

Committee(s):	Date(s):
Epping Forest and Commons Committee	13 November 2013
Subject: REVENUE & CAPITAL BUDGETS - EPPING FOREST 2013/14 & 2014/15	
Report of: The Chamberlain The Director of Open Spaces	Public For Decision

Summary

This report updates the Committee on Epping Forest's latest approved revenue budget for 2013/14 and seeks approval for a provisional revenue budget for 2014/15, 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
	2013/14 £000	2014/15 £000	£000
Expenditure	5,234	5,560	326
Income	(2,205)	(2,041)	164
Support Services & Capital Charges	1,226	1,269	43
Total Net Expenditure	4,255	4,788	533

Overall the provisional Original budget for 2014/15 totals £4,788, an increase of £533,000 compared with the latest approved budget for 2013/14. The main reasons for this increase are :-

An increase of £326,000 in Expenditure, the main contributing factor being an increase in the City Surveyor's Additional Works Programme of £337,000 (see Tables 1 & 2), and a reduction of £164,000 in income, most of which relate to a reduction in Grant income of £177,000 (HLF and CBT).

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, 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.

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 cost to the communities that it serves as it is 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 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.
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 2013-2016 which was approved in April 2013. These include :-
 - Provide Conservation Management Plan in respect of the dam project at Highams Park.
 - Support funding events and secure woodland grant funding re Gifford Wood Appeal.

- Management Plan (development) – draft tender document, commission consultants, and form working groups to deliver new plan.

Proposed Revenue Budget for 2014/15

6. 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. Further analysis can be found in Appendix 2.

7. The provisional 2014/15 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 (already achieved) and a further 1% in 2014/15. An allowance was also given towards any potential pay and price increases of 1% in 2013/14 (already applied) and a further 2% in 2014/15. Furthermore, following the end of the 3 year CBT grant 2011-14 it is proposed that grant funding of £237,000 per annum is sought for a further three years, details of specific applications will be provided verbally at committee. In addition the Town Clerk and Chamberlain have agreed to a base budget increase of £43,000 in respect of Epping to mitigate the reduction in grant funding, these are reflected in the 2014-15 budget. The budget has been prepared within the resources allocated to the Director.

TABLE 1 EPPING FOREST SUMMARY						
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	Paragraph Reference
EXPENDITURE						
Employees	L	2,824	2,795	2,839	44	
Premises Related Expenses	L	671	597	607	10	
R & M (City Surveyor's Local Risk including cleaning)	L	869	855	1,192	337	10
Transport Related Expenses	L	206	283	226	(57)	11
Supplies & Services	L	822	629	596	(33)	
Transfer to Reserves	L	260	75	100	25	
Transfer to Reserves (To fund Capital Expenditure)	C	545	0	0	0	
Total Expenditure		6,197	5,234	5,560	326	
INCOME						
Government Grants	L	(303)	(280)	(280)	0	
Other Grants, Reimbursements and Contributions	L	(405)	(369)	(560)	(191)	12
Other Grants, Reimbursements and Contributions	C	(910)	(366)	0	366	13

Customer, Client Receipts	L	(729)	(846)	(799)	47	14
Investment Income	C	(16)	(18)	(18)	0	
Transfer from Reserves	L	(125)	0	0	0	
Transfer from Reserve	C	(143)	(326)	(384)	(58)	
Total Income		(2,631)	(2,205)	(2,041)	164	
TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		3,566	3,029	3,519	490	
SUPPORT SERVICES AND CAPITAL CHARGES						
Central Support and Capital Charges		907	1,094	1,136	42	
Recharges within Fund		112	118	119	1	
Recharges Across Funds		11	14	14	0	
Total Support Services and Capital Charges		1,030	1,226	1,269	43	
TOTAL NET EXPENDITURE/(INCOME)		4,596	4,255	4,788	533	

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 £533,000 between the 2013/14 latest approved budget and the 2014/15 original budget. This movement is explained in the following paragraphs.

10. The 2013/14 Latest Approved Budget reflects the re-allocation of the full programme to reflect the expenditure that is anticipated will be incurred in the year.

The budget movement of £337,000 for Repairs & Maintenance relates to the re-phasing and level of new bids within the Additional Works Programme.

The 2014/15 Additional Works Programme is based on the bids detailed in the report to your Committee in May 2013 which totalled £406,500, which was endorsed by the Corporate Asset Sub Committee in July 2013. The anticipated balance of remaining Additional Works Programme schemes of £576,848 has also been incorporated.

A decision on the funding of the programme will be made by the Resource Allocation Sub Committee. It may therefore be necessary to adjust the budgets to reflect the Resource Allocation Sub Committee's decision.

Following the implementation of the MITIE contract in July 2012, budgets have been re-aligned to reflect the tendered cost of the new contracts. See Table 2 below.

TABLE 2 - CITY SURVEYOR LOCAL RISK	Latest Approved Budget	Original Budget
Repairs & Maintenance (excluding cleaning)	2013/14 £'000	2014/15 £'000
Additional Works Programme		
Epping Forest	646	983
	646	983
Planned & Reactive Works (Breakdown & Servicing)		
Epping Forest	188	188
	188	188
Total City Surveyor	834	1,171

11. The £57,000 reduction in Transport Related Expenditure in Local Risk is mainly due to a reduction in the vehicle purchase requirement within the Epping Forest Assets Team.
12. The £191,000 increase in Other Grants, reimbursements and Contributions in Local Risk is mainly due to the new CBT funding being applied to Local Risk as opposed to Central Risk (see paragraph 13 below).
13. The £366,000 reduction in other Grants, reimbursements and Contributions in Central Risk is for the fallout of the CBT funding at Epping, the 3 year scheme 2011/12-2013/14 of £336,000 per annum ends in March 2014, however, a bid for £237,000 for 2014/15 has been submitted which will now be credited to Local Risk.
14. The £58,000 increase in Transfer from Reserve in Central Risk is income transferred from the Capital Reserve Account to cover the increase in depreciation charges for HLF 'Branching Out' Projects at Epping.
15. Analysis of the movement in manpower and related staff costs are shown in Table 3 below.

Table 3 - 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
Epping, Wanstead, Chingford, HLF, CBT	82.43	2,795	79.78	2,839
TOTAL EPPING	82.43	2,795	79.78	2,839

Larger Variances in Services Managed (Appendix 1)

16. The £532,000 overall increase in the Epping division of service only is mainly due to an increase of £337,000 in the City Surveyor's Local Risk (7M) Additional Works Budget and an increase in employee costs due to vacant posts in 2013/14 being filled in 2014/15.

Larger Variances in Support Services & Capital Charges (Appendix 2)

17. The £58,000 increase in Capital Charges relates to depreciation on HLF 'Branching Out' Capital Schemes at Epping.

Potential Further Budget Developments

18. The provisional nature of the 2014/15 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;
 - decisions on funding of the Additional Work Programme by the Resource Allocation Sub Committee.

Revenue Budget 2013/14

19. The forecast outturn for the current year is in line with the latest approved budget of £4.255M.

Draft Capital and Supplementary Revenue Budgets

20. The Committee's draft capital and supplementary revenue project latest estimated costs are summarised in the tables below. These items are approved and contractually committed, with the exception of Great Gregories Farm.

	Exp. Pre 01/04/13	2013/14	2014/15	2015/16	2016/17	2017/18	Later Years	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Highams Park Lake		225	1,640					1,865
Branching Out	3,642	961	45					4,648
Great Gregories Farm		18						18
Total	3,642	1,204	1,685	0	0	0	0	6,531

Table 5 - City's Cash Draft Supplementary Revenue Budget								
	Exp. Pre 01/04/13	2013/14	2014/15	2015/16	2016/17	2017/18	Later Years	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Baldwins Pond & Deer Sanctuary Pond, Option appraisal costs		31						31
Total	0	31	0	0	0	0	0	31

21. In addition to the approved budget items above, the implementation phases of the Great Gregories Farm overwintering of the cattle scheme and the Baldwin's Pond and Deer Sanctuary Pond scheme are due to be carried out within the next two years.
22. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for approval in March 2014.

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

APPENDIX 1

Analysis by Service Managed	Actual 2012- 13 £'000	Latest Approve d Budget 2013-14 £'000	Original Budget 2014- 15 £'000	Movemen t 2013-14 to 2014-15 £'000	Paragraph(s) Reference
<u>CITY CASH</u>					
Epping Forest	4,397	4,138	4,670	532	16
CBT*	0	0	0	0	
HLF	3	7	7	0	
Chingford Golf Course	16	(64)	(65)	(1)	
Wanstead Flats	179	174	176	2	
Woodredon & Warlies**	0	0	0	0	
TOTAL	4,595	4,255	4,788	533	

* City Bridge Trust (CBT) is a restricted fund which nets to zero.

** Any shortfall or surplus from Woodredon & Warlies is transferred to City Fund and therefore nets to zero.

APPENDIX 2

Support Services & Capital Charges from/to Epping Forest	Actual 2012-13 £'000	Latest Approved Budget 2013-14 £'000	Original Budget 2014-15 £'000	Movement 2013-14 to 2014-15 £'000	Paragraph Reference
<u>Support Services & Capital Charges</u>					
Central Recharges-					
City Surveyor's Employee Recharge	219	214	214	0	
Insurance	76	67	64	(3)	
I.S.Recharges – Chamberlain	77	88	82	(6)	
Capital Charges	143	326	384	58	17
Support Services-					
Chamberlain (inc CLPS recharges)	108	106	104	(2)	
Comptroller and City Solicitor	70	74	72	(2)	
Town Clerk	112	114	110	(4)	
City Surveyor	83	85	86	1	
Other Services*	19	20	20	0	
Total Support Services & Capital Charges	907	1,094	1,136	42	
<u>Recharges Within Fund</u>					
Directorate Recharges	150	156	157	1	
Corporate and Democratic Core	(38)	(38)	(38)	0	
Total Recharges Within Fund	112	118	119	1	
<u>Recharges Across Funds</u>					
Woodredon & Warlies	11	14	14	0	
Total Recharges Across Funds	11	14	14	0	
Total Support Services & Capital Charges	1,030	1,226	1,269	43	

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