

<b>Committee(s):</b>	<b>Date(s):</b>
Hampstead Heath, Queens Park and Highgate Wood	26 November 2012
<b>Subject:</b>	<b>Public</b>
REVENUE AND CAPITAL BUDGETS - 2013/14	
<b>Report of:</b>	<b>For Decision</b>
The Chamberlain Director of Open Spaces	

### 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 2012/13 £'000	Original Budget 2013/14 £'000	Movement £'000
Expenditure	8,595	8,793	198
Income	(2,936)	(2,928)	8
Support Services and Capital Charges	1,068	1,034	(34)
Total Net Expenditure	6,727	6,899	172

Overall, the 2013/14 provisional revenue budget totals £6.899m, an increase of £0.172m compared with the latest approved budget for 2012/13. Main reasons for this increase are :-

- Increase in City Surveyor's repairs and maintenance programme of £334,000.

- Reduction in local risk budgets to achieve the remaining 10% savings amounting to £104,000.
- Reduction in resources due to provision for the July 2012 pay award amounting to £38,000 being allocated in 2012/13 only.
- Reduction in support services and capital charges of £34,000

### **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 Hampstead Heath, Queens Park and Highgate Wood 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 original 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 priorities for this Committee for 2013/14 are:
  - Continue to support the Flood Management and Water Quality project at Hampstead Heath.
  - Implement the Hampstead Heath East Heath Car Park extension to help achieve the efficiency savings.
  - Undertake the Conservation Management Plans at Highgate Wood and Queens Park.
  - Monitor the long term woodland management at Highgate Wood.

### **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.
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

## HAMPSTEAD HEATH, QUEENS PARK AND HIGHGATE WOOD 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	5,404	5,817	5,799	(18)	
Employees - redundancy	C	110	-	-	-	
Premises Related Expenses	L	430	444	437	(7)	
City Surveyor – Repairs & Maintenance	L	1,217	1,339	1,673	334	10
Transport Related Expenses	L	275	215	167	(48)	11
Supplies & Services	L	1,328	780	717	(63)	12
Transfer to Reserve – City Bridge Trust	L	39	-	-	-	
Transfer to Reserve - Capital	C	202	-	-	-	
		<b>9,005</b>	<b>8,595</b>	<b>8,793</b>	<b>198</b>	
<b>INCOME</b>						
Other Grants, Reimbursements and Contribution	L	(19)	-	-	-	
Other Grants, Reimbursements and Contribution	C	(764)	(560)	(560)	-	
Customer, Client Receipts	L	(1,149)	(983)	(1,025)	(42)	13
Recharges to Capital Projects	L	-	(40)	(40)	-	
Investment Income	C	(1,195)	(1,210)	(1,199)	11	
Transfer from Reserves - City Bridge Trust	L	-	(39)	-	39	
Transfer from Reserves - Capital	C	(135)	(104)	(104)	-	
<b>Total Income</b>		<b>(3,262)</b>	<b>(2,936)</b>	<b>(2,928)</b>	<b>8</b>	
TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		<b>5,743</b>	<b>5,659</b>	<b>5,865</b>	<b>206</b>	
<b>SUPPORT SERVICES AND CAPITAL CHARGES</b>						
Central Support Services and Capital Charges		1,007	900	885	(15)	
Recharges within Fund		197	168	149	(19)	
Recharges to Capital Projects		(8)	-	-	-	
<b>Total Support Services and Capital Charges</b>		<b>1,196</b>	<b>1,068</b>	<b>1,034</b>	<b>(34)</b>	14
<b>TOTAL NET EXPENDITURE/(INCOME)</b>		<b>6,939</b>	<b>6,727</b>	<b>6,899</b>	<b>172</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 an increase of £172,000 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. Following the implementation of the MITIE contract in July 2012, budgets have been re-aligned to reflect the tendered cost of the new contracts. The 2012/13 latest approved budgets and 2013/14 Original budgets, therefore reflect these changes. The increase of £334,000 in the budget for the City Surveyor's mainly relates to the additional works programme and reflects 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.

<b>TABLE 2 - CITY SURVEYOR LOCAL RISK</b>		
	<b>Latest Approved Budget 2012/13 £'000</b>	<b>Original Budget 2013/14 £'000</b>
<b>Repairs and Maintenance</b>		
<b>Additional Works Programme</b>		
Hampstead Heath	969	1,203
Queens Park	44	48
Highgate Wood	20	189
<b>Planned &amp; Reactive Works (Breakdown &amp; Servicing)</b>		
Hampstead Heath	258	193
Queens Park	17	15
Highgate Wood	31	25
<b>Total City Surveyor</b>	<b>1,339</b>	<b>1,673</b>

11. There is a net decrease in local risk budget transport related expenses of £48,000 due to the changes to the new car park contract which helps the department meet the 10% savings target.
12. The net decrease of £63,000 in local risk budget supplies and services is mainly due to a combination of the fallout of the £38,000 carry forward CBT funding from 2011/12 and a reduction of £25,000 in the bedding budget as part of the 10% savings.
13. The £42,000 increase in overall Customer, Client Receipts income is due to the projected additional income as part of the new East Heath car park extension in order to meet the 10% savings target.
14. The £34,000 reduction in Support Services is due to a reduction in the central support costs as a result of the on-going efficiency saving programmes within central departments.
15. 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
Hampstead Heath	131.9	5,005	129.9	5,002
Queens Park	13.4	474	12.4	452
Highgate Wood	8.6	338	8.6	345
<b>TOTAL Hampstead Heath, Queens Park and Highgate Wood</b>	<b>153.9</b>	<b>5,817</b>	<b>150.9</b>	<b>5,799</b>

### **Potential Further Budget Developments**

16. The provisional nature of the 12/13 and 13/14 revenue budgets 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 Committee.

Any revisions will be agreed after consultation with the Director of Open Spaces.

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

17. The forecast outturn for the current year is in line with the latest approved budget of £6,727,000.

### **Draft Capital Budget**

18. 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.
19. 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.

	Exp. Pre 01/04/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	Later Years £'000	Total £'000
<u>Evaluated schemes</u>								
- Uncommitted								
Hydrology improvements	82	612	1,177	6,581	6,386			14,838
<b>Total</b>	<b>82</b>	<b>612</b>	<b>1,177</b>	<b>6,581</b>	<b>6,386</b>	<b>0</b>	<b>0</b>	<b>14,838</b>

<b>Table 5 - Draft Supplementary Revenue Budget</b>								
	Exp. Pre 01/04/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	Later Years £'000	Total £'000
<u>Evaluated schemes</u> - Committed								
Safety improvements	82	12						94
Total	82	12	0	0	0	0	0	94

20. The latest updated information on the capital project budgets is being submitted in a progress monitoring report to the Finance Committee on 13 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.

Contact Officer: Mark Jarvis (1221) or Alison Elam (1081)



**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 Reference
<b>CITY'S CASH</b>					
Hampstead Heath	5,762	5,590	5,616	26	
Hampstead Heath CBT	-	-	-	-	
Queens Park	711	700	673	(27)	
Queens Park CBT	-	-	-	-	
Highgate Wood	466	437	610	173	10
Highgate Wood CBT	-	-	-	-	
<b>TOTAL CITY'S CASH</b>	<b>6,939</b>	<b>6,727</b>	<b>6,899</b>	<b>172</b>	
<b>TOTAL</b>	<b>6,939</b>	<b>6,727</b>	<b>6,899</b>	<b>172</b>	

**APPENDIX 2**

<b>Support Service and Capital Charges from/to Hampstead Heath, Queens Park and Highgate Wood Committee</b>	<b>Actual 2011/12 £000</b>	<b>Latest Approved Budget 2012/13 £000</b>	<b>Original Budget 2013/14 £000</b>
<b>Support Service and Capital Charges</b>			
City Surveyor's Employee Recharge	250	205	205
Insurance	135	144	150
IS Recharges - Chamberlain	84	81	76
Capital Charges	135	104	104
Support Services -			
Chamberlain	129	111	105
Comptroller and City Solicitor	56	49	46
Town Clerk	153	137	130
City Surveyor	47	49	49
Other services*	18	20	20
<b>Total Support Services and Capital Charges</b>	<b>1,007</b>	<b>900</b>	<b>885</b>
<b>Recharges Within Funds</b>			
Corporate and Democratic Core – Finance Committee	(95)	(95)	(95)
Opens Spaces Directorate Recharge	292	263	244
<b>Recharges to Capital Projects</b>	<b>(8)</b>	<b>-</b>	<b>-</b>
Capital Recharges			
<b>TOTAL SUPPORT SERVICE AND CAPITAL CHARGES</b>	<b>1,196</b>	<b>1,068</b>	<b>1,034</b>

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