

Committee(s):	Date(s):	Item no.
Hampstead Heath, Queens Park and Highgate Wood	25 November 2013	
Subject:	Public	
REVENUE AND CAPITAL BUDGETS - 2014/15		
Report of:	For Decision	
The Chamberlain Director of Open Spaces		

Summary

This report updates the Committee on its 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 2013/14 £'000	Original Budget 2014/15 £'000	Movement £'000
Expenditure	8,360	8,974	614
Income	(2,967)	(2,674)	293
Support Services and Capital Charges	1,152	1,118	(34)
Total Net Expenditure	6,545	7,418	873

Overall, the 2014/15 provisional revenue budget totals £7.418m, an increase of £0.873m compared with the latest approved budget for 2013/14. Main reasons for this increase are :-

- Increase in City Surveyor's Additional Works Programme of £708,000.
- Increase to the local risk budgets following the net 1% allowance

given towards any potential pay and price increases.

- Increase in resource base of £80,000 to mitigate the reduction in City Bridge Trust (CBT) funding.
- Decrease in income of £545,000 relating to the fallout from CBT Grant money which finishes in March 2014. This is offset by a new bid for CBT of £252,000, which will be credited to local risk.
- Reduction in support services and capital charges of £34,000.

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 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 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 priorities for this Committee for 2014/15 are:
 - Continue to support the Hampstead Heath Ponds project at Hampstead Heath.
 - Implement a Tree Risk Management project at Hampstead Heath.
 - Undertake the Conservation Management Plans at Queens Park.
 - Monitor woodland sustainability at Highgate Wood.

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.
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 and a further 1% saving 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 £252,000 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 £80,000 in respect of Hampstead 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.

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	5,539	5,844	5,804	(40)	
Premises Related Expenses	L	876	457	433	(24)	
City Surveyor – Repairs & Maintenance (includes cleaning)	L	670	1,211	1,919	708	10
Transport Related Expenses	L	311	152	152	-	
Supplies & Services	L	1,118	696	666	(30)	
Transfer to Reserve – City Bridge Trust	L	1	-	-	-	
Transfer to Reserve - Capital	C	215	-	-	-	
		8,730	8,360	8,974	614	
INCOME						
Other Grants, Reimbursements and Contribution	L	(34)	-	(252)	(252)	11
Other Grants, Reimbursements and Contribution	C	(775)	(545)	-	545	12
Customer, Client Receipts	L	(1,337)	(1,085)	(1,085)	-	
Recharges to Capital Projects	L	(39)	(40)	(40)	-	
Investment Income	C	(1,239)	(1,193)	(1,193)	-	
Transfer from Reserves - City Bridge Trust	L	(39)	-	-	-	
Transfer from Reserves - Capital	C	(104)	(104)	(104)	-	
Total Income		(3,567)	(2,967)	(2,674)	293	
TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		5,163	5,393	6,300	907	
SUPPORT SERVICES AND CAPITAL CHARGES						
Central Support Services and Capital Charges		997	1,002	968	(34)	
Recharges within Fund		194	150	150	-	
Total Support Services and Capital Charges		1,191	1,152	1,118	(34)	
TOTAL NET EXPENDITURE/(INCOME)		6,354	6,545	7,418	873	

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 £873,000 in the overall budget between the 2013/14 latest approved budget and the 2014/15 original budget. This movement is explained by the variances in the following paragraphs.
10. The 2013/14 Latest Approved Budget reflects the re-allocation of the full 2013/14 Additional Works Programme to reflect the expenditure that is anticipated will be incurred in the year.

The budget movement of £708,000 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 April 2013, that totalled £783,000, which was endorsed by the Corporate Asset Sub Committee in July 2013. The anticipated balance of remaining Additional Works Programme schemes of £896,000 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		
Repairs & Maintenance (excluding cleaning)	Latest Approved Budget 2013/14 £'000	Original Budget 2014/15 £'000
Additional Works Programme		
Hampstead Heath	870	1,397
Queen's Park	20	99
Highgate Wood	80	182
	970	1,678
Planned & Reactive Works (Breakdown & Servicing)		
Hampstead Heath	193	193
Queen's Park	15	15
Highgate Wood	25	25
	233	233
Total City Surveyor	1,203	1,911

11. The £252,000 increase in Other Grants, reimbursements and Contributions in Local Risk is due to the new CBT funding being applied to Local Risk as opposed to Central Risk (see paragraph 12 below).
12. The £545,000 reduction in other Grants, reimbursements and Contributions in Central Risk is for the fallout of the CBT funding at Hampstead Heath, Queen's Park and Highgate Wood, the 3 year scheme 2011/12-2013/14 of £560,000 per annum ends in March 2014, however, a bid for £252,000 for 2014/15 has been submitted which will now be credited to Local Risk.
13. 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
Hampstead Heath	132.34	5,078	129.92	5,056
Queens Park	12.80	426	11.80	434
Highgate Wood	8.44	340	7.44	314
TOTAL Hampstead Heath, Queens Park and Highgate Wood	153.58	5,844	149.16	5,804

Potential Further Budget Developments

14. The provisional nature of the 13/14 and 14/15 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;
 - 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 2013/14

15. The forecast outturn for the current year is in line with the latest approved budget of £6,545,000.

Draft Capital Budget

16. 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.
17. 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.

	Exp. Pre 01/04/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Later Years £'000	Total £'000
Hydrology improvements	539	878	840	7,469	4,851			14,577
Total	539	878	840	7,469	4,851	0	0	14,577

	Exp. Pre 01/04/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Later Years £'000	Total £'000
Whitestone Pond	467	16						483
Total	467	16	0	0	0	0	0	483

18. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2014.

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

APPENDIX 1

Analysis by Service Managed	Actual 2012-13 £'000	Latest Approved Budget 2013-14 £'000	Original Budget 2014-15 £'000	Movement 2013-14 to 2014-15 £'000	Paragraph Reference
CITY'S CASH					
Hampstead Heath	5,261	5,384	6,062	678	10
Hampstead Heath CBT	-	-	-	-	
Queens Park	657	648	729	81	10
Queens Park CBT	-	-	-	-	
Highgate Wood	435	513	627	114	10
Highgate Wood CBT	-	-	-	-	
TOTAL CITY'S CASH	6,353	6,545	7,418	873	
TOTAL	6,353	6,545	7,418	873	

APPENDIX 2

Support Service and Capital Charges from/to Hampstead Heath, Queens Park and Highgate Wood 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	233	223	207
Insurance	102	90	88
IS Recharges - Chamberlain	113	131	123
Capital Charges	105	104	104
Support Services -			
Chamberlain	114	114	112
Comptroller and City Solicitor	61	65	62
Town Clerk	144	147	142
City Surveyor	103	105	107
Other services*	22	23	23
Total Support Services and Capital Charges	997	1,002	968
Recharges Within Funds			
Corporate and Democratic Core – Finance Committee	(95)	(95)	(95)
Opens Spaces Directorate Recharge	289	245	245
TOTAL SUPPORT SERVICE AND CAPITAL CHARGES	1,191	1,152	1,118

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