

Committee(s) West Ham Park Committee	Dated: 05/12/2016
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 dept	

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	1,185	1,171	(14)
Income	(281)	(135)	146
Support Services	206	203	(3)
Total Net Expenditure	1,110	1,239	129

Overall the provisional Original budget for 2017/18 totals £1.239M, an increase of £129,000 compared with the latest approved budget for 2016/17. The main reasons for this increase is a rise of £186,000 within City Surveyor's Repairs & Maintenance (para 11), a decrease of £146,000 in customer & client receipts (para 13), off-set by a £79,000 decrease in supplies & services (para 12). There are smaller reductions of £44,000 in transfer to reserves, and £36,000 in employee costs, all of 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 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 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 West Ham Park are:

- Review the options appraisal for the future use of the nursery site and work with the City Surveyor and other partners to deliver the agreed option
- Produce a new Management Plan for West Ham Park (2018-2022)
- Support the delivery of the Wild East Project and Green Space friendly schools programme
- Continue to work with sporting partners in order to increase active participation through sport at West Ham Park in line with agreed targets

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. A saving of £31,000 has been made in 2017/18 further to the re-alignment of the Service Based Review savings, resource transfers from North London Open Spaces, and closing adjustments reflecting the Nursery closure. An allowance was given towards any potential pay and price increases of 1% in 2017/18. 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

WEST HAM PARK COMMITTEE 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	764	645	609	(36)	
Employees	C	7	0	0	0	
Premises Related Expenses	L	174	64	41	(23)	
R & M (City Surveyor's Local Risk inc cleaning)	L	257	196	382	186	11
Transport Related Expenses	L	28	42	26	(16)	
Supplies & Services	L	273	169	90	(79)	12
Third Party Payments	L	26	15	13	(2)	
Transfer to Reserves	L	24	0	0	0	
Transfer to Reserves	C	0	44	0	(44)	
Capital Charges	C	10	10	10	0	
Total Expenditure		1,563	1,185	1,171	(14)	
INCOME						
Other Grants, Reimbursements and Contributions	L	(213)	0	0	0	
Customer, Client Receipts	L	(352)	(280)	(134)	146	13
Investment Income	C	(1)	(1)	(1)	0	
Transfer from Reserves – City Bridge Trust	L	(2)	0	0	0	
Transfer from Reserves - Nursery	C	(17)	0	0	0	
Total Income		(585)	(281)	(135)	146	
TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES		978	904	1,036	132	
SUPPORT SERVICES						
Central Support		214	186	183	(3)	
Recharges within Fund						
Directorate Recharges		37	27	27	0	
Corporate and Democratic Core		(6)	(7)	(7)	0	
Total Support Services		245	206	203	(3)	
TOTAL NET EXPENDITURE/(INCOME)		1,223	1,110	1,239	129	

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 £129,000 between the 2016/17 latest approved budget and the 2017/18 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. There is a reduction in full time equivalents and associated manpower costs between the 2016/17 Latest Approved Budget and the 2017/18 Original Budget as the 2016/17 year included a proportion of Nursery staff which is not applicable to the 2017/18 year, this reduction is partially off-set by a small increase of 1% towards any potential pay and price increases from April 2017.

Table 2 - 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
West Ham Park/Nursery	17.83	645	16.50	609
TOTAL WEST HAM PARK COMMITTEE	17.83	645	16.50	609

11. The increase of £186,000 from the 2016/17 Latest Approved Budget to the 2017/18 Original Budget in the City Surveyor is mainly within the Additional Works Programme, It is the deferral of schemes that require significant lead in time to later years in the programmes within the Additional Works Programme and projects introduced as part of the 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 3		
CITY SURVEYOR LOCAL RISK	Latest Approved Budget 2016/17 £'000	Original Budget 2017/18 £'000
Repairs and Maintenance (including cleaning)		
Additional Works Programme		
West Ham Park	88	269
	88	269
Planned & Reactive Works (Breakdown & Servicing)		
West Ham Park	101	106
	101	106
Cleaning		
West Ham Park	7	7
	7	7
Total City Surveyor	196	382

12. The reduction of £79,000 in Supplies and Services (mostly in materials and horticultural materials) is due to the reduction in bedding displays further to the SBR savings and the closure of the Nursery.
13. The reduction in income (£146,000) from Customer and Client Receipts is also due to the closure of the Nursery.

Potential Further Budget Developments

14. 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

15. The 2016/17 latest approved budget includes funding for contribution pay, an agreed carry forward of £10,000 which is a contribution towards a replacement ride-on mower at West Ham Park, and a one-off transfer of resources from the Directorate (£45,000). The forecast outturn for the current year is in line with the latest approved budget of £1.110M. Movement of the Local risk Budgets from the Original 2016/17 Budgets to the 2016/17 Latest Approved Budgets can be found in Appendix 3.

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.

Capital & Supplementary Revenue projects - latest estimated costs						
Service Managed	Project	Exp. Pre 01/04/16 £'000	2016/17 £'000	2017/18 £'000	2017/18 £'000	Total £'000
Pre-implementation						
West Ham Park	Nursery, alternative uses	0	30			30
TOTAL WEST HAM PARK		0	30	0	0	30

17. Pre-implementation costs comprise consultancy fees to identify the most economically advantageous option.
18. 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 in Local Risk Budgets 2016/17 OR to 2016/17 LAB
- Appendix 4 – Service Based Review Update

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