

<b>Committee(s)</b>	<b>Dated:</b>
Hampstead Heath, Queens Park and Highgate Wood	23 November 2015
<b>Subject:</b> Revenue & Capital Budgets – 2015/16 & 2016/17	<b>Public with Non-Public Appendix</b>
<b>Report of:</b> The Chamberlain The Director of Open Spaces	<b>For Decision</b>

### 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	8,641	8,749	108
Income	(2,488)	(2,557)	(69)
Support Services	1,495	1,480	(15)
<b>Total Net Expenditure</b>	7,648	7,672	24

Overall the provisional Original budget for 2016/17 totals £7,672M, an increase of £24,000 compared with the latest approved budget for 2015/16. The main reason for this increase is a £472,000 rise in the City Surveyor's Additional Works Programme. This was mostly off-set by a decrease in employee costs and Supplies & Services as a result of £379,000 in service based review savings 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 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 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 :-
- Commence restoration at the end of the Hampstead Heath Ponds project at Hampstead Heath.
  - Delivering programmes and projects linked to Service Based Review savings delivery across the division.
  - Café retendering process for cafes at Highgate Wood, Queen's Park and Hampstead Heath to increase income generation.
  - Supporting Heath Hands in developing volunteering opportunities to a wider audience across the division.

## **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 £379,000 has been made in 2016/17 further to the re-alignment of the Service Based Review savings. An additional £191,000 has been transferred in 2016/17 to the Directorate for one year to fund the new Learning Programme. The savings will be achieved through energy efficiencies, fleet & equipment reviews, restructuring in preparation for the Learning Programme, increases in income from filming, weddings, and reviews associated with the Sports Programme. The budget has been prepared within the resources allocated to the Director.

TABLE 1

## HAMPSTEAD HEATH, QUEENS PARK &amp; HIGHGATE WOOD 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	5,587	5,754	5,590	(164)	13
Premises Related Expenses	L	462	421	371	(50)	10
R & M (City Surveyor's Local Risk inc cleaning)	L	1,240	1,520	1,992	472	11
Transport Related Expenses	L	164	161	130	(31)	
Supplies & Services	L	792	718	599	(119)	12
Transfer to Reserves	L	2	0	0	0	
Capital Charges	C	104	67	67	0	
<b>Total Expenditure</b>		<b>8,351</b>	<b>8,641</b>	<b>8,749</b>	<b>108</b>	
<b>INCOME</b>						
Other Grants, Reimbursements and Contributions	L	(214)	0	0	0	
Customer, Client Receipts	L	(1,273)	(1,236)	(1,273)	(37)	
Investment Income	C	(1,185)	(1,212)	(1,244)	(32)	
Transfer from Reserves	L	(5)	0	0	0	
Recharges to Capital Projects	L	(42)	(40)	(40)	0	
<b>Total Income</b>		<b>(2,719)</b>	<b>(2,488)</b>	<b>(2,557)</b>	<b>(69)</b>	
<b>TOTAL EXPENDITURE BEFORE SUPPORT SERVICES</b>		<b>5,632</b>	<b>6,153</b>	<b>6,192</b>	<b>39</b>	
<b>SUPPORT SERVICES</b>						
Central Support		1,218	1,294	1,263	(31)	
Recharges within Fund		245	201	217	16	
<b>Total Support Services</b>		<b>1,463</b>	<b>1,495</b>	<b>1,480</b>	<b>(15)</b>	
<b>TOTAL NET EXPENDITURE</b>		<b>7,095</b>	<b>7,648</b>	<b>7,672</b>	<b>24</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 an increase of £24,000 between the 2015/16 latest approved budget and the 2016/17 original budget. This movement is explained in the following paragraphs.
10. The reduction of £50,000 in premises related expenditure; mainly grounds maintenance & energy across Hampstead Heath, Queens Park & Highgate Wood, is to meet the overall resource base impacted by the on-going service based review savings.
11. The increase of £472,000 from the 2015/16 Latest Approved Budget to the 2016/17 Original Budget in the City Surveyor is mainly within the additional works programme at Hampstead Heath and Queens Park. The Additional Works Programme is awarded each year and each programme lasts 3 years. The budgets are also 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		
Repairs and Maintenance (including cleaning)	Latest Approved Budget 2015/16 £'000	Original Budget 2016/17 £'000
<b>Additional Works Programme</b>		
Hampstead Heath	950	1,347
Queens Park	57	175
Highgate Wood	64	40
	<b>1,071</b>	<b>1,562</b>
<b>Planned &amp; Reactive Works (Breakdown &amp; Servicing)</b>		
Hampstead Heath	323	303
Queens Park	65	65
Highgate Wood	45	45
	<b>433</b>	<b>413</b>
<b>Cleaning</b>		
Hampstead Heath	16	17
	<b>16</b>	<b>17</b>
<b>Total City Surveyor</b>	<b>1,520</b>	<b>1,992</b>

12. The decrease of £119,000 in Supplies & Services is mainly due to a decrease in equipment, furniture & materials across Hampstead Heath, Queens Park & Highgate Wood. The budgets have been reduced as part of the service based review efficiency savings.

13. 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 and the deletion of vacant posts as previously reported to your committee on the 21<sup>st</sup> September 2015. The consequential reduction in costs has been partially offset by an allowance of 1.5% towards any increase in pay and provision for the increased national insurance contributions from 1<sup>st</sup> 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
Hampstead Heath	124.94	4,985	113.06	4,782
Queens Park	11.80	444	11.80	468
Highgate Wood	7.55	325	7.55	340
<b>TOTAL Hampstead Heath, Queens Park, and Highgate Wood</b>	<b>144.29</b>	<b>5,754</b>	<b>132.41</b>	<b>5,590</b>

### **Potential Further Budget Developments**

14. 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**

15. 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 £16,000 for a replacement vehicle for the constabulary. 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 £7.648M.

### **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.

<b>Capital &amp; Supplementary Revenue projects - latest estimated costs</b>						
<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>						
Highgate Wood	Roman Kiln		5			5
<u>Authority to start work granted</u>						
Hampstead Heath	Hampstead Heath ponds	4,295	9,211	7,389		20,895
<b>TOTAL HAMPSTEAD HEATH</b>		<b>4,295</b>	<b>9,216</b>	<b>7,389</b>	<b>0</b>	<b>20,900</b>

17. Pre-implementation costs for the Roman Kiln project comprise staff costs, funded from local risk, to prepare an application for funding to HLF. This application was unsuccessful and further options are now being explored.

18. The main contract works are proceeding on the Hampstead Heath Ponds project, with an estimated completion date of October 2016.

19. 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: Department of Open Spaces Budget Reduction Programme **(Non-Public)**

### **Derek Cobbing**

Chamberlains Department

T: 020 7332 3519

E: derek.cobbing@cityoflondon.gov.uk