

<b>Committee(s):</b>	<b>Date(s):</b>	<b>Item no.</b>
West Ham Park Committee	9 December 2014	
<b>Subject:</b> REVENUE BUDGETS – 2014/15 AND 2015/16		
<b>Report of:</b> The Chamberlain The Director of Open Spaces		<b>Public</b> 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 1	Latest Approved Budget	Original Budget	Movement
	2014/15 £000	2015/16 £000	£000
Expenditure	1,318	1,472	154
Income	(511)	(471)	40
Support Services	222	219	(3)
<b>Total Net Expenditure</b>	<b>1,029</b>	<b>1,220</b>	<b>191</b>

Overall the provisional Original budget for 2015/16 totals £1.220M, an increase of £191,000 compared with the latest approved budget for 2014/15. This is due to an increase in expenditure of £154,000 which is mainly due to an increase of £182,000 in Surveyor's Repairs & Maintenance, and a reduction in income of £40,000 which is mainly due to the reduction of CBT funding in Local Risk.

## **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;
- 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 Chairman 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 West Ham Park which is a registered charity and is funded from City's Cash and run at no cost to the community that it serves.
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 April 2014. The main priorities for West Ham Park include :-
  - Identify budget savings as agreed with the Chamberlain as part of the corporate Service Based Review process
  - Assess the performance and viability of the Nursery business
  - Assess the feasibility of providing a café in West Ham Park

### **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).
  - Support Services – 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 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 small reduction of £2000 has also been offered as part of the Service Based Review by increasing income. 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 1

## WEST HAM PARK COMMITTEE 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
<b>EXPENDITURE</b>						
Employees	L	738	790	786	(4)	
Premises Related Expenses	L	68	64	63	(1)	
R & M (City Surveyor's Local Risk including cleaning)	L	267	160	342	182	10
Transport Related Expenses	L	34	36	36	0	
Supplies & Services	L	226	214	194	(20)	
Third Party Payments	L	5	36	22	(14)	
Transfer to Reserves - City Bridge Trust	C	33	0	0	0	
Transfer to Reserve - Nursery	C	0	8	19	11	
Capital Charges	C	10	10	10	0	
<b>Total Expenditure</b>		<b>1,381</b>	<b>1,318</b>	<b>1,472</b>	<b>154</b>	
<b>INCOME</b>						
Other Grants, Reimbursements and Contributions	L	(66)	(67)	(27)	40	
Other Grants, Reimbursements and Contributions	C	(75)	0	0	0	
Customer, Clients Receipts	L	(369)	(443)	(443)	0	
Investment Income	C	(2)	(1)	(1)	0	
Transfer from Reserve - Nursery	C	(56)	0	0	0	
Transfer from Reserve - Capital	C	(10)	0	0	0	
<b>Total Income</b>		<b>(578)</b>	<b>(511)</b>	<b>(471)</b>	<b>40</b>	
<b>TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES</b>		<b>803</b>	<b>807</b>	<b>1001</b>	<b>194</b>	
<b>SUPPORT SERVICES</b>						
Central Support		197	177	171	(6)	
<b>Recharges within Fund</b>						
Directorate Recharges		47	52	55	3	
Corporate & Democratic Core		(7)	(7)	(7)	0	
<b>Total Support Services</b>		<b>237</b>	<b>222</b>	<b>219</b>	<b>(3)</b>	
<b>TOTAL NET EXPENDITURE/(INCOME)</b>		<b>1,040</b>	<b>1,029</b>	<b>1,220</b>	<b>191</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.
9. Overall there is an increase of £191,000 in the overall budget between the 2014/15 latest approved budget and the 2015/16 original budget. This movement is explained by variances in the following paragraphs.
10. 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 £182,000 increase in the City Surveyor's Local Risk (including cleaning) is due to the re-phasing and level of new bids in the Additional Works Programme within Repairs & Maintenance.

The 2015/16 Additional Works Programme is based on the bids detailed in the report to your Committee in April 2014. The final sum which was endorsed by the Corporate Asset Sub Committee in June 2014 totalled £222,000. The anticipated balance of remaining Additional Works Programme schemes of £79,000 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.

The City Surveyor's Local Risk Repairs & Maintenance budgets (including cleaning) for the 2014/15 Latest Approved and the 2015/16 Original can be found in Table 2.

TABLE 2 - CITY SURVEYOR LOCAL RISK	Latest Approved Budget 2014/15 £'000	Original Budget 2015/16 £'000
Repairs & Maintenance (including cleaning)		
<b>Additional Works Programme</b>		
West Ham Park	119	301
	<b>119</b>	<b>301</b>
<b>Planned &amp; Reactive Works (Breakdown &amp; Servicing)</b>		
West Ham Park	34	34
Nursery	5	5
	<b>39</b>	<b>39</b>
<b>Cleaning</b>		
West Ham Park	2	2
	<b>2</b>	<b>2</b>
<b>Total City Surveyor</b>	<b>160</b>	<b>342</b>

11. Analysis of the movement in manpower and related staff costs are shown in Table 3 below.

Table 3 - 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
West Ham Park/Nursery/CBT	23.65	790	22.71	786
<b>TOTAL WEST HAM PARK COMMITTEE</b>	<b>23.65</b>	<b>790</b>	<b>22.71</b>	<b>786</b>

### **Larger Variances in Services Managed (Appendix 1)**

12. The £191,000 increase in West Ham Park is mainly due to an increase of £182,000 in the City Surveyors Additional Works Programme.

## Potential Further Budget Developments

13. 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 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 Chairman of the Policy and Resources Committee prior to approving an alternative proposal(s).

## Revenue Budget 2014/15

14. The forecast outturn for the current year is in line with the latest approved budget of £1.029M.

## Draft Capital and Supplementary Revenue Budgets

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

<b>Capital &amp; Supplementary Revenue projects - latest estimated costs</b>					
<b>Service Managed</b>	<b>Project</b>	<b>Exp. Pre 01/04/14 £'000</b>	<b>2014/15 £'000</b>	<b>Later Years £'000</b>	<b>Total £'000</b>
Pre-implementation					
West Ham Park	Refreshment facilities	0	5		5
<b>TOTAL WEST HAM PARK</b>		<b>0</b>	<b>5</b>	<b>0</b>	<b>5</b>

16. Pre-implementation costs comprise option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.
17. The implementation phase of the Refreshment Facilities project is subject to further approvals via the Corporate Gateway process.
18. 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
<b><u>CITY CASH</u></b>					
WEST HAM PARK	1,040	1,029	1,220	191	12
CBT*	0	0	0	0	
NURSERY **	0	0	0	0	
<b>TOTAL (CITY CASH)</b>	<b>1,040</b>	<b>1,029</b>	<b>1,220</b>	<b>191</b>	

Reasons for zero budget lines:-

\* City Bridge Trust expenditure is a restricted fund which nets to zero.

\*\* The Nursery is a trading account where any surplus or shortfall go to reserve and nets to zero.

## APPENDIX 2

Support Services from/to West Ham Park Committee	Actual 2013-14 £'000	Latest Approved Budget 2014-15 £'000	Original Budget 2015-16 £'000	Movement 2014-15 to 2015-16 £'000	Paragraph Reference
<b>Support Services</b>					
<b>Central Recharges-</b>					
City Surveyor's Employee Recharge	47	39	37	(2)	
Insurance	22	20	20	0	
I.S.Recharges - Chamberlain	29	24	21	(3)	
<b>Support Services-</b>					
Chamberlain (including CLPS Recharges)	44	38	39	1	
Comptroller and City Solicitor	4	4	3	(1)	
Town Clerk	23	23	23	0	
City Surveyor	23	24	24	0	
Other Services*	5	5	4	(1)	
<b>Total Support Services</b>	<b>197</b>	<b>177</b>	<b>171</b>	<b>(6)</b>	
<b>Recharges Within Fund</b>					
Directorate Recharges	47	52	55	3	
Corporate and Democratic Core	(7)	(7)	(7)	0	
<b>Total Recharges Within Fund</b>	<b>40</b>	<b>45</b>	<b>48</b>	<b>3</b>	
<b>Total Support Services</b>	<b>237</b>	<b>222</b>	<b>219</b>	<b>(3)</b>	

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