

<b>Committee(s)</b> West Ham Park Committee	<b>Dated:</b> 07/12/2015
<b>Subject:</b> Revenue Budgets – 2015/16 & 2016/17	<b>Public</b> For Decision
<b>Report of:</b> The Chamberlain The Director of Open Spaces	<b>For Information</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	1,455	1,224	(231)
Income	(451)	(295)	156
Support Services	253	249	(4)
<b>Total Net Expenditure</b>	1,257	1,178	(79)

Overall the provisional Original budget for 2016/17 totals £1,178M, a decrease of £79,000 compared with the latest approved budget for 2015/16. The main reasons for this decrease is the effect of the Service Based Review reductions, a decrease in the City Surveyor's Additional Works Programme and a decrease in Supplies and Services due the closure of the Nursery from summer 2016 partially offset by the loss of income from the Nursery. The budgets 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 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 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. Priorities for West Ham Park include:-
  - Implementation of the 2016/17 budget savings agreed with the Chamberlain as part of the corporate Service Based Review process.
  - Cease trading at West Ham Park Nursery and work with the City Surveyor to evaluate options for future use of the site.
  - Complete letting of surplus lodge accommodation and commence ongoing management of let properties.
  - Align the Park's current education provision to the Education Strategy, implement and embed the new Learning Framework at West Ham Park.

## **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 revised savings in relation to the Service Based Review.

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 £80,000 has been made in 2016/17 further to the re-alignment of the Service Based Review savings. The savings will be achieved through staff restructures and increases in income. 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

## WEST HAM PARK COMMITTEE 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	744	752	647	(105)	10
Premises Related Expenses	L	70	95	55	(40)	
R & M (City Surveyor's Local Risk inc cleaning)	L	111	334	282	(52)	11
Transport Related Expenses	L	35	34	32	(2)	
Supplies & Services	L	234	196	144	(52)	12
Third Party Payments	L	41	34	17	(17)	
Transfer to Reserves - City Bridge Trust	L	21	0	0	0	
Transfer to Reserves	C	0	0	37	37	
Capital Charges	C	10	10	10	0	
<b>Total Expenditure</b>		<b>1,266</b>	<b>1,455</b>	<b>1,224</b>	<b>(231)</b>	
<b>INCOME</b>						
Other Grants, Reimbursements and Contributions	L	(30)	(27)	0	27	
Customer, Client Receipts	L	(395)	(415)	(294)	121	13
Investment Income	C	(1)	(1)	(1)	0	
Transfer from Reserves – Nursery and City Bridge Trust	L	(46)	0	0	0	
Transfer from Reserves - Nursery	C	(42)	(8)	0	8	
<b>Total Income</b>		<b>(514)</b>	<b>(451)</b>	<b>(295)</b>	<b>156</b>	
<b>TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES</b>		<b>752</b>	<b>1,004</b>	<b>929</b>	<b>(75)</b>	
<b>SUPPORT SERVICES</b>						
Central Support		195	211	204	(7)	
<b>Recharges within Fund</b>						
Directorate Recharges		53	49	52	3	
Corporate and Democratic Core		(6)	(7)	(7)	0	
<b>Total Support Services</b>		<b>242</b>	<b>253</b>	<b>249</b>	<b>(4)</b>	
<b>TOTAL NET EXPENDITURE/(INCOME)</b>		<b>994</b>	<b>1,257</b>	<b>1,178</b>	<b>(79)</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 £79,000 between the 2015/16 latest approved budget and the 2016/17 original budget. This movement is explained in the following paragraphs.
10. Analysis of the movement in manpower and related staff costs are shown in Table 2 below. The reduction in full time equivalents and associated manpower costs relates to the deletion of a post as reported to your Committee on 12 October 2015, the effect of the closure of the Nursery and the end of the Horticulture Work Training Scheme. The reduction in costs has been partially offset by an allowance of 1.5% towards any potential pay and price increases, and provision for the increased national insurance contributions from April 2016.

Table 2 - 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
West Ham Park/Nursery/CBT	22.29	752	17.75	647
<b>TOTAL WEST HAM PARK COMMITTEE</b>	<b>22.29</b>	<b>752</b>	<b>17.75</b>	<b>647</b>

11. The decrease of £52,000 from the 2015/16 Latest Approved Budget to the 2016/17 Original Budget in the City Surveyor is 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.

<b>TABLE 3</b>  <b>- CITY SURVEYOR LOCAL RISK</b>  <b>Repairs and Maintenance (including cleaning)</b>	<b>Latest Approved Budget 2015/16 £'000</b>	<b>Original Budget 2016/17 £'000</b>
<b>Additional Works Programme</b> West Ham Park	223  <b>223</b>	171  <b>171</b>
<b>Planned &amp; Reactive Works (Breakdown &amp; Servicing)</b> West Ham Park Nursery	68 40  <b>108</b>	95 13  <b>108</b>
<b>Cleaning</b> West Ham Park	3  <b>3</b>	3  <b>3</b>
<b>Total City Surveyor</b>	<b>334</b>	<b>282</b>

12. The reduction in Supplies and Services reflects the closure of the Nursery from summer 2016.

13. The reduction in income from Customer and Client Receipts is also due to the closure of the Nursery from summer 2016.

### **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 £40,000 to undertake improvement/refurbishment works to vacant lodges. The forecast outturn for the current year is in line with the latest approved budget of £1.257M. 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

### Appendices

- Appendix 1 – Analysis by Services Managed
- Appendix 2 – Analysis of Support Services
- Appendix 3 – Movement in Local Risk Budgets 2015/16 OR to 2015/16 LAB

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