

Committee(s) Hampstead Heath, Highgate Wood and Queen's Park	Dated: 15 November 2017
Subject: Revenue & Capital Budgets – 2017/18 & 2018/19	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 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 LAB 2017/18 To Original 2018/19 £000
Expenditure	(9,636)	(9,055)	(10,253)	(1,198)
Income	2,508	2,530	2,680	150
Support Services	(1,220)	(1,351)	(1,282)	69
Total Net (Expenditure)	(8,348)	(7,876)	(8,855)	(979)

Overall the provisional Original budget for 2018/19 totals £8.855M, an increase of £979,000 compared with the latest approved budget for 2017/18. The main reason for this increase is a £1.074M rise in City Surveyor's Repairs & Maintenance costs, off-set by an increase in income and a reduction in Recharges, which can be found in Table 1.

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.
- Members are asked to "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 Hampstead Heath, Queen's 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 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.

5. Although the day to day management of Keats House now falls under Hampstead Heath the budgets for Keats House are not included within this report as they are reported to the Culture, heritage and Libraries Committee.

Business Planning Priorities

6. 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 and priorities 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. Enrich lives by providing high quality, welcoming and engaging, visitor, educational and volunteering opportunities
 - c. Embed responsible business practices and ensure our workforce are supported and developed
 - 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 Hampstead Heath, Queens Park and Highgate Wood are:

- Completion of the final phase of the Hampstead Heath Ponds Project to achieve the project outcomes for flood risk, water quality, nature conservation and amenity.
- Review, development, consultation and final production of a 2018 Management Plan for Hampstead Heath embedded in a Management Framework for effective implementation.
- Continue to implement strategies that direct the management of Hampstead Heath, Highgate Wood, Keats House and Queen's Park.
- Resurface East Heath Car Park to address drainage and Health and Safety issues.
- Refurbish the Adventure and Peggy Jay Centre playgrounds
- Develop the "Hive" - disused football changing facility and adjoining outdoor space on Hampstead Heath (Parliament Hill) to create an integrated education facility and volunteer hub.

Proposed Revenue Budget for 2018/19

7. 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.

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, a saving of £105,000 has also been made in 2018/19 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
HAMPSTEAD HEATH, HIGHGATE WOOD & QUEEN'S PARK SUMMARY – ALL FUNDS

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 LAB 2017-18 to 2018-19 £'000	Paragraph Reference
EXPENDITURE							
Employees	L	(5,177)	(5,474)	(5,595)	(5,873)	(278)	10
Employees	C	1	0	0	0	0	
Premises Related Expenses	L	(528)	(369)	(418)	(366)	52	11
R & M (City Surveyor's Local Risk inc cleaning)	L	(1,028)	(2,915)	(2,111)	(3,185)	(1,074)	12
Transport Related Expenses	L	(120)	(114)	(114)	(101)	13	
Supplies & Services	L	(961)	(523)	(586)	(497)	89	13
Supplies & Services	C	(1)	0	0	0	0	
Transfer to Reserves	L	(41)	0	0	0	0	
Transfer to Reserves – Capital	C	(6,782)	0	0	0	0	
Expenditure							
Capital Charges - Depreciation	C	(67)	(241)	(231)	(231)	0	
Total Expenditure		(14,704)	(9,636)	(9,055)	(10,253)	(1,198)	
INCOME							
Other Grants, Reimbursements and Contributions	L	35	0	0	0	0	
Other Grants, Reimbursements and Contributions – Capital funding	C	6,782	0	0	0	0	
Customer, Client Receipts	L	1,514	1,344	1,380	1,530	150	14
Investment Income	C	1,147	1,164	1,150	1,150	0	
Transfer from Reserves	L	5	0	0	0	0	
Recharges to Capital Projects	L	81	0	0	0	0	
Total Income		9,564	2,508	2,530	2,680	150	
TOTAL EXPENDITURE BEFORE SUPPORT SERVICES		(5,140)	(7,128)	(6,525)	(7,573)	(1,048)	
SUPPORT SERVICES							
Central Support		(1,137)	(1,110)	(1,239)	(1,222)	17	
Recharges within Fund		(112)	(103)	(105)	(53)	52	15
Recharges across Fund		(6)	(7)	(7)	(7)	0	
Total Support Services		(1,255)	(1,220)	(1,351)	(1,282)	69	
TOTAL NET (EXPENDITURE)		(6,395)	(8,348)	(7,876)	(8,855)	(979)	

8. Income, increases in income and reductions in expenditure are now shown as positive balances, whereas brackets are 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 £979,000 between the 2017/18 latest approved budget and the 2018/19 original budget. This movement is explained in the following paragraphs.
10. Analysis of the movement in staff related staff costs are shown in Table 2 below. The difference of £278,000 between the 2017/18 revised budget and the 2018/19 original budget is mainly due to funding for apprentices, a provision of 1.5% for potential pay awards, incremental progression, and posts which were vacant for part of 2017/18 being filled.

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
Hampstead Heath	112.60	(4,665)	110.85	(4,779)	120.60	(5,027)
Queen's Park	11.80	(472)	11.80	(469)	11.80	(497)
Highgate Wood	7.55	(337)	7.55	(347)	7.55	(349)
TOTAL	131.95	(5,474)	130.20	(5,595)	139.95	(5,873)

11. The reduction of £52,000 from the 2017/18 Latest approved budget to the 2018/19 original budget in premises related expenditure is due to budget adjustments in General Grounds Maintenance to reflect planned savings in 2017/18 for projects. These sums will be capitalised in order to enable works to be carried out on agreed projects, such as the refurbishment of the Hive at Parliament Hill.
12. The increase from the 2017/18 Latest Approved Budget to the 2018/19 Original Budget in the City Surveyor is mainly within the Additional and Cyclical Works Programme. The full year of the 2018/19 Cyclical Works Programme has been included in 18/19 as it has not yet been profiled (see Table 3 below).

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			
Hampstead Heath	(2,104)	(1,472)	(2,536)
Queen's Park	(194)	(97)	(145)
Highgate Wood	(225)	(150)	(241)
	(2,523)	(1,719)	(2,922)
Planned & Reactive Works (Breakdown & Servicing)			
Hampstead Heath	(284)	(284)	(188)
Queen's Park	(47)	(47)	(28)
Highgate Wood	(45)	(45)	(29)
	(376)	(376)	(245)
Cleaning			
Hampstead Heath	(16)	(16)	(18)
	(16)	(16)	(18)
Total City Surveyor	(2,915)	(2,111)	(3,185)

13. The decrease of £89,000 in Supplies & Services is mainly due to adjustments to reflect planned spend along with the additional one-off spend required in 2017/18 with respect to equipment purchase for the Lido Café.

14. The £150,000 increase in customer and client receipt is mainly due to an increase in fees and charges for facilities, café licenses and car park charges, in order provide increased income to deliver savings targets.

15. The reduction of £52,000 in Recharges within fund is mainly due to the reduction of recharges emanating from the Learning Programme due to the agreed carry forward to 2017/18 dropping out in 2018/19 (see Appendix 2).

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:

- 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 £23,000, and a carry forward of £36,000 for the STEM and Policy Education

Programme. 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 £7.876M.

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.

Table 4 Capital & Supplementary Revenue projects - latest estimated costs						
Service Managed	Project	Exp. Pre 01/04/17 £'000	2017/18 £'000	2018/19 £'000	Later Years £'000	Total £'000
Pre-implementation						
Hampstead Heath	The Hive Learning/Volunteer Centre		(27)			(27)
	Play areas redevelopment		(15)			(15)
Authority to start work granted						
Hampstead Heath	East Heath car park resurfacing		(22)	(365)		(387)
TOTAL HAMPSTEAD HEATH		0	(64)	(365)	0	(429)

19. Pre-implementation costs comprise feasibility and option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work. It should be noted that the above figures exclude the implementation costs of those schemes which have yet to receive authority to start work.
20. The redevelopment of the Play Area and the conversion of a disused changing room facility into a Learning/Volunteer Centre will take place in 2017/18, subject to authority to start work.
21. The implementation phase of the project to resurface and improve the drainage at the East Heath car park will occur in the summer of 2018, subject to funding being agreed.
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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