2	(150)
Cleansing Services Management	4.5	(315)	5.5	(381)
Coroner	3.6	(311)	3.6	(328)
City Environmental Health	29.4	(2,313)	30.4	(2,457)
Animal Health Services	49.2	(2,797)	46.2	(2,870)
Trading Standards	5.8	(433)	5.8	(444)
Port and Launches	54.6	(3,693)	104.5	(6,805)
Cemetery and Crematorium	66.7	(3,086)	66.9	(3,193)
Total Port Health and Environmental Services	236.9	(15,165)	286.0	(18,789)

Draft Capital and Supplementary Revenue Budgets

15. The latest estimated costs of the Committee's current approved capital and supplementary revenue projects are summarised in Table 3 overleaf.

Table 3		Ex. Pre	2024/25	2025/26	Later	Total
Service	Project	01/04/24	£'000	£'000	Years	£'000
		£'000	£'000	£'000	£'000	£'000
	<u>Pre-Implementation</u>					
Port & Launches	Denton Pier and Pontoon Overhaul Works	47	-	3	-	50
	<u>Authority to Start Work</u>					
City Environmental Health	Planning & Regulatory Services Casework Management System	110	173	-	-	283
Port & Launches	Lady Aileen Launch Engines Replacement	280	45	-	-	325
Cemetery & Crematorium	Cyclical Works Projects	-	-	715	715	1430
Cemetery & Crematorium	Cremator & Crematorium Lighting + Power Rewire	75	20	5	-	100
Animal Health Services	BEMS Upgrade Phase 2	-	109	-	-	109
Animal Health Services	Cyclical Works Projects	-	-	190	190	380
Animal Health Services	HARC Electrical Vehicle Purchase	-	189	-	-	189
TOTAL PORT HEALTH & ENVIRONMENTAL SERVICES		512	536	913	905	2866

16. 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.

17. 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 February 2025.

Conclusion

18. This report presents the proposed budgets for 2025/26 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 – 2024/25 Original Budget to 2024/25 Latest Budget
- Appendix 3 – 2024/25 Original Budget to 2025/26 Original Budget
- Appendix 4 (Non-Public) – Cyclical Works Programme Budgets

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