

Committee(s):	Date(s):
Port Health and Environmental Services	12 November 2013
Subject: REVENUE AND CAPITAL BUDGETS - 2014/15	Public
Report of: The Chamberlain Director of the Built Environment Director of Markets and Consumer Protection Director of Open Spaces	For Decision

Summary

This report is the annual submission of the revenue and capital budgets overseen by your Committee. In particular it seeks approval to the provisional revenue budget for 2014/15, for subsequent submission to the Finance Committee. Details of the Committee's draft capital budget are also provided. The budgets have been prepared within the resources allocated to each Director.

Business priorities for the forthcoming year include:

- supporting the ongoing Service Based Reviews which aim to deliver savings for 2015/16 and beyond;
- continued measures to increase the household recycling rate;
- implementation of changes to the Port Health service in light of reduced trade and the opening of the London Gateway Port;
- ensuring the income stream at the Heathrow Animal Reception Centre is not adversely affected by proposed changes to animal imports and checks;
- development of additional burial space in order to meet service delivery requirements and protect income in coming years; and
- improvement of energy efficiency through the continued development of sustainable energy sources.

Summary Of Table 1	Latest Approved Budget 2013/14 £'000	Original Budget 2014/15 £'000	Movement £'000
Expenditure	20,400	20,051	(349)
Income	(11,711)	(11,272)	439
Support Services and Capital Charges	5,456	5,433	(23)
Total Net Expenditure	14,145	14,212	67

Overall, the 2014/15 provisional revenue budget totals £14.212m, an increase of £67,000 compared with the latest approved budget for 2013/14. The main reasons for this increase are:-

- The removal of the effect of one-off items in the 2013/14 budget (expenditure £781,000, income £822,000);

- Anticipated additional income from Public Conveniences (£93,000), the Cemetery and Crematorium (£74,000) and the Port Health service (£232,000); and
- An increase of £371,000 in City Surveyor's repairs and maintenance costs largely as a result of changes in phasing of works.

Recommendations

The Committee is requested to:

- review the provisional 2014/15 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee;
- review and approve the draft capital budget;
- authorise the Chamberlain to revise these budgets to allow for further implications arising from potential budget developments including PP2P reviews, developments in the Port Health service relating to changing trade, changes to the Additional Works Programme and changes in respect of recharges.

Main Report

Introduction

1. This report sets out the proposed revenue and capital budgets for 2014/15. The revenue budget management arrangements are to:
 - Provide a clear distinction between local risk, central risk and recharge budgets.
 - Place responsibility for budgetary control on departmental Chief Officers.
 - Apply a cash limit policy to Chief Officers' budgets.
2. The proposed budget for 2014/15 has been analysed by the service expenditure and compared with the latest approved budget for the current year.
3. The report also compares the current year's budget with the forecast outturn.

Business Planning Priorities

4. Though the Service Based Reviews are currently aimed at achieving savings in the 2015/16 and 2016/17 budgets, it is possible that Members will decide to take measures that could be implemented earlier and this may have an impact towards the end of 2014/15. As these Reviews are only currently at an early stage of consideration, it is too soon to predict the outcome but Directors are alert to the possibility of changes in-year.

Director of the Built Environment

5. The continued improvement of the household recycling rate remains a priority, through more focused monitoring, data analysis and targeted communications by a dedicated recycling assistant.
6. We also plan to undertake a separate report on public conveniences that will follow up on customer responses to the single question in the recent City-wide public survey, and this will inform any changes to the service in 2014.

Director of Markets and Consumer Protection

7. A review of the Port Health Service has been undertaken to ensure it provides the most effective use of resources, taking into consideration the loss of trade particularly at Thamesport and the opening of the London Gateway Port, and the resulting changes will be implemented during the forthcoming year. The Service will be kept under continuous review as trade develops at London Gateway (including impact on other ports).

8. The Department of Environment, Food and Rural Affairs has proposed some changes to how animals can be imported into the country, and the way in which checks should be carried out. Negotiations are currently underway to ensure that the income stream to the Animal Reception Centre is protected.

Director of Open Spaces

9. The Cemetery and Crematorium has recently had photovoltaic panels placed on a large area of its modern crematorium roof. This will provide energy for the service for many years to come.
10. A project board is working with consultants on plans to develop the area of the Cemetery known as 'the Shoot' into a lawn burial area with the intention of bringing a report on progress to your Committee in May 2014.

Proposed Revenue Budget for 2014/15

11. The proposed Revenue Budget for 2014/15 is shown in Table 1 below 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 of his/her control or are budgets of a corporate nature (e.g. interest on balances and rent incomes from investment properties).
 - 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.
12. The provisional 2014/15 budgets being presented to your Committee, and under the control of the Directors of the Built Environment, Markets and Consumer Protection, and Open Spaces, have been prepared in accordance with guidelines agreed by the Policy & Resources and Finance Committees. These include:
 - a 2% uplift for inflation;
 - the final 1% of the total efficiency savings of 2% required by 2014/15; and
 - the proper control of transfers of non-staffing budget to staffing budgets.
13. The budget has been prepared within the resources allocated to each Director. However, as your Committee will be aware, the budgets of the Director of Markets and Consumer Protection are still subject to a considerable amount of uncertainty following the loss of trade at Thamesport and the opening of the new London Gateway Port. In order to meet the resources allocated to the Director, the proposed budget assumes that overall income from the Port Health Service will reverse the recent decline and even improve slightly as a result of income from London Gateway, but at this early stage this assumption cannot be made with any degree of certainty. The costs of running the new port (e.g. sampling) are similarly uncertain. It is likely that budgets will have to be revised as the picture becomes clearer, and if the Director then has a shortfall in resources further action will be required.

**TABLE 1
PORT HEALTH AND ENVIRONMENTAL SERVICES COMMITTEE SUMMARY – ALL FUNDS**

Analysis of Service Expenditure	Local or Central Risk	Actual 2012/13 £000	Latest Approved Budget 2013/14 £'000	Original Budget 2014/15 £'000	Movement 2013/14 to 2014/15 £'000	Variance Reference (Table 2)
EXPENDITURE						
Employees	L	10,514	10,524	10,454	(70)	1(a)
Employees	C	25	8	8	0	
Premises Related Expenses (see note i)	L	2,169	1,041	1,036	(5)	1(b)
Premises Related Expenses	C	0	0	0	0	
City Surveyor – Premises Expenses	L	266	561	932	371	12
Transport Related Expenses	L	548	552	432	(120)	1(c)
Supplies & Services (see note ii)	L	1,771	2,220	1,645	(575)	1(d),2-5
Third Party Payments	L	5,546	5,487	5,541	54	1(e), 8
Transfer to Reserve	L	5	5	0	(5)	
Contingencies	L	0	2	3	1	
Total Expenditure		20,844	20,400	20,051	(349)	
INCOME						
Government Grants	L	(91)	(258)	0	258	3, 5
Other Grants, Reimbursements and Contributions	L	(185)	(226)	(115)	111	3, 4
Customer, Client Receipts	L	(11,081)	(10,828)	(11,157)	(329)	6, 9-11
Transfer from Reserves	L	0	(399)	0	399	7
Total Income		(11,357)	(11,711)	(11,272)	439	
TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		9,487	8,689	8,779	90	
SUPPORT SERVICES AND CAPITAL CHARGES						
Central Support Services & Capital Charges		4,502	4,519	4,454	(65)	Para 16
Recharges within Fund		850	582	617	35	
Recharges Across Funds		344	355	362	7	
Total Support Services and Capital Charges		5,696	5,456	5,433	(23)	
TOTAL NET EXPENDITURE/(INCOME)		15,183	14,145	14,212	67	

Notes - Examples of types of service expenditure:-

- (i) Premises Related Expenses – includes repairs & maintenance, energy costs, rates, water services, cleaning and domestic supplies
- (ii) Supplies and Services – Equipment, furniture, materials, uniforms, printing, stationary, professional fees, grants & subscriptions

14. In the tables, income and favourable variances are presented in brackets. A further analysis of the Revenue Expenditure by Service is provided in Appendix 1.
15. Overall there is an increase of £67,000 in the overall budget between the 2013/14 latest approved budget and the 2014/15 original budget. The significant variances (generally those greater than £50,000) in the local and central risk budgets have been commented on in Table 2 below.

Reason for Variance	Movement 2013/14 to 2014/15		
	Expenditure £000	Income £000	Net Total £000
The removal of the effect of one-off items included in the 2013/14 budget:			
1) Carry-forwards from 2012/13:			
a) Employees	(76)	0	(76)
b) Premises	(46)	0	(46)
c) Transport	(90)	0	(90)
d) Supplies & Services	(116)	0	(116)
e) Third Party Payments	(39)	0	(39)
2) Installation of new photovoltaic cells at the Crematorium	(45)	0	(45)
3) Consultants' fees and associated costs for Air Quality projects, fully funded by grant and other contribution income.	(260)	260	0
4) Sampling costs for work carried out on behalf of the Food Standards Agency, fully funded by grant income.	(47)	47	0
5) Purchase and installation of Big Belly Solar Compactor bins, fully funded by grant income.	(62)	62	0
6) One-off income for Street Cleansing services from events, short-term agreements for cleaning of private land, and Fixed Penalty Notices.	0	54	54
7) As agreed by your Committee in September 2012, start-up costs for London Gateway and the shortfall in Port Health income are to be met from the Products of Animal Origin Reserve. It is currently anticipated that the full balance of the Reserve, £399,000, will be required in 2013/14.	0	399	399
8) Provision for price uplifts (assumed at 2%) in the main service contracts has been included in the 2014/15 budget.	80	0	80

TABLE 2 continued
SIGNIFICANT VARIANCES BETWEEN 2013/14 LATEST APPROVED BUDGET AND 2014/15 ORIGINAL BUDGET

Reason for Variance	Movement 2013/14 to 2014/15		
	Expenditure £000	Income £000	Net Total £000
9) In order to meet his resource allocation, the Director of Markets and Consumer Protection has included an assumed increase of £232,000 in Port Health income in the 2014/15 budget. This increase is dependent on trade at the new London Gateway Port, and as such the likelihood of being achieved remains uncertain at this time.	0	(232)	(232)
10) An anticipated increase in income at the Cemetery and Crematorium as a result of planned price increases.	0	(74)	(74)
11) An anticipated increase in income of £93,000 as a result of the installation of barriers at the Royal Exchange and Eastcheap public conveniences is partly offset by the associated running costs of £24,000.	24	(93)	(69)
12) The increase in the budget for the City Surveyor's premises costs reflects changes in the composition and phasing of the repairs and maintenance programme. See also Table 3 overleaf.	371	0	371
Minor variations	(43)	16	(27)
Total Movement 2013/14 to 2014/15	(349)	439	90

16. A reduction of £65,000 in central support services and capital recharges reflects the net impact of changes in the budgets of central departments and their apportionment between committees, as shown in Appendix 2.

TABLE 3 - CITY SURVEYOR LOCAL RISK	Latest Approved Budget 2013/14 £'000	Original Budget 2014/15 £'000
Repairs and Maintenance		
Additional Works Programme		
Public Conveniences	36	66
Heathrow Animal Reception Centre	12	40
Street Cleansing	5	9
Cemetery and Crematorium	202	512
Planned and Reactive Works		
Public Conveniences	17	17
Heathrow Animal Reception Centre	107	107
Port & Launches	28	28
Cemetery and Crematorium	114	113
Total Repairs and Maintenance	521	892
Facilities Management	40	40
Total City Surveyor	561	932

17. Budgets have provisionally been included for the 2014/15 additional works programme based on bids considered by the Corporate Asset Sub Committee in July 2013. However, a decision on funding of the programme has not been made by the Resource Allocation Sub Committee and following the outcome of this, it may be necessary to adjust budgets to reflect their decision.
18. Analysis of the movement in manpower and related staff costs are shown in Table 4 overleaf. A reduction in employee costs as a result of reviews of staffing of the Port Health Service and the Smithfield Enforcement Team has been offset by provision for increments, pay award and pension contribution increases across all services.

TABLE 4 MANPOWER STATEMENT	Latest Approved Budget 2013/14		Original Budget 2014/15	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Public Conveniences	6.3	243	6.0	255
Public Conveniences - Agency Staff	-	470	-	462
Waste Collection	10.4	502	9.9	524
Street Cleansing	7.8	390	7.3	402
Waste Disposal	5.8	282	5.8	303
Transport Organisation	1.0	49	1.0	50
Cleansing Services Management	4.4	308	4.4	308
Built Environment Directorate	4.2	549	5.2	541
Coroner	1.0	22	1.0	27
City Environmental Health	26.6	1,497	25.6	1,470
Pest Control	4.0	141	4.0	128
Meat Inspector's Office	6.5	337	5.0	298
Animal Health Services	34.8	1,420	34.8	1,484
Trading Standards	4.4	272	3.8	281
Port & Launches	38.1	2,125	34.5	1,906
Cemetery and Crematorium	64.3	1,925	64.3	2,023
TOTAL PORT HEALTH & ENVIRONMENTAL SERVICES	219.6	10,532	212.6	10,462

Potential Further Budget Developments

19. The provisional nature of the 2014/15 revenue budget recognises that further revisions may be required, including in relation to:
- ongoing changes following the opening of the new London Gateway Port, for which the City as London Port Health Authority has a statutory duty to provide inspection and enforcement services, and the impact on trade at other ports;
 - budget reductions to capture savings arising from the on-going PP2P reviews;
 - decisions on funding of the 2014/15 Additional Work Programme by the Resource Allocation Sub Committee.

Revenue Budget 2013/14

20. The forecast outturn for the current year is currently in line with the latest approved budget of £14.212m. However, the uncertainty in relation to the newly opened London Gateway Port in particular, as set out in paragraph 13, also applies to 2013/14.

Draft Capital Budget

21. The Committee's draft capital and supplementary revenue project budgets are summarised in the Tables below. Both schemes are approved and contractually committed.

TABLE 5 – City Fund Draft Capital Budget						
	Exp. Pre 01/04/2013 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	Later Years £'000	Total £'000
Urilifts and Barriers in Public Conveniences	386	39	0	0	0	425
TOTAL	386	39	0	0	0	425

TABLE 6 – City Fund Draft Supplementary Revenue Budget						
	Exp. Pre 01/04/201 3 £'000	2013/1 4 £'000	2014/1 5 £'000	2015/1 6 £'000	Later Years £'000	Total £'000
Old Crematorium Refurbishment	1,136	84	0	0	0	1,220
TOTAL	1,136	84	0	0	0	1,220

22. In addition to the approved budget items above, funding of £120,000 for a new scheme to install barriers at the Royal Exchange and Eastcheap public conveniences has been agreed by Resource Allocation Sub-Committee and is expected to proceed in 2013/14. This scheme was originally approved by your Committee in November 2012.
23. The latest Capital and Supplementary Revenue Project budgets will be presented to Court of Common Council for formal approval in March 2014.

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APPENDIX 1a

Analysis by Service	Actual 2012/13	Latest Approved Budget 2013/14			Original Budget 2014/15			Movement 2013/14 to 2014/15	Variance Reference (Table 2)
	Net £'000	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000	£'000	
DIRECTOR OF THE BUILT ENVIRONMENT									
Public Conveniences	1,190	1,608	(382)	1,226	1,685	(481)	1,204	(22)	1, 11-12
Waste Collection	887	1,658	(824)	834	1,686	(828)	858	24	8
Street Cleansing	6,220	6,357	(487)	5,870	6,280	(364)	5,916	46	1, 5-6, 8
Waste Disposal	1,121	1,919	(627)	1,292	1,951	(624)	1,327	35	8
Transport Organisation (see note i)	0	398	(398)	0	402	(402)	0	0	
Cleansing Services Management (see note i)	0	385	(385)	0	397	(397)	0	0	
Built Environment Directorate (see note i)	0	1,297	(1,297)	0	1,254	(1,254)	0	0	
TOTAL DIRECTOR OF THE BUILT ENVIRONMENT	9,418	13,622	(4,400)	9,222	13,655	(4,350)	9,305	83	
DIRECTOR OF OPEN SPACES									
Cemetery and Crematorium	1,030	4,328	(4,100)	228	4,706	(4,174)	532	304	2, 10, 12
TOTAL DIRECTOR OF OPEN SPACES	1,030	4,328	(4,100)	228	4,706	(4,174)	532	304	

Notes (i) These services are support services which are fully recharged to front-line services within the Department. The net cost of front-line services includes the cost of the recharges from these services.

APPENDIX 1b

Analysis by Service	Actual 2012/13	Latest Approved Budget 2013/14			Original Budget 2014/15			Movement 2013/14 to 2014/15	Variance Reference (Table 2)
	Net £'000	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000	£'000	
DIRECTOR OF MARKETS AND CONSUMER PROTECTION City Fund									
Coroner	105	55	0	55	62	0	62	7	
City Environmental Health	2,468	2,659	(331)	2,328	2,258	(61)	2,197	(131)	1, 3
Pest Control	92	226	(93)	133	191	(93)	98	(35)	1
Animal Health Services	(130)	2,711	(2,622)	89	2,710	(2,621)	89	0	1
Trading Standards	279	383	(46)	337	394	(40)	354	17	
Port & Launches	1,673	3,598	(1,618)	1,980	3,283	(1,831)	1,452	(528)	1, 4, 9
Total City Fund	4,487	9,632	(4,710)	4,922	8,898	(4,646)	4,252	(670)	
City's Cash									
Meat Inspector's Office	248	609	(437)	172	547	(424)	123	(49)	4
Total City's Cash	248	609	(437)	172	547	(424)	123	(49)	
SUBTOTAL	4,735	10,241	(5,147)	5,094	9,445	(5,070)	4,375	(719)	
Transfer from POAO Reserve (City Fund)	0	0	(399)	(399)	0	0	0	399	7
TOTAL DIRECTOR OF MARKETS AND CONSUMER PROTECTION	4,735	10,241	(5,546)	4,695	9,445	(5,070)	4,375	(320)	
COMMITTEE TOTAL	15,183	28,191	(14,046)	14,145	27,806	(13,594)	14,212	67	

APPENDIX 2

Support Service and Capital Charges from/to Port Health and Environmental Services Committee	Actual 2012/13 £000	Latest Approved Budget 2013/14 £000	Original Budget 2014/15 £000
Support Service and Capital Charges			
City Surveyor's Employee Recharge	99	136	
Insurance	155	137	145
IS Recharges - Chamberlain	1,253	1,329	
Capital Charges	1,307	1,271	133
Support Services -			
Chamberlain	1043	992	1,297
Comptroller and City Solicitor	105	112	
Town Clerk	369	376	1,262
City Surveyor	106	107	
Other	65	59	978
			106
			363
			109
			61
Total Support Services and Capital Charges	4,502	4,519	4,454
Recharges Within Funds			
Corporate and Democratic Core – Finance Committee	(52)	(33)	(33)
Unfit Meat Disposal – Markets Committee	(48)	(62)	(62)
Directorate Recharge – Markets Committee	16	15	15
Walbrook Wharf Depot – Finance Committee	1,899	1,723	1,723
Charity Collection Licensing - Police Committee	(14)	(16)	(16)
Directorate Recharge – Planning and Transportation Committee	(951)	(1,045)	(1,010)
Recharges Across Funds			
Directorate Recharge – Markets Committee	242	265	272
Directorate Recharge – Open Spaces Committee	102	90	90
TOTAL SUPPORT SERVICE AND CAPITAL CHARGES	5,696	5,456	5,433