

<b>Committee(s)</b> Epping Forest and Commons Committee	<b>Dated:</b> 09/11/2015
<b>Subject:</b> Revenue & Capital Budgets – ‘The Commons’ 2015/16 & 2016/17	<b>Public</b>
<b>Report of:</b> The Chamberlain The Director of Open Spaces	For Decision

### Summary

This report updates the Committee on its latest approved revenue budget for 2015/16 and seeks your approval for a provisional revenue budget for 2016/17, for subsequent submission to the Finance Committee. The budgets have been prepared within the resources allocated to the Director and the table below summarises.

Summary of Table 1	Latest Approved Budget	Original Budget	Movement
	2015/16 £000	2016/17 £000	£000
Expenditure	2,383	2,296	(87)
Income	(369)	(381)	(12)
Support Services	373	369	(4)
<b>Total Net Expenditure</b>	2,387	2,284	(103)

Overall the provisional Original budget for 2016/17 totals £2,284M, a decrease of £103,000 compared with the latest approved budget for 2015/16. The main reasons for this decrease are a reduction in the City Surveyor’s additional works programme off-set by an increase in employees which can be found in Table 1.

A breakdown is also provided in Appendix 3 of the movement between the 2015/16 Local Risk Original Budget and the 2015/16 Local Risk Latest Approved Budget.

## **Recommendation**

The Committee is requested to:

- Review the provisional 2016/17 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. Any changes over £50,000 would be reported to 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).

## **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, grants, and income from charges.
2. This report sets out the proposed revenue budget for 2016/17. 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 2015-2018 which was approved in April 2015. These include :-

The delivery of the charitable objectives for each open space and the four departmental objectives is supported by a number of corporate, departmental and divisional projects and programmes. These are illustrated on the departmental roadmap, and are:

- Learning
- Sports
- Various Powers Bill
- Promoting our Services
- Energy Efficiency
- Fleet & Equipment review
- Wayleaves
- Ponds project
- Lodges and operational property
- Car parks
- Cafes

Two additional programmes are specific to The Commons Division, as follows:

- The Kenley Revival Project – HLF grant and partnership funded/delivered.
- Burnham Beeches Pond Embankments. This project is currently in abeyance.

## **Proposed Revenue Budget for 2016/17**

6. The proposed detailed Revenue Budget for 2016/17 is shown in Table 1 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 2015/16 latest approved budget includes funding for contribution pay, and a small adjustment for the revised savings in relation to the Service Based Review. The latest Service Based Review progress schedule which include the description, phasing, and RAG rating can be found in Appendix 4.

The provisional 2016/17 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 £26,000 has been made in 2016/17 further to the re-alignment of the Service Based Review savings which are also found in Appendix 4. The savings will be achieved through increases in income from car parking, wayleaves, and donations. An allowance was given towards any potential pay and price increases of 1.5% in 2016/17. The budget has been prepared within the resources allocated to the Director.

TABLE 1

## BURNHAM BEECHES, STOKE COMMON &amp; CITY COMMONS SUMMARY – ALL FUNDS

Analysis of Service Expenditure	Local or Central Risk	Actual  2014-15 £'000	Latest Approved Budget 2015-16 £'000	Original Budget 2016-17 £'000	Movement 2015-16 to 2016-17 £'000	Paragraph Reference
<b>EXPENDITURE</b>						
Employees	L	1,088	1,216	1,268	52	10
Premises Related Expenses	L	436	387	361	(26)	
R & M (City Surveyor's Local Risk inc cleaning)	L	441	490	367	(123)	11
Transport Related Expenses	L	92	84	81	(3)	
Supplies & Services	L	267	153	168	15	
Third Party Payments	L	32	35	33	(2)	
Transfer to Reserves	L	23	0	0	0	
Transfer to Reserves	C	62	0	0	0	
Capital Charges	C	18	18	18	0	
<b>Total Expenditure</b>		<b>2,459</b>	<b>2,383</b>	<b>2,296</b>	<b>(87)</b>	
<b>INCOME</b>						
Government Grants	L	(196)	(199)	(203)	(4)	
Other Grants, Reimbursements and Contributions	L	(28)	(22)	(20)	2	
Other Grants, Reimbursements and Contributions	C	(62)	0	0	0	
Customer, Client Receipts	L	(167)	(148)	(158)	(10)	
Investment Income	L	(1)	0	0	0	
Transfer from Reserves	L	(24)	0	0	0	
<b>Total Income</b>		<b>(478)</b>	<b>(369)</b>	<b>(381)</b>	<b>(12)</b>	
<b>TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES</b>		<b>1,981</b>	<b>2,014</b>	<b>1,915</b>	<b>(99)</b>	
<b>SUPPORT SERVICES</b>						
Central Support		358	317	309	(8)	
Recharges within Fund		65	56	60	4	
<b>Total Support Services</b>		<b>423</b>	<b>373</b>	<b>369</b>	<b>(4)</b>	
<b>TOTAL NET EXPENDITURE/(INCOME)</b>		<b>2,404</b>	<b>2,387</b>	<b>2,284</b>	<b>(103)</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 in the following paragraphs.
9. Overall there is a decrease of £103,000 between the 2015/16 latest approved budget and the 2016/17 original budget. This movement is explained in the following paragraphs.
10. The main reason for the increase of £52,000 in employees is due to an allowance of 1.5% towards any potential pay and price increases, and an allowance of £28,000 to reflect changes in National Insurance contributions payable by the employer from April 2016.
11. The decrease of £123,000 from the 2015/16 Latest Approved Budget to the 2016/17 Original Budget in the City Surveyor (see Table 2 below) is mainly within the additional works programme at Burnham Beeches as the Additional Works Programme is awarded each year and each programme lasts 3 years. The budgets are phased over the life of the project and are profiled based on the operational need of the client, the complexity of the design, appropriate timing of the work and the tender process. This results in a constant movement of the budgets, especially between financial years, however these changes are reported to the Corporate Asset Sub Committee on a bi-monthly basis.

TABLE 2 - CITY SURVEYOR LOCAL RISK		
	Latest Approved Budget 2015/16 £'000	Original Budget 2016/17 £'000
Repairs and Maintenance (including cleaning)		
<b>Additional Works Programme</b>		
City Commons	165	135
Burnham Beeches	122	28
	<b>287</b>	<b>163</b>
<b>Planned &amp; Reactive Works (Breakdown &amp; Servicing)</b>		
City Commons	136	136
Burnham Beeches	53	53
	<b>189</b>	<b>189</b>
<b>Cleaning</b>		
City Commons	11	12
Burnham Beeches	3	3
	<b>14</b>	<b>15</b>
<b>Total City Surveyor</b>	<b>490</b>	<b>367</b>

12. Analysis of the movement in manpower and related staff costs are shown in Table 3 below (explanations for variances can be found in paragraph 10)

Table 3 - Manpower statement	Latest Approved Budget 2015/16		Original Budget 2016/17	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Burnham Beeches/Stoke Common	13.34	459	13.34	474
City Commons	20.55	757	20.55	794
<b>TOTAL BURNHAM &amp; CITY COMMONS</b>	<b>33.89</b>	<b>1,216</b>	<b>33.89</b>	<b>1,268</b>

### **Potential Further Budget Developments**

13. The provisional nature of the 2016/17 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.

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 2015/16**

14. The forecast outturn for the current year is in line with the latest approved budget of £2.387M. Movement of the Local Risk Budgets from the Original 2015/16 Budgets to the 2015/16 Latest Approved Budgets can be found in Appendix 3

## 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>Service Managed</b>	<b>Project</b>	<b>Exp. Pre 01/04/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>Later Years £'000</b>	<b>Total £'000</b>
	<u>Pre-implementation</u>					
City Commons	Kenley Revival	74	12			86
	<u>Authority to start work granted</u>					
City Commons	Kenley Revival		35	352	715	1,102
<b>TOTAL CITY COMMONS</b>		<b>74</b>	<b>47</b>	<b>352</b>	<b>715</b>	<b>1,188</b>

16. There is one capital scheme in progress at Kenley. Pre-implementation costs, largely funded by HLF grant, comprise detailed design development undertaken in preparation for the second-round HLF application. This application was successful and an HLF grant of £880,900 has recently been awarded. Implementation works are due to begin in the final quarter of 2015/16.
17. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2016.

### **Appendices**

- Appendix 1 - Analysis by Services Managed
- Appendix 2 - Analysis of Support Services
- Appendix 3 - Movement of Local Risk Budgets 2015/16 OR to 2015/16 LAB
- Appendix 4 - Service Based Review update

### **Derek Cobbing**

Chamberlains Department

T: 020 7332 3519

E: derek.cobbing@cityoflondon.gov.uk