

Committee(s):	Date(s):
Hampstead Heath, Queens Park and Highgate Wood	24 November 2014
Subject:	Public
REVENUE AND CAPITAL BUDGETS - 2015/16	
Report of:	For Decision
The Chamberlain Director of Open Spaces	

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 1	Latest Approved Budget 2014/15 £'000	Original Budget 2015/16 £'000	Movement £'000
Expenditure	9,165	9,397	232
Income	(2,707)	(2,744)	(37)
Recharges	1,150	1,143	(7)
Total Net Expenditure	7,608	7,796	188

Overall, the 2015/16 provisional revenue budget totals £7.796m, an increase of £0.188m compared with the latest approved budget for 2014/15. Main reasons for this increase are :-

- Increase in City Surveyor's Additional Works Programme of £232,000.
- Increase to the local risk budgets following the net 2% allowance given towards any potential pay and price increases.

- Latest Approved budget for 2014/15 included expenditure of £30,000 funded from the previous year's underspend.

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;
- 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 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 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 priorities for this Committee for 2015/16 are:
 - Continue to support the Hampstead Heath Ponds project at Hampstead Heath.
 - Service Based Review savings delivery across the division.
 - Café improvements for cafes at Highgate Wood and Queen's Park to increase income generation.
 - To begin the Roman Kiln Project at Highgate Wood.

Proposed Revenue Budget for 2015/16

6. The proposed Revenue Budget for 2015/16 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).
 - Recharges – 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 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. An allowance was given towards any potential pay and price increases of 2% in 2014/15 (already applied) and a further 2% in 2015/16. Furthermore, following the end of the additional 1 year CBT grant 2014-15 it is proposed that grant funding of £252,000 per annum is sought from the Bridge House Estates. However, the result of this application will not be known until early 2015. The budget has been prepared within the resources allocated to the Director.

As part of the Service Based Review a saving of £332,000 has been made in year one (2015/16), £306,000 in year two (16/17), and £440,000 in year three (17/18). A saving of £252,000 will be made through the ending of the City Bridge Trust grant for educational and volunteering activities. As part of the SBR the educational activities of the department were judged to be suitable for funding from the Bridge House Estates charitable funds to support these activities. An application will be made to the City Bridge Trust, before the start of the financial year to access this funding. A further saving of £20,000 will be made through staff restructures which have already been carried out. A £60,000 reduction will be made through increases in fees and charges, including new income from Weddings and Civil ceremonies.

TABLE 1 HAMPSTEAD HEATH, QUEENS PARK AND HIGHGATE WOOD COMMITTEE SUMMARY – ALL FUNDS						
Analysis of Service Expenditure	Local or Central Risk	Actual 2014-15 £'000	Latest Approved Budget 2014-15 £'000	Original Budget 2015-16 £'000	Movement 2014-15 to 2015-16 £'000	Paragraph Reference
EXPENDITURE						
Employees	L	5,705	5,777	5,986	209	10
Premises Related Expenses	L	639	472	423	(49)	
Premises Related Expenses	C	(4)	-	-	-	
City Surveyor – Repairs & Maintenance (includes cleaning)	L	979	1,866	2,062	196	11
Transport Related Expenses	L	171	161	145	(16)	
Supplies & Services	L	742	785	714	(71)	12
Transfer to Reserve – City Bridge Trust	L	1,096	-	-	-	
Transfer to Reserve - Capital	C	105	104	67	(37)	
		9,433	9,165	9,397	232	
INCOME						
Other Grants, Reimbursements and Contribution	L	(8)	(211)	(252)	(41)	13
Other Grants, Reimbursements and Contribution	C	(1,058)	-	-	-	
Customer, Client Receipts	L	(1,269)	(1,171)	(1,221)	(50)	7
Customer, Client Receipts	C	(2)	-	-	-	
Recharges to Capital Projects	L	(40)	(40)	(40)	-	
Investment Income	C	(1,198)	(1,181)	(1,164)	17	
Transfer from Reserves - City Bridge Trust	L	(560)	-	-	-	
Transfer from Reserves - Capital	C	(105)	(104)	(67)	37	
Total Income		(4,240)	(2,707)	(2,744)	(37)	
TOTAL EXPENDITURE/ (INCOME) BEFORE RECHARGES		5,193	6,458	6,653	195	
RECHARGES						
Recharges		966	926	905	(21)	
Recharges within Fund		246	224	238	14	
Total Recharges		1,212	1,150	1,143	(7)	
TOTAL NET EXPENDITURE/(INCOME)		6,405	7,608	7,796	188	

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 £188,000 in the overall budget between the 2014/15 latest approved budget and the 2015/16 original budget. This movement is explained by the variances in the following paragraphs.

10. The increase to the local risk Employees budget is due to an allowance of 2% in respect of any potential pay award and anticipated incremental rises. The increase in Full-time equivalent staff arises from a minor restructure between Hampstead Heath and Highgate Wood as well as the new Ponds Project Education officer being in post for only part of 2014/15; this post is funded as part of the STEM and Policy initiatives, as detailed in Appendix 1. An analysis of the movement in manpower and related staff costs are shown in Table 2 below.

Table 2 - 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
Hampstead Heath	131.00	5,022	131.48	5,214
Queens Park	11.80	443	11.80	451
Highgate Wood	7.44	312	7.55	321
TOTAL Hampstead Heath, Queens Park and Highgate Wood	150.24	5,777	150.83	5,986

11. The 2014/15 Latest Approved Budget reflects the re-allocation of the full 2014/15 Additional Works Programme to reflect the expenditure that is anticipated will be incurred in the year.

The budget movement of £196,000 for City Surveyors relates to the re-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 April 2014, that totalled £1,262,000, which was endorsed by the Corporate Asset Sub Committee in July 2014. The anticipated balance of remaining Additional Works Programme schemes of £550,000 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. See Table 3 below.

TABLE 3 - CITY SURVEYOR LOCAL RISK	Latest Approved Budget 2014/15 £'000	Original Budget 2015/16 £'000
Repairs & Maintenance (excluding cleaning)		
Additional Works Programme		
Hampstead Heath	1,403	1,584
Queen's Park	66	149
Highgate Wood	111	79
	1,580	1,812
Planned & Reactive Works (Breakdown & Servicing)		
Hampstead Heath	238	201
Queen's Park	14	14
Highgate Wood	19	19
	271	234
Cleaning	15	16
Total City Surveyor	1,866	2,062

12. The £71,000 decrease in Supplies and Services in Local Risk is due to the 2014/15 LAB including £30,000 carry forwards, service based review savings resulting in a restructure which has led to savings on dog handling costs and other minor efficiency savings.
13. In 2014/15 the CBT grant awarded was £41,000 less than the original application. This shortfall has been met by a one-year increase in resources approved by the Chamberlain.

Potential Further Budget Developments

14. The provisional nature of the 14/15 and 15/16 revenue budgets recognises that further revisions may be required, including in relation to:
- budget reductions to capture savings arising from the on-going Service Based Review;
 - decisions on funding of the Additional Work Programme by the Resource Allocation Committee.
 - 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).

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

Revenue Budget 2014/15

15. The forecast outturn for the current year is in line with the latest approved budget of £7,608,000.

Draft Capital and Supplementary Revenue 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	2015/16 £'000	2016/17 £'000	Later Years £'000	Total £'000
Hampstead Heath	Hampstead Heath ponds	1,597	2,175	8,810	2,563	0	15,145
TOTAL HAMPSTEAD HEATH		1,597	2,175	8,810	2,563	0	15,145

17. A planning application has been submitted to be determined in December 2014 and a judicial review has been launched by the Heath and Hampstead Society which will be heard on 13th-14th November 2014.
18. An anticipated capital project relating to the Queen's Park playground is in the pipeline and is subject to a gateway report.
19. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2015.

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 Reference
CITY'S CASH					
Hampstead Heath	5,209	6,313	6,418	105	11
Hampstead Heath CBT	-	-	-	-	
Hampstead Heath – STEM & Policy Education	-	33	49	16	
Queens Park	674	703	796	93	11
Queens Park CBT	-	-	-	-	
Highgate Wood	522	559	533	(26)	11
Highgate Wood CBT	-	-	-	-	
TOTAL CITY'S CASH	6,405	7,608	7,796	188	
TOTAL	6,405	7,608	7,796	188	

APPENDIX 2

Recharges from/to Hampstead Heath, Queens Park and Highgate Wood Committee	Actual 2013/14 £000	Latest Approved Budget 2014/15 £000	Original Budget 2015/16 £000
Recharges			
City Surveyor's Employee Recharge	228	215	215
Insurance	95	97	98
IS Recharges - Chamberlain	141	121	109
Support Services -			
Chamberlain	139	121	125
Comptroller and City Solicitor	76	78	75
Town Clerk	143	143	137
City Surveyor	119	125	125
Other services*	25	26	21
Total Recharges	966	926	905
Recharges Within Funds			
Corporate and Democratic Core – Finance Committee	(95)	(95)	(95)
Opens Spaces Directorate Recharge	341	319	333
TOTAL RECHARGES	1,212	1,150	1,143

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