

Committee(s) West Ham Park Committee	Dated: 04/12/2017
Subject: Revenue & Capital Budgets – 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	(1,171)	(1,242)	(1,669)	(427)
Income	135	298	244	(54)
Support Services	(203)	(254)	(189)	65
Total Net (Expenditure)	(1,239)	(1,198)	(1,614)	(416)

Overall the provisional Original budget for 2018/19 totals £1.614M, an increase of £416,000 compared with the latest approved budget for 2017/18. The main reasons for this increase is a rise of £484,000 in the City Surveyor's Repairs & Maintenance costs, a decrease of £49,000 in customer & client receipts, off-set by a reduction of £65,000 in supplies & services and a reduction of £60,000 within Learning Recharges.

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 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 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 West Ham Park are:

- West Ham Park Nursery Project: work with the City Surveyor and other partners to evaluate three recommended options for the future use of the nursery site, deliver the agreed option,
- Update the 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, and
- Redesign the playground at West Ham Park creating a new master plan, with alternative options for water play provision. Consult with the local community and implement preferred option by summer 2019.

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. A saving of £13,000 has been made in 2018/19 to reflect the 2% cuts 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 WEST HAM PARK COMMITTEE 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 2017-18 to 2018-19 £'000	Paragraph Reference
EXPENDITURE							
Employees	L	(653)	(609)	(658)	(681)	(23)	
Employees	C	(16)	0	0	0	0	
Premises Related Expenses	L	(57)	(41)	(55)	(45)	10	
Premises Related Expenses	C	(18)	0	0	0	0	
R & M (City Surveyor's Local Risk inc cleaning)	L	(171)	(382)	(199)	(683)	(484)	11
Transport Related Expenses	L	(39)	(26)	(25)	(20)	5	
Supplies & Services	L	(187)	(90)	(182)	(117)	65	12
Supplies & Services	C	(28)	0	(100)	(100)	0	
Third Party Payments	L	(17)	(13)	(13)	(13)	0	
Transfer to Reserves - Nursery	C	(25)	0	0	0	0	
Capital Charges	C	(10)	(10)	(10)	(10)	0	
Total Expenditure		(1,221)	(1,171)	(1,242)	(1,669)	(427)	
INCOME							
Other Grants, Reimbursements and Contributions	L	5	0	5	0	(5)	
Customer, Client Receipts	L	284	134	252	203	(49)	
Customer, Client Receipts	C	20	0	40	40	0	
Investment Income	C	1	1	1	1	0	
Transfer from Reserves - Nursery	C	18	0	0	0	0	
Total Income		328	135	298	244	(54)	
TOTAL (EXPENDITURE)/ INCOME BEFORE SUPPORT SERVICES		(893)	(1,036)	(944)	(1,425)	(481)	
SUPPORT SERVICES							
Central Support		(174)	(183)	(179)	(174)	5	
Recharges within Fund							
Directorate Recharges		(26)	(27)	(18)	(18)	0	
Learning Recharges		(55)	0	(64)	(4)	60	13
Corporate and Democratic Core		6	7	7	7	0	
Total Support Services		(249)	(203)	(254)	(189)	65	
TOTAL NET (EXPENDITURE)/INCOME		(1,142)	(1,239)	(1,198)	(1,614)	(416)	

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 £416,000 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 costs are shown in Table 2 below. The increase of £23,000 between the 2017/18 latest approved budget and the 2018/19 original budget is due to funding for one apprentice, a provision of 1.5% for potential pay awards, and incremental progression.

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
West Ham Park	16.50	(609)	17.00	(658)	17.50	(681)
TOTAL WEST HAM PARK COMMITTEE	16.50	(609)	17.00	(658)	17.50	(681)

11. The increase of £484,000 from the 2017/18 Latest Approved Budget to the 2018/19 Original Budget in the City Surveyor (see Table 3 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			
West Ham Park	(269)	(119)	(600)
	(269)	(119)	(600)
Planned & Reactive Works (Breakdown & Servicing)			
West Ham Park	(106)	(72)	(75)
	(106)	(72)	(75)
Cleaning			

West Ham Park	(7)	(8)	(8)
	(7)	(8)	(8)
Total City Surveyor	(382)	(199)	(683)

12. The decrease of £65,000 in Supplies and Services from the 2017/18 Latest Approved Budget to the 2018/19 Original Budget is mainly due to a one-off increase in 2017/18 to pay for new equipment (Hayter Triple tractor) funded through backdated rental income.
13. The reduction of £60,000 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.

Potential Further Budget Developments

14. 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

15. The 2017/18 latest approved budget includes funding of £2,000 for contribution pay, a resource of £12,000 was also given to support the apprentice programme. The forecast outturn for the current year is in line with the latest approved budget of £1.198M. Movement of the Local risk Budgets from the Original 2017/18 Budgets to the 2017/18 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 01/04/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Pre-implementation						
West Ham Park	Nursery, alternative uses	(18)	(150)			(168)
	Playground refurbishment	0	(55)			(55)
TOTAL WEST HAM PARK		(18)	(205)	0	0	(223)

17. 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.

18. The investigation into alternative uses for the Nursery comprises consultancy fees to identify the most economically advantageous option.
19. The playground refurbishment scheme consists of a redesign of the playground to create a new master plan, with alternative options for water play provision and is due to commence in 2018/19, subject to further approvals.
20. 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 in Local Risk Budgets 2017/18 OR to 2017/18 LAB

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