

Committee(s) Epping Forest and Commons Committee	Dated: 09/11/2015
Subject: Revenue & Capital Budgets – Epping Forest 2015/16 & 2016/17	Public
Report of: 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	5,240	5,560	320
Income	(1,225)	(1,273)	(48)
Support Services	1,018	773	(245)
Total Net Expenditure	5,033	5,060	27

Overall the provisional Original budget for 2016/17 totals £5,060M, an increase of £27,000 compared with the latest approved budget for 2015/16. The main reasons for this increase are a rise in the The City Surveyor's Additional Works Programme, off-set by a reduction in Supplies & Services, a reduction in Recharges, and an increase in income, 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 Epping Forest which is a registered charity and is funded from City's Cash. Epping is run at no extra cost to the communities that it serves as it is funded principally by the City, together with donations, sponsorship, grants and trading income.
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 :-
 - Key projects for the next three years include
 - Completion of the Epping Forest Management Plan
 - Promotion of a Various Powers Bill to modify existing legislation governing the management of our open spaces
 - Continued review of wayleaves and other charges
 - Carpark management and charging
 - Rental of lodges

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 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. An allowance was given towards any potential pay and price increases of 1.5% in 2016/17. A saving of £135,000 has been made in 2016/17 further to the re-allignment of the Service Based Review savings, this can be found in Appendix 4 along with the phasing, description and RAG rating. The savings will be achieved through increases in income from fees and charges, wayleaves, and a reduction in professional fees. The budget has been prepared within the resources allocated to the Director.

TABLE 1
EPPING FOREST SUMMARY

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
EXPENDITURE						
Employees	L	2,646	2,729	2,715	(14)	
Premises Related Expenses	L	633	662	630	(32)	
Premises Related Expenses	C	20	0	0	0	
R & M (City Surveyor's Local Risk inc cleaning)	L	905	772	1,177	405	10
Transport Related Expenses	L	169	127	130	3	
Supplies & Services	L	597	524	442	(82)	11
Transfer to Reserves	L	57	0	0	0	
Capital Charges	C	544	426	466	40	
Total Expenditure		5,571	5,240	5,560	320	
INCOME						
Government Grants	L	(222)	(257)	(252)	5	
Other Grants, Reimbursements and Contributions	L	(361)	(22)	(22)	0	
Customer, Client Receipts	L	(832)	(928)	(981)	(53)	12
Investment Income	C	(5)	(18)	(18)	0	
Transfer from Reserves	L	(75)	0	0	0	
Transfer from Reserve (To fund Capital Charges)	C	0	0	0	0	
Total Income		(1,495)	(1,225)	(1,273)	(48)	
TOTAL EXPENDITURE/(INCOME) BEFORE SUPPORT SERVICES		4,076	4,015	4,287	272	
SUPPORT SERVICES						
Central Support		828	954	946	(8)	
Recharges within Fund		142	136	145	9	
Recharge across Fund		28	(72)	(318)	(246)	13
Total Support Services		998	1,018	773	(245)	
TOTAL NET EXPENDITURE/(INCOME)		5,074	5,033	5,060	27	

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 £27,000 between the 2015/16 latest approved budget and the 2016/17 original budget. This movement is explained in the following paragraphs.
10. The increase of £405,000 from the 2015/16 Latest Approved Budget to the 2016/17 Original Budget in the City Surveyor is mainly within the Additional Works Programme 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.
11. The reduction of £82,000 in Supplies and Services from the 2015/16 Latest Approved Budget to the 2016/17 Original Budget is mainly due to a reduction in Professional Fees.
12. The increase in income from Customer and Client Receipts (£53,000) between the 2015/16 Latest Approved Budget and the 2016/17 Original Budget is mainly due to income generated from car parking and weddings.
13. The increase in income from recharges across funds (£246,000) between the 2015/16 Latest Approved Budget and the 2016/17 Original Budget is mainly due to work being carried out in 2016/17 as part of the Additional Works Programme at the Black Barn (Woodredon & Warlies). Any shortfall or surplus on Woodredon & Warlies is transferred to City Fund Finance Committee as it is held by City Fund.

TABLE 2 - CITY SURVEYOR LOCAL RISK	Latest Approved Budget 2015/16 £'000	Original Budget 2016/17 £'000
Repairs and Maintenance (including cleaning)		
Additional Works Programme		
Epping Forest	369	760
	369	760
Planned & Reactive Works (Breakdown & Servicing)		
Epping Forest	343	358
	343	358
Cleaning		
Epping Forest	60	59
	60	59
Total City Surveyor	772	1,177

14. Analysis of the movement in manpower and related staff costs are shown in Table 3 below. The reduction in full time equivalents relates to the movement of posts into the new learning programme as previously reported. The consequential reduction in costs has been partially offset by an allowance of 1.5% towards any increases in pay and provision for the increased national insurance contributions from 1st April 2016.

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
Epping Forest	73.82	2,729	70.57	2,715
TOTAL EPPING FOREST	73.82	2,729	70.57	2,715

Potential Further Budget Developments

15. 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

16. The 2015/16 latest approved budget includes funding for contribution pay, a small adjustment to reflect phasing revisions in relation to the Service Based Review, and an agreed carry forward of £32,000 to fund a temporary wayleave officer. Details of the movement between the 2015/16 Original budget and the 2015/16 Latest Approved Budget can be found in Appendix 3. The forecast outturn for the current year is in line with the latest approved budget of £5.033M.

Draft Capital and Supplementary Revenue Budgets

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

Project	Exp. Pre 01/04/15 £'000	2015/16 £'000	Later Years £'000	Total £'000
<u>Pre-implementation</u> Baldwins & Birch Hall Park Ponds	20	42		62
<u>Authority to start work granted</u> Branching Out	4,383	181		4,564
Highams Park Lake	1,622	252		1,874
Purchase of Crane	0	72		72
TOTAL EPPING FOREST	6,025	547	0	6,572

18. Pre-implementation costs comprise feasibility/option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.
19. Implementation phases of the Baldwin's & Birch Hall Park Ponds project are planned to commence in 2016/17, subject to authority to start work.
20. The remaining schemes have received authority to start work and are complete or in their final stages.
21. 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

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