

<b>Committee(s):</b>	<b>Date(s):</b>	<b>Item no.</b>
Epping Forest and Commons Committee	5 November 2012	
<b>Subject:</b> REVENUE AND CAPITAL BUDGETS – 2012/13 AND 2013/14		
<b>Report of:</b> The Chamberlain The Director of Open Spaces		<b>Public</b> For Decision

### Summary

This report updates the Committee on its latest approved revenue budget for 2012/13 and seeks approval for a provisional revenue budget for 2013/14, for subsequent submission to the Finance Committee. The budgets have been prepared within the resources allocated to the Director and the table below summarises the position.

Summary of Table 1	Latest Approved Budget	Original Budget	Movement
	2012/13 £000	2013/14 £000	£000
Expenditure	8,361	8,095	(266)
Income	(2,528)	(2,537)	(9)
Support Services and Capital Charges	1,430	1,524	94
<b>Total Net Expenditure</b>	7,263	7,082	<b>(181)</b>

Overall the provisional Original budget for 2013/14 totals £7.082M, a decrease of £181,000 compared with the latest approved budget for 2012/13. Main reasons for this decrease which also allow for a £60,000 carry forward are :-.

- A decrease of £266,000 in Expenditure, the majority of which relate to a reduction in transfer to reserves (£170,000), a reduction in Supplies & Services (£158,000), and an increase in employee costs (£66,000).
- An increase of £94,000 in Capital and Support Services Charges mainly relating to higher depreciation charges.

#### Recommendations

The Committee is requested to:

- Review the provisional 2013/14 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, 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, changes to the Additional Works Programme, and implications arising from Carbon Trading Allowances.

## **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, City Commons and Burnham Beeches and Stoke Common which are registered charities and are funded from City's Cash. They are run at no cost to the communities that they serve, as they are funded principally by the City, together with donations, sponsorship, grants and trading income.
2. This report sets out the proposed revenue budget and capital budgets for 2013/14. 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 key Projects for each Open Space for the next three years were included in the Open Spaces Department Business Plan for 2012-2015 which was approved in April 2012. These include :-
- Regeneration of Ancient Pollards and Heathland Regeneration (Burnham Beeches & Stoke Common)
  - Visitor Surveys, Consultation and Communication Strategy, and Biodiversity Conservation Plans (City Commons).
  - Development of the Epping Forest Management Plan and Further phases of the 'Branching Out' project (Epping Forest)

### **Proposed Revenue Budget for 2013/14**

6. The proposed Revenue Budget for 2013/14 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. Further analysis can be found in Appendix 2.
7. The provisional 2013/14 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. The 2% efficiency savings to be achieved by 2014/15 comprise 1% saving in 2013/14 and a further 1% saving in 2014/15. An allowance towards any potential pay and price increases of 1% for 2013/14 has been included, with 2% to be included for 2014/15. The budget has been prepared within the resources allocated to the Director.

TABLE 1

## EPPING FOREST &amp; COMMONS COMMITTEE SUMMARY – ALL FUNDS

Analysis of Service Expenditure	Local or Central Risk	Actual  2011-12 £'000	Latest Approved Budget 2012-13 £'000	Original Budget 2013-14 £'000	Movement 2012-13 to 2013-14 £'000	Paragraph Reference
<b>EXPENDITURE</b>						
Employees	L	3,992	4,124	4,190	66	10
Redundancy costs	C	16	0	0	0	
Premises Related Expenses	L	936	979	1,002	23	
R & M (City Surveyor's Local Risk)	L	953	1,670	1,612	(58)	13
Transport Related Expenses	L	357	289	319	30	
Supplies & Services	L	1,123	990	830	(160)	14
Third Party Payments	L	41	39	42	3	
Transfer to Reserves	L	407	270	100	(170)	12
Transfer to Reserves (To fund Capital Expenditure)	C	2,198	0	0	0	
<b>Total Expenditure</b>		<b>10,023</b>	<b>8,361</b>	<b>8,095</b>	<b>(266)</b>	
<b>INCOME</b>						
Government Grants	L	(688)	(482)	(483)	(1)	
Other Grants, Reimbursements and Contributions	L	(228)	(579)	(481)	98	15
Other Grants, Reimbursements and Contributions	C	(2,384)	(366)	(366)	0	
Customer, Client Receipts	L	(934)	(911)	(919)	(8)	
Investment Income	L	(1)	0	0	0	
Investment Income	C	(31)	(18)	(18)	0	
Transfer from Reserves	L	(311)	(29)	0	29	
Transfer from Reserve	C	(298)	(143)	(270)	(127)	16
<b>Total Income</b>		<b>(4,875)</b>	<b>(2,528)</b>	<b>(2,537)</b>	<b>(9)</b>	
<b>TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES AND CAPITAL CHARGES</b>		<b>5,148</b>	<b>5,833</b>	<b>5,558</b>	<b>(275)</b>	
<b>SUPPORT SERVICES AND CAPITAL CHARGES</b>						
Central Support and Capital Charges		1,212	1241	1,347	106	11
Recharges within Fund		177	180	164	(16)	
Recharges Across Funds		3	9	13	4	
<b>Total Support Services and Capital Charges</b>		<b>1,392</b>	<b>1,430</b>	<b>1,524</b>	<b>94</b>	
<b>TOTAL NET EXPENDITURE/(INCOME)</b>		<b>6,540</b>	<b>7,263</b>	<b>7,082</b>	<b>(181)</b>	

8. Income and favourable variances are presented in brackets. 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 reduction of £181,000 in the overall budget between the 2012/13 latest approved budget and the 2013/14 original budget. This movement is explained by the variances explained in the following paragraphs.
10. Local Risk Employee costs have increased by £66,000 mainly due to an additional post at Epping on a 2 year fixed term contract.
11. The £106,000 increase within Central Support relates mainly to Capital Charges (Depreciation on HLF 'Branching Out' Capital Schemes at Epping) partially offset by a reduction in support services and the Recharge from the Open Spaces Directorate.
12. A decrease of £170,000 in transfers to reserves. This represents the £170,000 that was received from the police for using Wanstead Flats as a muster station during the Olympics/Paralympics. The contribution has been transferred to reserves until it is required as funding for the Jubilee Pond relining project, subject to approval.
13. Following the implementation of the MITIE & APEX contracts in July 2012, budgets have been re-aligned to reflect the tendered cost of the new contracts. The LAB estimates and 2013/14 Original budgets, therefore reflect these changes. The decrease of £58,000 in the Repairs & Maintenance budget for the City Surveyor's Local Risk is a reduction of £95,000 in Planned & Reactive Works, partially off-set by an increase of £37,000 in the Additional Works Programme due to changes in the composition and phasing of the work. Furthermore, budgets have provisionally been included for the 2013/14 additional works programme based on the bids considered by your Committee in May 2012 and the Corporate Asset Sub Committee in June 2012. However, a decision on the funding of the programme is not due to be made by the Resource Allocation Sub Committee until December. It may therefore be necessary to adjust the budgets to reflect the Resource Allocation Sub Committee's decision. See Table 2 below.

TABLE 2 - CITY SURVEYOR LOCAL RISK		Latest Approved Budget 2012/13 £'000	Original Budget 2013/14 £'000
Repairs and Maintenance			
<b>Additional Works Programme</b>			
Burnham Beeches		58	73
Epping Forest		993	992
City Commons		276	299
		<b>1327</b>	<b>1364</b>
<b>Planned &amp; Reactive Works (Breakdown &amp; Servicing)</b>			
Burnham Beeches		55	32
Epping Forest		239	188
City Commons		49	28
		<b>343</b>	<b>248</b>
<b>Total City Surveyor</b>		<b>1,670</b>	<b>1,612</b>

14. The £160,000 reduction in Supplies and Services mainly occur at Epping, this reduction is to re-align the budgets.
15. A reduction of £98,000 in Other Grants & Contribution Income is mainly due to the £170,000 received by the Police for use of the Muster Station in 2012/13 which was a one-off contribution.
16. The £127,000 increase in transfer from Reserves is income transferred from the Capital Reserve Account to cover the increase in depreciation charges for HLF 'Branching Out' Projects at Epping .
17. Analysis of the movement in manpower and related staff costs are shown in Table 3 below.

Table 3 - Manpower statement	Latest Approved Budget 2012/13		Original Budget 2013/14	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Epping	85.41	2,873	86.41	2,926
Burnham Beeches/Stoke Common	13.07	479	12.67	477
City Commons	22.91	772	22.91	787
<b>TOTAL EPPING FOREST &amp; COMMONS</b>	<b>121.39</b>	<b>4,124</b>	<b>121.99</b>	<b>4,190</b>

18. The breakdown representing the £97,000 overall reduction in Epping (Appendix 1) are as follows:-
- A £23,000 overall reduction in Local Risk, mainly due to the fall-out of the 'carry forward'.
  - A £127,000 additional income in Central Risk (Transfer from Reserves)
  - An increase of £102,000 in Recharges (Mainly Capital Charges)
  - A decrease of £49,000 Repairs & Maintenance (City Surveyor local risk)
19. The £50,000 reduction in Burnham Beeches (see Appendix 1) is mainly due to the fall-out of the £26,000 carry forward and a £11,000 reduction from the 10% savings exercise.

### **Potential Further Budget Developments**

20. The provisional nature of the 2013/14 revenue budget recognises that further revisions may be required, including in relation to:
- budget reductions to capture savings arising from the on-going PP2P reviews;
  - budget adjustments relating to the implementation of the City of London Procurement Service; and
  - decisions on funding of the Additional Work Programme by the Resource Allocation Sub Committee.

### **Revenue Budget 2012/13**

21. The forecast outturn for the current year is in line with the latest approved budget of £7.263M.

### **Draft Capital Budget**

22. No new bids were submitted recently by the Committee to the Policy and Resources Committee for resources to evaluate new capital or supplementary revenue projects.

23. The Committee's draft capital and supplementary revenue project budgets are summarised in the Tables below. Estimated expenditure is analysed as follows:

- Committed – Projects which are contractually committed.
- Uncommitted – Projects which have been the subject of an evaluation report but are not yet contractually committed.
- Pre-evaluation costs – The costs of evaluating all other schemes approved to proceed to that stage.

<b>Table 5 - City's Cash Draft Capital Budget</b>								
	Exp. Pre 01/04/12	2012/13	2013/14	2014/15	2015/16	2016/17	Later Years	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Evaluated schemes</u>								
- Committed								
Epping Forest Land - Warlies Park		270						270
Highams Park Lake		100	1,420	345				1,865
Branching Out	3,096	1,300	208					4,604
								0
<b>Total</b>	<b>3,096</b>	<b>1,670</b>	<b>1,628</b>	<b>345</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,739</b>

24. The latest updated information on the capital project budgets is being submitted in a progress monitoring report to the Finance Committee on 11 December 2012. Summaries of these budgets will subsequently be used to determine overall financing, with the full capital and supplementary revenue project budgets being presented to the Court of Common Council for approval in March 2013.

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## APPENDIX 1

Analysis by Service Managed	Actual 2011-12 £'000	Latest Approved Budget 2012-13 £'000	Original Budget 2013-14 £'000	Movement 2012-13 to 2013-14 £'000	Paragraph(s) Reference
<b><u>CITY CASH</u></b>					
Epping Forest	4,155	4,623	4,526	(97)	18
CBT	0	0	0	0	
HLF	13	3	3	0	
Chingford Golf Course	(40)	(60)	(64)	(4)	
Wanstead Flats	150	190	175	(15)	
Woodredon & Warlies	0	0	0	0	
Burnham Beeches	679	733	683	(50)	19
Stoke Common	1	22	22	0	
City Commons	1,582	1,752	1,737	(15)	
<b>TOTAL</b>	<b>6,540</b>	<b>7,263</b>	<b>7,082</b>	<b>(181)</b>	

## APPENDIX 2

Support Services & Capital Charges from/to Epping Forest & Commons Committee	Actual 2011-12 £'000	Latest Approved Budget 2012-13 £'000	Original Budget 2013-14 £'000	Movement 2012-13 to 2013-14 £'000	Paragraph Reference
<b>Support Services &amp; Capital Charges</b>					
<b>Central Recharges-</b>					
City Surveyor's Employee Recharge	275	305	305	0	
Insurance	136	148	154	6	
I.S.Recharges - Chamberlain	85	81	77	(4)	
Capital Charges	119	161	288	127	11
<b>Support Services-</b>					
Chamberlain	182	157	147	(10)	
Comptroller and City Solicitor	121	105	101	(4)	
Town Clerk	173	155	147	(8)	
City Surveyor	93	98	98	0	
Other Services*	28	31	30	(1)	
<b>Total Support Services &amp; Capital Charges</b>	<b>1,212</b>	<b>1,241</b>	<b>1,347</b>	<b>106</b>	
<b>Recharges Within Fund</b>					
Directorate Recharges	233	236	220	(16)	
Corporate and Democratic Core	(56)	(56)	(56)	0	
<b>Total Recharges Within Fund</b>	<b>177</b>	<b>180</b>	<b>164</b>	<b>(16)</b>	
<b>Recharges Across Funds</b>					
Woodredon & Warlies	3	9	13	4	
<b>Total Recharges Across Funds</b>	<b>3</b>	<b>9</b>	<b>13</b>	<b>4</b>	
<b>Total Support Services &amp; Capital Charges</b>	<b>1,392</b>	<b>1,430</b>	<b>1,524</b>	<b>94</b>	

\* Various services including central heating, corporate printing, occupational health, union costs, environmental and sustainability section.