

Committee(s):	Date(s):	Item no.
Epping Forest and Commons Committee	3 November 2014	
Subject: REVENUE & CAPITAL BUDGETS - BURNHAM BEECHES, STOKE COMMON, & CITY COMMONS 2014/15 & 2015/16		
Report of: The Chamberlain The Director of Open Spaces		Public For Decision

Summary

This report updates the Committee on its latest approved revenue budget for 2014/15 and seeks approval for a provisional revenue budget for 2015/16, 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 2	Latest Approved Budget	Original Budget	Movement
	2014/15 £000	2015/16 £000	£000
Expenditure	2,223	2,251	28
Income	(366)	(370)	(4)
Support Services	350	350	0
Total Net Expenditure	2,207	2,231	24

Overall the provisional Original budget for 2015/16 totals £2,231M, an increase of £24,000 compared with the latest approved budget for 2014/15. The main reasons for this increase are:-

A £53,000 increase in employee costs, an increase of £64,000 in the City Surveyor's Repairs & Maintenance, off-set by a £58,000 decrease in Premises related expenditure.

Recommendations

The Committee is requested to:

- Review the provisional 2015/16 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.
- If specific service based review proposals included with this budget report are rejected by the Committee, or other Committees request that further proposals are pursued, that the substitution of other suitable proposals for a corresponding amount is delegated to the Town Clerk in discussion with the Chairman and Deputy Chairman of the relevant Committee. If the substituted saving is not considered to be straight forward in nature, then the Town Clerk shall also consult the Chairman and Deputy Chairmen of the Policy and Resources Committee prior to approving an alternative proposal(s).

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 Ashted Common & West Wickham (City Commons), and Burnham Beeches & 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, and grants.
2. This report sets out the proposed revenue budget for 2015/16. 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 2014-2017 which was approved in May 2014. These include :-
 - **Kenley revival project.** Develop the Kenley Revival Project and submit detailed proposals for a Stage 2 Heritage Lottery fund bid.
 - **City Commons and Burnham Beeches management arrangements.** Develop and Deliver the new structure at City Commons and integrate management with Burnham Beeches and Stoke Common under a single Superintendent.
 - **Grazing project.** Expansion of grazing at Burnham Beeches. Installation of hard and invisible fencing (*timings dependent upon trials of new equipment*).

Proposed Revenue Budget for 2015/16

6. The proposed Revenue Budget for 2015/16 is shown in Table 2 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. Table 1 below summarises the budgets per chief officer.

Table 1	Original Budget 2014/15 £000	Latest Approved Budget 2014/15 £000	Original Budget 2015/16 £000
Local Risk			
Director of Open Spaces	1,607	1,543	1,503
City Surveyor	461	314	378
Total Local Risk	2,068	1,857	1,881
Central Risk	(18)	0	0
Recharges	396	350	350
Total Net Expenditure	2,446	2,207	2,231

The 2014/15 latest approved budget includes the reduction in employee costs due to the secondment of the Superintendent of Burnham Beeches & Stoke Common taking responsibility for managing City Commons where the Superintendent has been seconded to Hampstead Heath. The budget savings have been transferred to the Directorate to raise funding in respect of the Service Based Review to initiate three project boards and enable support from external resources as and when required.

The provisional 2015/16 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. A saving of £72,000 has been made in 2015/16 in preparation for the Service Based review. The savings (when comparing the original 2014/15 with the original 2015/16 budgets) will be achieved through small staffing restructures, changes to staff working hours, reductions in overtime, reduced use of consultants and more efficient use of fleet. Savings of £27,000 will be offered in year one (2015/16), the balance (£45,000) being deferred so that the Director can utilise this money to fund consultancy to support future savings in fleet management and staff restructures in 2015/16. The £45,000 is included in the £68,000 offered in year two (16/17), with a further £23,000 offered in year three (17/18). An allowance was given towards any

potential pay and price increases of 2% in 2015/16. The budget has been prepared within the resources allocated to the Director.

TABLE 2 BURNHAM BEECHES, STOKE COMMON & CITY COMMONS SUMMARY – ALL FUNDS						
Analysis of Service Expenditure	Local or Central Risk	Actual 2013-14 £'000	Latest Approved Budget 2014-15 £'000	Original Budget 2015-16 £'000	Movement 2014-15 to 2015-16 £'000	Paragraph Reference
EXPENDITURE						
Employees	L	1,182	1,138	1,191	53	10
Premises Related Expenses	L	408	431	373	(58)	11
R & M (City Surveyor's Local Risk inc cleaning)	L	162	314	378	64	12
Transport Related Expenses	L	98	103	92	(11)	
Supplies & Services	L	229	184	164	(20)	
Third Party Payments	L	31	35	35	0	
Transfer to Reserves	L	24	0	0	0	
Transfer to Reserves	C	12	0	0	0	
Capital Charges	C	18	18	18	0	
Total Expenditure		2,164	2,223	2,251	28	
INCOME						
Government Grants	L	(219)	(199)	(199)	0	
Other Grants, Reimbursements and Contributions	L	(30)	(15)	(15)	0	
Other Grants, Reimbursements and Contributions	C	(12)	0	0	0	
Customer, Client Receipts	L	(155)	(134)	(138)	(4)	
Investment Income	L	(1)	0	0	0	
Transfer from Reserves	L	(33)	0	0	0	
Transfer from Reserve (To fund Capital Charges)	C	(18)	(18)	(18)	0	
Total Income		(468)	(366)	(370)	(4)	
TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES		1,696	1,857	1,881	24	
SUPPORT SERVICES						
Central Support		297	281	276	(5)	
Recharges within Fund		75	69	74	5	
Total Support Services		372	350	350	0	
TOTAL NET EXPENDITURE/(INCOME)		2,068	2,207	2,231	24	

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 £24,000 between the 2014/15 latest approved budget and the 2015/16 original budget. This movement is explained in the following paragraphs.
10. The main reason for the increase of £53,000 in employees is due to an allowance of 2% towards any potential pay and price increases and filling of posts that have been vacant for part of 2014/15.
11. The decrease of £58,000 in Premises related expenditure is mainly due to a reduction (£39,000) in Grounds Maintenance at West Wickham and a reduction (£18,000) in Client requested minor improvements at Ashted Common.
12. The 2014/15 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 main reason for the £64,000 increase in the City Surveyor's Local Risk (including cleaning) is due to a budget movement of £63,000 for Repairs & Maintenance which relates to the phasing and level of new bids within the Additional Works Programme.

The 2015/16 Additional Works Programme is based on the bids detailed in the report to your Committee in May 2014. The final sum which was endorsed by the Corporate Asset Sub Committee in June 2014 totalled £205,000. The anticipated balance of remaining Additional Works Programme schemes of £125,000 has also been incorporated.

The basis on which costs are charged under the Building Repairs and Maintenance contract is being reviewed. The present costs, which are based on a square footage basis, are to be replaced by costs relating to the individual assets of each property. The outcome of the review is likely to result in variations to the budgets that have been submitted for 2014/15 and 2015/16. The City Surveyor will report separately on any significant changes.

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.

TABLE 3 - CITY SURVEYOR LOCAL RISK	Latest Approved Budget 2014/15 £'000	Original Budget 2015/16 £'000
Repairs and Maintenance (including cleaning)		
Additional Works Programme		
City Commons	216	241
Burnham Beeches	51	89
	267	330
Planned & Reactive Works (Breakdown & Servicing)		
City Commons	31	31
Burnham Beeches	3	3
	34	34
Cleaning		
City Commons	11	11
Burnham Beeches	2	3
	13	14
Total City Surveyor	314	378

13. Analysis of the movement in manpower and related staff costs are shown in Table 4 below.

Table 4 - Manpower statement	Latest Approved Budget 2014/15		Original Budget 2015/16	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Burnham Beeches/Stoke Common	12.95	440	13.06	448
City Commons	19.80	698	19.55	743
TOTAL BURNHAM & CITY COMMONS	32.75	1,138	32.61	1,191

Potential Further Budget Developments

14. The provisional nature of the 2015/16 revenue budget recognises that further revisions may be required, including in relation to:
- budget reductions to capture savings arising from the on-going PP2P and Service Based Reviews;
 - decisions on funding of the Additional Work Programme by the Resource Allocation Sub Committee.
 - The basis on which costs are charged under the Building Repairs and Maintenance contract is being reviewed. The present costs, which are based on a square footage basis, are to be replaced by costs relating to the individual assets of each property. The outcome of the review is likely to result in variations to the budgets that have been submitted for 2014/15 and 2015/16. The City Surveyor will report separately on any significant changes
 - If specific service based review proposals included with this budget report are rejected by the Committee, or other Committees request that further proposals are pursued, that the substitution of other suitable proposals for a corresponding amount is delegated to the Town Clerk in discussion with the Chairman and Deputy Chairman of the relevant Committee. If the substituted saving is not considered to be straight forward in nature, then the Town Clerk shall also consult the Chairman and Deputy Chairmen of the Policy and Resources Committee prior to approving an alternative proposal(s).

Revenue Budget 2014/15

15. The forecast outturn for the current year is in line with the latest approved budget of £2,207M.

Draft Capital and Supplementary Budgets

16. The latest estimated costs for the Committee's draft capital and supplementary revenue projects are summarised in the Table below.

Service Managed	Project	Exp. Pre 01/04/14 £'000	2014/15 £'000	Later Years £'000	Total £'000
<u>Pre-implementation</u>					
City Commons	Kenley Revival	12	77		89
TOTAL CITY COMMONS		12	77	0	89

17. Pre-implementation costs comprise detailed design development being undertaken in preparation for a second-round HLF application, which are largely funded by HLF grant.
18. Subject to HLF approval, implementation phases of the Kenley Revival project are due to begin in 2015/16.
19. Other schemes in the pipeline include the Reservoirs project and the Pond Embankments scheme.
20. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2015.

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APPENDIX 1

Analysis by Service Managed	Actual 2013-14 £'000	Latest Approved Budget 2014-15 £'000	Original Budget 2015-16 £'000	Movement 2014-15 to 2015-16 £'000	Paragraph(s) Reference
<u>CITY CASH</u>					
Burnham Beeches	648	581	621	40	
Stoke Common	14	22	22	0	
City Commons	1,406	1,604	1,588	(16)	
TOTAL	2,068	2,207	2,231	24	

APPENDIX 2

Support Services from/to Burnham Beeches, Stoke Common, & City Commons	Actual 2013-14 £'000	Latest Approved Budget 2014-15 £'000	Original Budget 2015-16 £'000	Movement 2014-15 to 2015-16 £'000	Paragraph Reference
<u>Support Services</u>					
Central Recharges-					
City Surveyor's Employee Recharge	35	36	38	2	
Insurance	15	14	14	0	
I.S.Recharges - Chamberlain	46	40	36	(4)	
Support Services-					
Chamberlain (inc CLPS recharges)	61	52	54	2	
Comptroller and City Solicitor	34	34	32	(2)	
Town Clerk	53	52	50	(2)	
City Surveyor	43	43	43	0	
Other Services*	10	10	9	(1)	
Total Support Services	297	281	276	(5)	
<u>Recharges Within Fund</u>					
Directorate Recharges	93	87	92	5	
Corporate and Democratic Core	(18)	(18)	(18)	0	
Total Recharges Within Fund	75	69	74	5	
Total Support Services	372	350	350	0	

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