

Committee(s) Hampstead Heath, Queens Park and Highgate Wood	Dated: 21.11.2016
Subject: Revenue & Capital Budgets – 2016/17 & 2017/18	Public
Report of: The Chamberlain The Director of Open Spaces	For Decision
Report Author: Derek Cobbing – Chamberlains department	

Summary

This report updates the Committee on its latest approved revenue budget for 2016/17 and seeks your approval for a provisional revenue budget for 2017/18, 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
	2016/17 £000	2017/18 £000	£000
Expenditure	7,965	9,636	1,671
Income	(2,444)	(2,508)	(64)
Support Services	1,235	1,220	(15)
Total Net Expenditure	6,756	8,348	1,592

Overall the provisional Original budget for 2017/18 totals £8,348M, an increase of £1,592M compared with the latest approved budget for 2016/17. The main reason for this increase is a £1,876M rise in the City Surveyor's Additional Works Programme, off-set by a reduction in Premises Related Expenses, Supplies and Services, 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 2016/17 Local Risk Original Budget and the 2016/17 Local Risk Latest Approved Budget.

Recommendation

The Committee is requested to:

- Review the provisional 2017/18 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 2017/18. 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 2016-2019 which was approved in April 2016. The Activities and priorities of the Open Spaces Department reflect our charitable objectives of the preservation of open spaces and the provision of recreation and enjoyment for the public. Our agreed departmental objectives are:
- a) Protect and conserve the ecology, biodiversity and heritage of our sites
 - b) Embed financial sustainability across our activities by delivering identified programmes and projects
 - c) Enrich the lives of Londoners by providing high quality and engaging, educational and volunteering opportunities
 - d) Improve the health and wellbeing of the community through access to green space and recreation

These high level objectives are being supported by a range of projects and actions, some of which are being delivered within divisions and some of which cross the department. The priorities for Hampstead Heath, Queens Park and Highgate Wood are:

- Continuing restoration at the end of the Hampstead Heath Ponds project.
- Delivering programmes and projects linked to Service Based Review savings across the division.
- Café retendering process for cafes at Highgate Wood, Queen's Park and Hampstead Heath to increase income generation.
- Hampstead Heath Management Plan – Review and update, and development of a Divisional Plan.

Proposed Revenue Budget for 2017/18

6. The proposed detailed Revenue Budget for 2017/18 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 2017/18 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 1.0% in 2017/18. A saving of £424,000 has been made in 2017/18 further to the re-alignment of the Service Based Review savings, details of which can be found in appendix 4, and an on-going resource transfer of £35,000 was made to West Ham Park. The budget has been prepared within the resources allocated to the Director.

It should also be noted that the corporate Building Repairs and Maintenance contract is currently being re-tendered and the new contract will commence on the 1st July 2017. Original estimates for 2017/18 are based on the latest available asset price from the current contractor. Any changes to these budgets arising from the new contract will be reported to Committee in due course.

TABLE 1 HAMPSTEAD HEATH, QUEENS PARK & HIGHGATE WOOD SUMMARY – ALL FUNDS						
Analysis of Service Expenditure	Local or Central Risk	Actual 2015-16 £'000	Latest Approved Budget 2016-17 £'000	Original Budget 2017-18 £'000	Movement 2016-17 to 2017-18 £'000	Paragraph Reference
EXPENDITURE						
Employees	L	5,446	5,270	5,474	204	13
Employees	C	81	0	0	0	
Premises Related Expenses	L	509	686	369	(317)	10
R & M (City Surveyor's Local Risk inc cleaning)	L	1,609	1,039	2,915	1,876	11
Transport Related Expenses	L	106	130	114	(16)	
Supplies & Services	L	854	773	523	(250)	12
Supplies & Services	C	1	0	0	0	
Transfer to Reserves	C	8,665	0	0	0	
Capital Charges	C	67	67	241	174	14
Total Expenditure		17,338	7,965	9,636	1,671	
INCOME						
Other Grants, Reimbursements and Contributions	L	(12)	0	0	0	
Other Grants, Reimbursements and Contributions	C	(8,665)	0	0	0	
Customer, Client Receipts	L	(1,317)	(1,240)	(1,344)	(104)	15
Investment Income	C	(1,133)	(1,164)	(1,164)	0	
Transfer from Reserves	L	(45)	0	0	0	
Recharges to Capital Projects	L	(64)	(40)	0	40	
Total Income		(11,236)	(2,444)	(2,508)	(64)	
TOTAL EXPENDITURE BEFORE SUPPORT SERVICES		6,102	5,521	7,128	1,607	
SUPPORT SERVICES						
Central Support		1,178	1,130	1,110	(20)	
Recharges within Fund		140	98	103	5	
Recharges across Fund		5	7	7	0	
Total Support Services		1,323	1,235	1,220	(15)	
TOTAL NET EXPENDITURE		7,425	6,756	8,348	1,592	

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 £1,592M between the 2016/17 latest approved budget and the 2017/18 original budget. This movement is explained in the following paragraphs.
10. The reduction of 317,000 from the 2016/17 Latest approved budget to the 2017/18 original budget in premises related expenditure is due to the fall-out of repairs & maintenance carry forwards, and a reduction in grounds maintenance costs.
11. The increase from the 2016/17 Latest Approved Budget to the 2017/18 Original Budget in the City Surveyor is mainly within the Additional Works Programme and Cyclical Works Programme. The original 2017/18 budgets reflect the balances phased from continuing approved live programmes (2015/16 & 2016/17) and the new 2017/18 bids (£12.1m across the Corporate Estate) endorsed by the Corporate Asset Sub Committee in October 2016.

TABLE 2 - CITY SURVEYOR LOCAL RISK		Latest Approved Budget 2016/17 £'000	Original Budget 2017/18 £'000
Repairs and Maintenance (including cleaning)			
Additional Works Programme/Cyclical Works Programme			
Hampstead Heath		612	2,104
Queens Park		12	194
Highgate Wood		24	225
		648	2,523
Planned & Reactive Works (Breakdown & Servicing)			
Hampstead Heath		283	284
Queens Park		47	47
Highgate Wood		45	45
		375	376
Cleaning			
Hampstead Heath		16	16
		16	16
Total City Surveyor		1,039	2,915

12. The decrease of £250,000 in Supplies & Services is mainly due to a combination of the realignment of budgets where further savings have been identified, and the fall-out of £116,000 in agreed carry forwards (£16,000 towards replacement costs for pay and display machines, £60,000 consultation costs towards various project consultations, £40,000 consultation costs re the Sports Programme Board).
13. Analysis of the movement in manpower and related staff costs are shown in Table 3 below. The difference of £204,000 between the 2016/17 revised budget and the 2017/18 original budget is due to salaries budgets being adjusted down in the revised 2016/17 year to reflect underspends resulting from vacant posts,

there is also a reduction in casual staff. A 1% allowance for 2017/18 reflecting any increase in pay has also been built-in.

Table 3 - Manpower statement	Latest Approved Budget 2016/17		Original Budget 2017/18	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Hampstead Heath	114.01	4,495	112.60	4,665
Queens Park	11.80	440	11.80	472
Highgate Wood	7.55	335	7.55	337
TOTAL Hampstead Heath, Queens Park, and Highgate Wood	133.36	5,270	131.95	5,474

14. The £174,000 increase in capital charges is mainly due to charges in respect of the Ponds Project on Hampstead Heath.

15. The £104,000 increase in customer and client receipt is mainly due to increased income (Car Parks, Weddings, Filming, and Sports Charges) further to the Service Based Review.

Potential Further Budget Developments

16. The provisional nature of the 2017/18 revenue budget recognises that further revisions may be required, including in relation to:

- budget reductions to capture savings arising from the on-going 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 2016/17

17. The 2016/17 latest approved budget includes funding for contribution pay of £16,000, and agreed carry forwards of £198,000 to fund a pay & display machine at East Heath (£16,000), various consultation work in respect of the

cafes, Hampstead Heath Management plan, and Customer Satisfaction Surveys (£60,000), improvements to the cafés and Lido to realise the savings as part of the Service Based Review (£50,000), consultation work in respect of the Sports Review Project (£40,000), Electronic Gate installation at Highgate Wood (£15,000), and a reconciliation adjustment for the STEM and Policy Education Programme (£17,000). Details of the movement between the 2016/17 Original budget and the 2016/17 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 £6.756M.

Draft Capital and Supplementary Revenue Budgets

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

Capital & Supplementary Revenue projects - latest estimated costs						
Service Managed	Project	Exp. Pre 01/04/16 £'000	2016/17 £'000	2017/18 £'000	Later Years £'000	Total £'000
<u>Authority to start work granted</u>						
Hampstead Heath	Hampstead Heath ponds	12,961	7,892	43		20,896
TOTAL HAMPSTEAD HEATH		12,961	7,892	43	0	20,896

19. The main contract works are proceeding on the Hampstead Heath Ponds project, with engineering work due to be completed on programme on 12th October 2016. Some landscaping works will continue through November as planned due to the planting season.

20. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2017.

Appendices

- Appendix 1 – Analysis by Services Managed
- Appendix 2 – Analysis of Support Services
- Appendix 3 – Movement of Local Risk Budgets 2016/17 OR to 2016/17 LAB
- Appendix 4 – Service Based Review Update

Derek Cobbing

Chamberlains Department

T: 020 7332 3519

E: derek.cobbing@cityoflondon.gov.uk