

Committee(s) Epping Forest and Commons	Dated: 20/11/2017
Subject: Revenue & Capital Budgets – Epping Forest 2017/18 & 2018/19	Public
Report of: The Chamberlain The Director of Open Spaces	For Decision
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Summary

This report updates the Committee on its latest approved revenue budget for 2017/18 and seeks your approval for a provisional revenue budget for 2018/19, 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	Original Budget 2017/18 £000	Latest Approved Budget 2017/18 £000	Original Budget 2018/19 £000	Movement 2017-18 LAB to 2018-19 OR £000
Expenditure	(6,386)	(5,633)	(6,692)	(1,059)
Income	1,412	1,449	1,443	(6)
Support Services	(930)	(926)	(881)	45
Total Net (Expenditure)	(5,904)	(5,110)	(6,130)	(1,020)

Overall the provisional Original budget for 2018/19 totals £6.130M, an increase of £1.020M compared with the latest approved budget for 2017/18. The main reason for this increase is a £1.042M rise in the City Surveyor's Repairs and Maintenance costs.

A breakdown is provided in Appendix 3 of the movement between the 2017/18 Local Risk Original Budget and the 2017/18 Local Risk Latest Approved Budget.

Recommendation

The Committee is requested to:

- Review the provisional 2018/19 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.
- Note the Building Repairs and Maintenance asset verification exercise being undertaken by the City Surveyor and agree that any minor changes to the 2017/18 latest approved budget and the 2018/19 original budget arising from this exercise be delegated to the Chamberlain.
- Review and approve the draft Capital and Supplementary Revenue budget.

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 2018/19. 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 2017-2020 which was approved in May 2017. The activities of the Open Spaces Department reflect the charitable objectives of the preservation of open spaces and the provision of recreation and enjoyment for the public. The agreed departmental objectives are:
- a) Protect and conserve the ecology, biodiversity and heritage of our sites
 - b) Embed responsible business practices and ensure our workforce are supported and developed.
 - c) Enrich lives by providing high quality, welcoming and engaging, visitor, educational and volunteering opportunities
 - d) Improve the health and wellbeing through inclusive access to green space and heritage
 - e) Embed efficiency and financial sustainability across our activities and continuously develop our income generating endeavours

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 Epping Forest are:

- 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 2018/19

6. The proposed detailed Revenue Budget for 2018/19 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 2018/19 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. There has been no allowance for pay and price increases for 2018/19, however, a resource of £24,000 has been given to support the apprentice programme, £45,000 has also been provided to compensate for loss of income further to the operational property review (Woodredon House), and a saving of £61,000 has been made to reflect the 2% decrease in Local Risk Resources as set out in the Efficiency and Sustainability Plan. The budget has been prepared within the resources allocated to the Director.

It should also be noted that the basis on which repairs and maintenance budgets have been prepared for the latest estimates for 2017/18 include a part year charge from the former repairs and maintenance contractor (MITIE) and 9 months from the new contractor (Skanska), whereas the original 2018/19 budgets are based on the tendered return of the new contractor.

Under the terms of the Building Repairs and Maintenance contract, Skanska are undertaking an asset verification exercise which is expected to be completed in February 2018, the outcome of the review is likely to result in variations to the figures that have been submitted for the 2017/18 latest approved and 2018/19 original budgets.

Committees are requested to acknowledge this potential change and allow the Chamberlain (in consultation with the City Surveyor) to make the necessary budget adjustments within overall approval, following the asset verification

TABLE 1
EPPING FOREST SUMMARY

Analysis of Service Expenditure	Local or Central Risk	Actual 2016-17 £'000	Original Budget 2017-18 £'000	Latest Approved Budget 2017-18 £'000	Original Budget 2018-19 £'000	Movement 2017-18 to 2018-19 £'000	Paragraph Reference
EXPENDITURE							
Employees	L	(2,727)	(2,807)	(3,023)	(3,046)	(23)	
Employees	C	(14)	0	0	0	0	
Premises Related Expenses	L	(902)	(644)	(525)	(613)	(88)	11
R & M (City Surveyor's Local Risk inc cleaning)	L	(536)	(1,915)	(1,062)	(2,104)	(1,042)	12
Transport Related Expenses	L	(144)	(148)	(148)	(148)	0	
Supplies & Services	L	(567)	(428)	(428)	(415)	13	
Unidentified Savings	L	0	0	0	80	80	13
Transfer to Reserves	L	(47)	0	0	0	0	
Transfer to Reserves - Capital	C	(242)	0	0	0	0	
Capital Charges- Depreciation	C	(442)	(444)	(447)	(446)	1	
Total Expenditure		(5,621)	(6,386)	(5,633)	(6,692)	(1,059)	
INCOME							
Government Grants	L	366	252	327	262	(65)	14
Other Grants, Reimbursements and Contributions	L	26	25	25	29	4	
Other Grants, Reimbursements and Contributions	C	236	0	0	0	0	
Customer, Client Receipts	L	1,016	1,117	1,079	1,134	55	15
Customer, Client Receipts	C	7	0	0	0	0	
Investment Income	C	3	18	18	18	0	
Transfer from Reserves	L	49	0	0	0	0	
Transfer from Reserves - Capital	C	6	0	0	0	0	
Total Income		1,709	1,412	1,449	1,443	(6)	
TOTAL (EXPENDITURE)/INCOME BEFORE SUPPORT SERVICES		(3,912)	(4,974)	(4,184)	(5,249)	(1,065)	
SUPPORT SERVICES							
Central Support		(872)	(899)	(946)	(932)	14	
Recharges within Fund		(104)	(79)	(90)	(52)	38	
Recharge across Fund		24	48	110	103	(7)	
Total Support Services		(952)	(930)	(926)	(881)	45	
TOTAL NET (EXPENDITURE)/INCOME		(4,864)	(5,904)	(5,110)	(6,130)	(1,020)	

8. Income, increases in income, and reductions in expenditure are now shown as positive balances, whereas brackets will be used to denote expenditure, increases in expenditure, or shortfalls in income. 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 £1,020M between the 2017/18 latest approved budget and the 2018/19 original budget. This movement is explained in the following paragraphs.
10. There is an increase of £23,000 in employee expenditure between the 2017/18 latest approved budget and the 2018/19 original budget. Provision for a potential pay award of 1.5% has been included..

Table 2 - Staffing statement	Original Budget 2017/18		Latest Approved Budget 2017/18		Original Budget 2018/19	
	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000
Epping Forest	75.00	(2,807)	76.75	(3,023)	76.50	(3,046)
TOTAL EPPING FOREST	75.00	(2,807)	76.75	(3,023)	76.50	(3,046)

11. The increase of £88,000 in Premises Related Expenses from the 2017/18 Latest Approved Budget to the 2018/19 Original Budget is mainly due to £95,000 for the restoration of Wood pasture being moved to a capital project in 2017/18. For 2018/19 it has been transferred back to revenue.
12. The increase of £1,042M from the 2017/18 Latest Approved Budget to the 2018/19 Original Budget in the City Surveyor (see Table 2 below) is mainly within the Additional Works and Cyclical Works Programme. The full year of the 2018/19 Cyclical Works Programme has been included in 2018/19 as it has not yet been profiled.

TABLE 3 - CITY SURVEYOR LOCAL RISK	Original Budget 2017/18 £'000	Latest Approved Budget 2017/18 £'000	Original Budget 2018/19 £'000
Repairs and Maintenance (including cleaning)			
Additional Works Programme/Cyclical Works Programme			
Epping Forest	(1,432)	(680)	(1,789)
	(1,432)	(680)	(1,789)
Planned & Reactive Works (Breakdown & Servicing)			
Epping Forest	(418)	(317)	(248)
	(418)	(317)	(248)
Cleaning			
Epping Forest	(65)	(65)	(67)
	(65)	(65)	(67)
Total City Surveyor	(1,915)	(1,062)	(2,104)

13. The 2017/18 Service Based review savings proposals in relation to car parking and lodges for Epping Forest (totalling £160,000) have been put on hold due to delays in the Open Spaces Bill. The department has put in place arrangements to meet the shortfall for 2017/18. However, the Director and Superintendent have not been able to identify proposals for the delivery of the £160,000 in 2018/19, prior to the passage of the Open Spaces Bill, together with the 2% efficiency savings target and inflationary pressures. A balance of “unidentified savings” of £80,000 has therefore been included within the budgets. Once the savings have been identified these will be included in the appropriate budget lines.
14. Government grant income is anticipated to decrease by £65,000. In 2017/18 Epping benefitted from a favourable exchange rate where the Pound was weak against the Euro when the rates for these grants were set in the September of that financial year. For 2018/19 an average estimate has been included as exchange rates for the period are not yet known.
15. The £55,000 increase in customer and client receipts is mainly due to commercial wayleaves.

Potential Further Budget Developments

16. The provisional nature of the 2018/19 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.

Revenue Budget 2017/18

17. The 2017/18 latest approved budget includes funding for contribution pay of £19,000, £45,000 to compensate for loss of income further to the operational property review (Woodredon House) and £12,000 support the apprentice scheme. A reduction of £95,000 been applied in relation to the Wood Pasture Restoration Project as costs for this project are Capital related. Details of the movement between the 2017/18 Original budget and the 2017/18 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 £5.110M.

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.

Service Managed	Project	Exp. Pre 01/04/17 £'000	2017/18 £'000	2018/19 £'000	Later Years £'000	Total £'000
<u>Pre-implementation</u>						
Epping Forest	Baldwins & Birch Hall Park Ponds	(40)	(22)			(62)
<u>Authority to start work granted</u>						
Epping Forest	Wood pasture restoration		(50)			(50)
TOTAL EPPING FOREST		(40)	(72)	0	0	(112)

19. Pre-implementation costs comprise feasibility/option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.
20. Implementation phases of the Baldwin's & Birch Hall Park Ponds project are planned to commence in 2019/20, subject to authority to start work.
21. The wood pasture restoration works are due to commence in Autumn 2017 with a second phase to be completed in Spring 2019, subject to further approval.

22. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2018.

Appendices

- Appendix 1 - Analysis by Services Managed
- Appendix 2 - Analysis of Support Services
- Appendix 3 - Movement of Local Risk Budgets 2017/18 OR to 2017/18 LAB

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