

Committee(s) Epping Forest and Commons	Dated: 19/11/2018
Subject: Revenue & Capital Budgets – Epping Forest 2018/19 & 2019/20	Public
Report of: The Chamberlain The Director of Open Spaces	For Decision
Report Author: Derek Cobbing – Chamberlains Department	

Summary

This report updates the Committee on its latest approved revenue budget for 2018/19 and seeks your approval for a provisional revenue budget for 2019/20, for subsequent submission to the Finance Committee. The budgets have been prepared within the resources allocated to the Director and the table below summarises.

Summary of Table 1	Original Budget 2018/19 £000	Latest Approved Budget 2018/19 £000	Original Budget 2019/20 £000	Movement 2018-19 OR to 2019-20 OR £000
Expenditure	(6,692)	(5,936)	(5,594)	1,098
Income	1,443	1,419	1,424	(19)
Support Services	(881)	(964)	(1,078)	(197)
Total Net (Expenditure)	(6,130)	(5,481)	(5,248)	882

Overall the provisional Original budget for 2019/20 totals £5.248M, a decrease of £882,000 compared with the 2018/19 Original Budget. The main reason for this decrease is reflected by the re-phasing of the Cyclical Works Programme (CWP) over the three-year period, these costs can be found in Table 1.

A breakdown is also provided in Appendix 3 of the movement between the 2018/19 Local Risk Original Budget and the 2018/19 Local Risk Latest Approved Budget.

Recommendation

The Committee is requested to:

- Review the provisional 2019/20 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee;
- Authorise the Chamberlain, in consultation with the Director of Open Spaces, to revise these budgets to allow for any further implications arising from Corporate Projects, departmental reorganisations and other reviews, and changes to the Additional Works Programme. Any changes over £50,000 would be reported to Committee.
- To delegate to the Chamberlain any minor budget changes for 2018/19 and 2019/20 as a result of the completion of the asset verification exercise.
- Review and approve the draft Capital and Supplementary Revenue budget.

Main Report

Introduction

1. The City of London Corporation owns and manages almost 11,000 acres of historic and natural Open Spaces for public recreation and enjoyment. This includes Epping Forest which is a registered charity and is funded from City's Cash. Epping is run at no extra cost to the communities that it serves as it is funded principally by the City, together with donations, sponsorship, grants, rental, licence and trading income.
2. This report sets out the proposed revenue budget for 2019/20. 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.
3. The budget has been analysed by the service expenditure and compared with the latest approved budget for the current year.
4. The report also compares the current year's budget with the forecast outturn.

Business Planning Priorities

5. The Open Spaces Departmental Business Plan 2018/19 identified three top line objectives which were agreed by this committee on 14 May 2018. The top line objectives are:-

- Open Spaces and historic sites are thriving and accessible.
- Spaces enrich people's lives.
- Business practices are responsible and sustainable.

For each objective a number of outcomes were identified together with a range of key programmes and projects, some of which are being delivered within divisions and some of which cross the Department. The activities of the Open Spaces Department reflect the charitable objectives of the preservation of open spaces and the provision of recreation and enjoyment for the public. Specific priorities for Epping Forest are:

- a) Deliver Opportunities arising from improved management capability from the City of London Corporation (Open Spaces) Bill.
- b) Protect our heritage at risk: developing partnership funding bids at Wanstead Park.
- c) Develop engineering studies for six raised reservoirs at Epping Forest.
- d) Develop sustainable football improvements at Wanstead Flats.
- e) Work cross departmentally through Asset Management Planning to maximise the value of our assets (through revaluation of commercial wayleaves, rental of Lodges and further declarations of surplus property under the Operational Property Review)
- f) Initiate and progress key capital and local risk projects including grazing expansion plans.
- g) Progress the Departmental Programmes including; Fleet, Energy Efficiency and Sports.
- h) Obtain agreement and implement the overarching departmental and site specific 'events' policies.
- i) Progress reviews, drafting and completion of management/conservation plans at Epping Forest.

Proposed Revenue Budget for 2019/20

6. The proposed detailed Revenue Budget for 2019/20 is shown in Table 1 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. Further analysis can be found in Appendix 2.

7. The provisional 2019/20 budgets, under the control of the Director of Open Spaces being presented to your Committee, have been prepared in accordance with guidelines agreed by the Policy & Resources and Finance Committees. These include continuing the implementation of the required budget reductions across both local and central risks, as well as the proper control of transfers of non-staffing budgets to staffing budgets. For 2019/20 there has been a 2% allowance for pay and prices, this has been off-set by efficiency savings of 2%, both on Local Risk. In addition, £40,000 has been provided to fund a post to address the status of access rights arising from the Land Registration Project at Epping, and £74,000 to fund a Project Officer (Car Parking Strategy) both of which are funded from the Priorities Investment Pot and are within Central Risk. The budget has been prepared within the resources allocated to the Director.

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TABLE 1
EPPING FOREST SUMMARY

Analysis of Service Expenditure	Local or Central Risk	Actual 2017-18 £'000	Original Budget 2018-19 £'000	Latest Approved Budget 2018-19 £'000	Original Budget 2019-20 £'000	Movement 18-19OR to 19-20OR £'000	Paragraph Reference
EXPENDITURE							
Employees	L	(2,790)	(3,046)	(3,019)	(3,079)	(33)	
Employees	C	-	-	(56)	(114)	(114)	10
Premises Related Expenses	L	(565)	(613)	(546)	(605)	8	
Premises Related Expenses	C	(66)	-	-	-	-	
R & M (City Surveyor's Local Risk inc cleaning)	L	(893)	(2,104)	(1,282)	(916)	1,188	11
Transport Related Expenses	L	(145)	(148)	(135)	(131)	17	
Supplies & Services	L	(618)	(415)	(447)	(400)	15	
Unidentified Savings	L	-	80	-	100	20	
Transfer to Reserves	L	(23)	-	-	-	-	
Transfer to Reserves - Capital	C	(26)	-	-	-	-	
Capital Charges- Depreciation	C	(447)	(446)	(451)	(449)	(3)	
Total Expenditure		(5,573)	(6,692)	(5,936)	(5,594)	1,098	
INCOME							
Government Grants	L	301	262	278	164	(98)	13
Other Grants, Reimbursements and Contributions	L	30	29	6	15	(14)	
Other Grants, Reimbursements and Contributions	C	-	-	-	-	-	
Customer, Client Receipts	L	1,101	1,134	1,117	1,227	93	14
Customer, Client Receipts	C	-	-	-	-	-	
Investment Income	C	3	18	18	18	-	
Transfer from Reserves	L	22	-	-	-	-	
Recharges to Capital Projects	L	4	-	-	-	-	
Transfer from Reserves - Capital	C	26	-	-	-	-	
Total Income		1,487	1,443	1,419	1,424	(19)	
TOTAL (EXPENDITURE) BEFORE SUPPORT SERVICES		(4,086)	(5,249)	(4,517)	(4,170)	1,079	
SUPPORT SERVICES							
Central Support		(1,009)	(932)	(994)	(987)	(55)	*
Recharges within Fund		(78)	(52)	(87)	(120)	(68)	15
Recharge across Fund		72	103	117	29	(74)	16
Total Support Services		(1,015)	(881)	(964)	(1,078)	(197)	
TOTAL NET (EXPENDITURE)		(5,101)	(6,130)	(5,481)	(5,248)	882	

* This is made up of smaller (under £50,000) increases and decreases in central support costs as shown in Appendix 2.

8. 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 shortfalls in income. An analysis of this Revenue Expenditure by Service Managed is provided in Appendix 1. Only significant variances (generally those greater than £50,000) have been commented on in the following paragraphs.
9. Overall there is a decrease of £882,000 between the 2018/19 original budget and the 2019/20 original budget. This movement is explained in the following paragraphs.
10. There is an increase of £147,000 in employee expenditure between the 2018/19 original budget and the 2019/20 original budget. Factors influencing this overall increase are a provision for a pay award, incremental progression, an increase in central risk staff budgets funded by the Priorities Investment Pot for posts associated with the projects, and a reduction in apprentice funding (subject to further central funding for new apprenticeships)

Table 2 - Staffing statement	Original Budget 2018/19		Latest Approved Budget 2018/19		Original Budget 2019/20	
	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000
Epping Forest	76.50	(3,046)	74.36	(3,075)	74.95	(3,193)
TOTAL EPPING FOREST	76.50	(3,046)	74.36	(3,075)	74.95	(3,193)

11. The decrease of £1.188M from the 2018/19 Original Budget to the 2019/20 Original Budget in the City Surveyor (see Table 3 below) is mainly within the Additional Works and Cyclical Works Programme. The Cyclical Works Programme is subject to variation in maintenance needs and a bid for resources each year, as funding is not ring-fenced to individual clients. Bids for departments are based on an annually agreed prioritisation process which considers health & safety, reputation, income generation and asset performance. Therefore the 2018/19 to 2019/20 budgets Original to Original will reflect the change in bid values each year together with the number of projects which are being delivered over the three years of the programme.
12. An asset verification exercise has now been completed across the Operational estate and has identified an additional 8% of assets to be maintained, including those in new buildings, that are not covered by the current contract. The outcome of this exercise has been reported to the relevant Corporation Committee and additional budgetary provision has been sought. Once this is agreed it is intended to adjust the relevant budget shown in this report as appropriate and Members are asked to agree a delegation to the Chamberlain to make these minor budgetary changes for both 2018/19 and 2019/20

TABLE 3 - CITY SURVEYOR LOCAL RISK			
Repairs and Maintenance (including cleaning)	Original Budget 2018/19 £'000	Latest Approved Budget 2018/19 £'000	Original Budget 2019/20 £'000
Additional Works Programme/Cyclical Works Programme Epping Forest	(1,789)	(993)	(614)
	(1,789)	(993)	(614)
Planned & Reactive Works (Breakdown & Servicing) Epping Forest	(248)	(222)	(233)
	(248)	(222)	(233)
Cleaning Epping Forest	(67)	(67)	(69)
	(67)	(67)	(69)
Total City Surveyor	(2,104)	(1,282)	(916)

13. The £98,000 reduction in Government Grant income is due to the completion of the 10-year DEFRA Environmental Stewardship – Higher Level Stewardship (HLS) and Entry-Level Stewardship (ELS) grants which completed in 2018/19. Subject to DEFRA approval, the next CSS Grant will start in January 2020 which will leave a shortfall which this committee have been informed of in May 2018.

14. The £93,000 increase in Customer and Client Receipts is due to uplifting of large scale events to meet savings targets for 2019/20.

15. The £68,000 increase in recharges within funds is due to an increase in Resources (Director's Pot) within the Directorate which has yet to be allocated.

16. The £74,000 reduction in recharges across funds is mainly due to there being no cyclical works programme budgets for Woodredon & Warlies in 2019/20.

Potential Further Budget Developments

17. The provisional nature of the 2019/20 revenue budget recognises that further revisions may be required, including in relation to:

- decisions on funding of the Additional Work Programme by the Resource Allocation Sub Committee.

- During the first half of 2018/19 there have been two areas of significant exceptional spend which the Department had not been specifically budgeted for. These were the costs associated with the fire at Wanstead Flats (£80,000) and the increased costs of managing Oak Processionary Moth (OPM) totalling £94,000 (Epping: £8,000, The Commons: £29,000, North London Open Spaces: £57,000). It is anticipated that the cost of managing OPM in future years will increase exponentially, potentially costing £250,000 in 2019/20 with the greatest increase in costs likely to be at Epping. An additional growth bid for anticipated OPM costs will be made within the Medium Term Financial Plan report.
- There have been changes to the Rural Payment Agency Grant which will mean that in 2019/20 Epping Forest's grant will be reduced by approximately £114,000. The Department will make an additional growth bid for loss of Rural Payment Agency Grant within the Medium Term Financial Plan report.
- The short term City Bridge Trust funding the Department's Learning Programme ceases on 31 March 2019. The Learning programme delivers many of the Corporate priorities linked to education and learning, social mobility, health and well being and delivers activities in some of London's more deprived communities. The Department will be requesting within the Medium Term Financial Plan report, an increase in its base budget from April 2019 to fund a core learning offer. Pending such a decision the current budget estimates include only the three month additional funding as agreed by Resource Allocation Sub-Committee on the 4th October 2018.

Revenue Budget 2018/19

18. The 2018/19 latest approved budget includes £40,000 funding for an officer post to deal with the backlog of licences and £16,000 for a Project Officer (Parking Strategy and income generation) both of which are Central Risk and funded from the Priorities Investment Pot. There is also £20,000 funding for contribution pay, £48,000 to support the apprentice scheme, and a reduction of £95,000 to help fund year 2 of the Wood Pasture Restoration Capital Project. £50,000 has also been allocated from the Directors Pot (£25,000 for a Mitigation Strategy Officer, and £25,000 towards a cattle handling facility). Details of the movement between the 2018/19 Original budget and the 2018/19 Latest Approved Budget can be found in Appendix 3. The forecast outturn for the current year is in line with the latest approved budget of £5.481M.

Draft Capital and Supplementary Revenue Budgets

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

Service Managed	Project	Exp. Pre 01/04/18 £'000	2018/19 £'000	2019/20 £'000	Later Years £'000	Total £'000
<u>Pre-implementation</u>						
Epping Forest	Baldwins & Birch Hall Park Ponds	40	10	12		62
Wanstead Flats	Artificial grass pitch provision		28			28
<u>Authority to start work granted</u>						
Epping Forest	Wood pasture restoration	66	105	20		191
TOTAL EPPING FOREST		106	143	32	0	281

20. Pre-implementation costs comprise feasibility/option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.
21. The above figures do not include the cost of implementing the Ponds and Artificial Grass Pitch projects which are planned to take place in 2019/20, subject to authority to start work.
22. The wood pasture restoration works are due to be completed in spring 2019.
23. 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 2019.

Appendices

- Appendix 1 - Analysis by Services Managed
- Appendix 2 - Analysis of Support Services
- Appendix 3 - Movement of Local Risk Budgets 2018/19 OR to 2018/19 LAB

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Appendix 1

Analysis by Service Managed	Actual 2017-18 £'000	Original Budget 2018-19 £'000	Latest Approved Budget 2018-19 £'000	Original Budget 2019-20 £'000	Movement 2018-19OR to 2019-20OR £'000	Paragraph Reference
<u>CITY CASH</u>						
Epping Forest	(4,799)	(5,946)	(5,270)	(5,062)	884	a)
Chingford Golf Course	(38)	15	27	35	20	
Wanstead Flats	(264)	(199)	(238)	(221)	(22)	
Woodredon & Warlies	0	0	0	0	0	
TOTAL	(5,101)	(6,130)	(5,481)	(5,248)	882	

- a) The reduction of £884,000 under Epping Forest is mainly due to a decrease in the City Surveyor's Repairs & Maintenance costs, the majority of which fall under the Additional Works/Cyclical Works Programme. Reasons can be found in paragraph 11 within the main report.

Appendix 2

Support Services from/to Epping Forest	Actual 2017-18 £'000	Original Budget 2018-19 £'000	Latest Approved Budget 2018-19 £'000	Original Budget 2019-20 £'000	Movement 2018-19OR to 2019-20OR £'000	Paragraph Reference
<u>Support Services</u>						
Central Recharges-						
City Surveyor's Employee Recharge	(324)	(336)	(309)	(309)	27	
Insurance	(71)	(85)	(71)	(75)	10	
I.S.Recharges - Chamberlain	(187)	(176)	(188)	(175)	1	
Support Services-						
Chamberlain (inc CLPS recharges)	(167)	(121)	(162)	(163)	(42)	
Comptroller and City Solicitor	(63)	(56)	(62)	(60)	(4)	
Town Clerk	(124)	(114)	(127)	(130)	(16)	
City Surveyor	(73)	(44)	(75)	(75)	(31)	
Total Support Services	(1,009)	(932)	(994)	(987)	(55)	
<u>Recharges Within Fund</u>						
Directorate Recharges	(80)	(86)	(95)	(136)	(50)	a)
Learning Recharges	(36)	(4)	(30)	(22)	(18)	
Corporate and Democratic Core	38	38	38	38	-	
Total Recharges Within Fund	(78)	(52)	(87)	(120)	(68)	
Total Recharges Across Funds – Woodredon and Warlies & Structural Maintenance	72	103	117	29	(74)	b)
Total Support Services	(1,015)	(881)	(964)	(1,078)	(197)	

- a) The £50,000 uplift in recharges to the Directorate are due to an increase in Resources (Director's Pot) within the Directorate which has yet to be allocated.

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- b) The decrease of £74,000 in Recharges Across Funds is due to no Cyclical Works Programme Budgets for Woodredon and Warlies in 2019/20.

Appendix 3

Movement of Local Risk Budgets (inc City Surveyor)	Risk	Original Budget 2018-19 £'000	Latest Approved Budget 2018-19 £'000	Movement 2018-19 OR to 2018-19 LAB £'000	Paragraph Reference
EXPENDITURE					
Employees	L	(3,046)	(3,019)	27	
Premises Related Expenses	L	(613)	(546)	67	
R & M (City Surveyor's Local Risk inc cleaning)	L	(2,104)	(1,282)	822	a)
Transport Related Expenses	L	(148)	(135)	13	
Supplies & Services	L	(415)	(447)	(32)	
Unidentified Savings	L	80	-	(80)	b)
INCOME					
Government Grants	L	262	278	16	
Other Grants, Reimbursements and	L	29	6	(23)	
Customer, Client Receipts	L	1,134	1,117	(17)	

- a) When the original budget was set for the year, it included an estimation for the work within the Additional and Cyclical Works Programmes that would be delivered during the year. Officers plan and refine their projects during the start of the year and the budget is then revised to reflect their programme for the year to reflect operational requirements of occupying departments and more strategic changes.
- b) Unidentified savings in the 2018/19 Original budget have now been identified by the following: -
- Budgets for employees have now decreased due to vacancies and deletion of posts.
 - There are savings on premises related expenditure through sustainability.
 - Income generated by renting of empty lodges.