

Committee(s)	Dated:
Epping Forest and Commons	19/11/2018
Subject: Revenue & Capital Budgets – ‘The Commons’ 2018/19 & 2019/20	Public
Report of: The Chamberlain 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 2018/19 and seeks your approval for a provisional revenue budget for 2019/20, 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 2018/19 £000	Latest Approved Budget 2018/19 £000	Original Budget 2019/20 £000	Movement 2018/19 OR to 2019/20 OR £000
Expenditure	(3,000)	(2,811)	(2,374)	626
Income	301	289	368	67
Support Services	(317)	(362)	(377)	(60)
Total Net Expenditure	(3,016)	(2,884)	(2,383)	633

Overall the provisional Original budget for 2019/20 totals £2.383M, a decrease of £633,000 compared with the 2018/19 Original Budget. The main reason for this decrease is reflected by the re-phasing of the Cyclical Works Programme (CWP) by £772,000 over the next three years of the programme, an increase in income from Government Grants, off-set by a rise in Central Risk staffing budget due to successful Priority Investment Pot bids, all of which can be found in Table 1.

A breakdown is provided in Appendix 3 of the movement between the 2018/19 Local Risk Original Budget and the 2018/19 Local Risk Latest Approved Budget.

Recommendation

The Committee is requested to:

- Review the provisional 2019/20 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.
- To delegate to the Chamberlain any minor budget changes for 2018/19 and 2019/20 as a result of the completion of the asset verification exercise.
- 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 Ashted Common & West Wickham (City Commons), and Burnham Beeches & Stoke Common 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 2019/20. 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 Open Spaces Departmental Business Plan 2018/19 identified three top line objectives which were agreed by this committee on 14 May 2018. The top line objectives are:-

- Open Spaces and historic sites are thriving and accessible.
- Spaces enrich people's lives.
- Business practices are responsible and sustainable.

For each objective a number of outcomes were identified together with a range of key programmes and projects, some of which are being delivered within divisions and some of which cross the Department. 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. Specific priorities for The Commons are:

- Protect our heritage at risk: completing funded works at Kenley Common – 'The Kenley Revival Project'. Completion of this Heritage Lottery Funded project is delayed by 6 months to allow time to resolve construction issues that occurred in 2018. The budget is currently heading for a small underspend although this position may yet change. The City has supported the pre and post completion of the project by providing funds for the appointment a part time 'Kenley Project Legacy officer' for 21 months commencing January 2019.
- Initiate and progress key capital and local risk projects including grazing expansion plans. Expansion of grazing programmes has continued across the Commons most notably, Ashted Common, Riddlesdown and Kenley.
- Progress the Departmental Programmes including; Fleet, Energy Efficiency and Sports. The Departmental Fleet Programme has overseen the introduction of Local Fleet and Plant Management Plans and associated health and safety documentation. The Corporate Fleet Board is currently taking the lead as the City considers how best to reshape its fleet to meet the Ultra-Low Emission Zone challenge and policy decision not to purchase diesel vehicles. The Energy board is currently scoping three further Photovoltaic installations (Hampstead Lido, Merlewood Estate Office and Kenwood Nursery. Bids will be submitted to the Energy Efficiency Fund to deliver these projects in 2019.
- Obtain agreement and implement the overarching Departmental and site specific 'events' policies. The Division's report has been drafted and was submitted for approval in the November 2018 committee cycle. It will be taken to the Division's three local Consultation groups 'for information' in January 2019.
- Progress reviews, drafting and completion of management / conservation plans at Stoke Common. Review and draft of the Stoke Common Management plan is now complete and submitted for approval in the November Committee cycle. A grant application under the Countryside Stewardship Scheme, for both Stoke Common and Burnham Beeches, was also submitted to Natural England.

Proposed Revenue Budget for 2019/20

6. The proposed detailed Revenue Budget for 2019/20 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 2019/20 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. For 2019/20 there has been a 2% allowance for pay and prices, this has been off-set by efficiency savings of 2%, both on Local Risk. In addition, £29,000 has been provided to fund a Kenley Revival Legacy Officer, £58,000 to fund a Biodiversity Post, both on Central Risk and funded from the Priorities Investment Pot. There is also a reduction of £24,000 due to the fall-out of Apprentices in 2019/20. The budget has been prepared within the resources allocated to the Director.

APPENDIX 5

TABLE 1 THE COMMONS SUMMARY – ALL FUNDS							
Analysis of Service Expenditure	Local or Central Risk	Actual 2017-18 £'000	Original Budget 2018-19 £'000	Latest Approved Budget 2018-19 £'000	Original Budget 2019-20 £'000	Movement 2018-19OR to 2019-20OR £'000	Paragraph Reference
EXPENDITURE							
Employees	L	(1,210)	(1,373)	(1,382)	(1,390)	(17)	10
Employees	C	-	-	(21)	(87)	(87)	
Premises Related Expenses	L	(332)	(274)	(288)	(310)	(36)	
Premises Related Expenses	C	(216)	-	-	-	-	11
R & M (City Surveyor's Local Risk inc cleaning)	L	(513)	(1,126)	(869)	(354)	772	
Transport Related Expenses	L	(101)	(53)	(53)	(51)	2	
Supplies & Services	L	(223)	(124)	(139)	(131)	(7)	
Third Party Payments	L	(31)	(32)	(31)	(17)	15	
Transfer to Reserves - Capital	L	(4)	-	-	-	-	
Transfer to Reserves - Capital	C	(331)	-	-	-	-	
Capital Charges	C	(18)	(18)	(28)	(34)	(16)	
Total Expenditure		(2,979)	(3,000)	(2,811)	(2,374)	626	
INCOME							
Government Grants	L	150	122	121	218	96	
Government Grants	C	11	-	-	-	-	13
Other Grants, Reimbursements and Contributions	L	22	20	20	15	(5)	
Other Grants, Reimbursements and Contributions - Capital	C	497	-	-	-	-	
Customer, Client Receipts	L	152	159	148	135	(24)	
Investment Income	L	1	-	-	-	-	
Transfer from Reserves - Livestock	L	10	-	-	-	-	
Transfer from Reserves - Capital	C	39	-	-	-	-	
Total Income		882	301	289	368	67	
TOTAL (EXPENDITURE) BEFORE SUPPORT SERVICES		(2,097)	(2,699)	(2,522)	(2,006)	693	
SUPPORT SERVICES							
Central Support		(347)	(300)	(343)	(339)	(39)	
Recharges within Fund		(9)	(17)	(19)	(38)	(21)	
Total Support Services		(356)	(317)	(362)	(377)	(60)	
TOTAL NET (EXPENDITURE)		(2,453)	(3,016)	(2,884)	(2,383)	633	

8. Income, increases in income, and reductions in expenditure are presented as positive balances, whereas expenditure, increases in expenditure or shortfalls in income are denoted by 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 a decrease of £633,000 between the 2018/19 Original Budget and the 2019/20 Original Budget. This movement is explained in the following paragraphs.
10. The increase of £87,000 in Central Risk Employees is due to funding of £29,000 for a Kenley Revival Legacy Officer and £58,000 for a Biodiversity Post at Burnham Beeches. Both posts are funded from the Priorities Investment Pot.

TABLE 2 - CITY SURVEYOR LOCAL RISK			
Repairs and Maintenance (including cleaning)	Original Budget 2018/19 £'000	Latest Approved Budget 2018/19 £'000	Original Budget 2019/20 £'000
Additional Works Programme			
Ashtead Common	(77)	(70)	(2)
West Wickham	(647)	(373)	(84)
Burnham Beeches	(257)	(262)	(94)
Stoke Common	-	-	-
	(981)	(705)	(180)
Planned & Reactive Works (Breakdown & Servicing)			
Ashtead Common	(11)	(19)	(19)
West Wickham	(56)	(60)	(60)
Burnham Beeches	(58)	(65)	(75)
Stoke Common	-	-	-
	(125)	(144)	(154)
Cleaning			
Ashtead Common	-	-	-
West Wickham	(16)	(16)	(16)
Burnham Beeches	(4)	(4)	(4)
Stoke Common	-	-	-
	(20)	(20)	(20)
Total City Surveyor	(1,126)	(869)	(354)

11. The decrease of £772,000 from the 2018/19 Original Budget to the 2019/20 Original Budget in the City Surveyor's Local Risk (see Table 2) is mainly within the Additional and Cyclical Works Programme. The Cyclical Works Programme is subject to a bid for resources each year with funding not ring fenced to individual clients, monies vary considerably for departments as it is all based on agreed prioritisation which considers health & safety, reputation, income generation and asset performance. Therefore the

Original to Original will reflect the change in bids each year and the amount of projects which are being delivered over the three years of the programme.

12. An asset verification exercise has now been completed across the Operational estate and has identified an additional 8% of assets to be maintained, including those in new buildings, that are not covered by the current contract. The outcome of this exercise has been reported to the relevant Corporation Committee and additional budgetary provision has been sought. Once this is agreed it is intended to adjust the relevant budget shown in this report as appropriate and Members are asked to agree a delegation to the Chamberlain to make these minor budgetary changes for both 2018/19 and 2019/20.
13. The increase of £96,000 increase in Government Grant Income is mainly due to the original 2018/19 budget being reduced to reflect the lack of HLS grant income for that year only. The 2019/20 figures will reflect the new Countryside Stewardship Scheme (CSS) and base Capital Payments falling into 2019/20.
14. There is an increase of £104,000 in estimated costs between the 2018/19 Original Budget and the 2019/20 Original Budget in Table 3 below. Factors influencing this overall increase are a provision for a pay award, incremental progression, an increase in Central Risk staff budgets funded by the Priorities Investment Pot (see paragraph 10), and a reduction in Apprentice funding in relation to the City Apprenticeship Programme.

Table 3 - Staffing statement	Original Budget 2018/19		Latest Approved Budget 2018/19		Original Budget 2019/20	
	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000
Ashtead Common	7.73	(253)	8.32	(255)	8.32	(265)
West Wickham	13.05	(602)	12.74	(598)	12.49	(618)
Burnham Beeches	12.75	(499)	13.26	(531)	13.70	(575)
Stoke Common	0.62	(19)	0.69	(19)	0.67	(19)
TOTAL	34.15	(1,373)	35.01	(1,403)	35.18	(1,477)

Potential Further Budget Developments

15. The provisional nature of the 2019/20 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.
 - During the first half of 2018/19 there have been two areas of significant exceptional spend which the Department had not been specifically budgeted for. These were the costs associated with the fire at Wanstead Flats (£80,000) and the increased costs of managing Oak Processionary Moth (OPM) totalling £94,000 (Epping: £8,000, The

Commons: £29,000, North London Open Spaces: £57,000). It is anticipated that the cost of managing OPM in future years will increase exponentially, potentially costing £250,000 in 2019/20 with the greatest increase in costs likely to be at Epping. An additional growth bid for anticipated OPM costs will be made within the Medium Term Financial Plan report.

- The short term City Bridge Trust funding the Department's Learning Programme ceases on 31 March 2019. The Learning programme delivers many of the Corporate priorities linked to education and learning, social mobility, health and well being and delivers activities in some of London's more deprived communities. The Department will be requesting within the Medium Term Financial Plan report, an increase in its base budget from April 2019 to fund a core learning offer. Pending such a decision the current budget estimates include only the three-month additional funding as agreed by Resource Allocation Sub-Committee on the 4th October 2018.

Revenue Budget 2018/19

16. The 2018/19 latest approved budget includes funding of £6,000 for a Kenley Revival Legacy Officer, £15,000 for a Biodiversity post at Burnham Beeches, both of which are within Central Risk and funded from the Priorities Investment Pot. There is also a £7,000 funding for contribution pay. The Director of Open Spaces has also transferred from the Directors Pot £15,000 towards The Commons Café Business Case, and £25,000 to mitigate the Burnham Beeches Café debt. Details of the movement between the 2018/19 Original Budget and the 2018/19 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 £2.884M.

Draft Capital and Supplementary Revenue Budgets

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

Service Managed	Project	Exp. Pre 01/04/18 £'000	2018/19 £'000	2019/20 £'000	Later Years £'000	Total £'000
<u>Authority to start work granted</u>						
City Commons	Kenley Revival	721	259	51		1,031
TOTAL CITY COMMONS		721	259	51	0	1,031

18. There is one scheme in progress at Kenley, largely funded by HLF grant.

19. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2019.

Appendices

- Appendix 1 - Analysis by Services Managed
- Appendix 2 - Analysis of Support Services
- Appendix 3 - Movement of Local Risk Budgets 2018/19 OR to 2018/19 LAB

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Appendix 1

Analysis by Service Managed	Actual 2017-18 £'000	Original Budget 2018-19 £'000	Latest Approved Budget 2018-19 £'000	Original Budget 2019-20 £'000	Movement 2018-19OR to 2019-20OR £'000	Paragraph(s) Reference
<u>CITY CASH</u>						
Ashtead Common	(447)	(511)	(533)	(455)	56	a)
West Wickham	(1,179)	(1,566)	(1,343)	(1,049)	517	b)
Burnham Beeches	(802)	(917)	(986)	(857)	60	c)
Stoke Common	(25)	(22)	(22)	(22)	-	
TOTAL	(2,453)	(3,016)	(2,884)	(2,383)	633	

- a) The decrease of £56,000 at Ashtead is mainly due to the reduction in the City Surveyor's Repairs & Maintenance Programme, details of which can be found in paragraph 11 of the main report.
- b) The majority of this £517,000 decrease relates to City Surveyor's Repairs & Maintenance Programme, further detail can be found in paragraph 11 in the report.
- c) The decrease of £60,000 at Burnham Beeches is mainly due to a reduction of £146,000 in the City Surveyor's Repairs & Maintenance Programme, partially off-set by an increase of £78,000 in Government Grants due to a new Countryside Stewardship Scheme (CSS) in 2019/20.

Appendix 2

Support Services from/to The Commons	Actual 2017-18 £'000	Original Budget 2018-19 £'000	Latest Approved Budget 2018-19 £'000	Original Budget 2019-20 £'000	Movement 2018-19OR to 2019-20OR £'000	Paragraph Reference
<u>Support Services</u>						
Central Recharges-						
City Surveyor's Employee Recharge	(43)	(44)	(41)	(41)	3	
Insurance	(17)	(19)	(15)	(16)	3	
I.S.Recharges - Chamberlain	(84)	(79)	(85)	(79)	-	
Support Services-						
Chamberlain (inc CLPS recharges)	(80)	(56)	(78)	(79)	(23)	
Comptroller and City Solicitor	(30)	(27)	(29)	(28)	(1)	
Town Clerk	(59)	(54)	(60)	(61)	(7)	
City Surveyor	(34)	(21)	(35)	(35)	(14)	
Total Support Services	(347)	(300)	(343)	(339)	(39)	
<u>Recharges Within Fund</u>						
Directorate Recharges	(38)	(40)	(42)	(61)	(21)	
Corporate and Democratic Core	29	23	23	23	-	
Total Recharges Within Fund	(9)	(17)	(19)	(38)	(21)	
Total Support Services	(356)	(317)	(362)	(377)	(60)	

Appendix 3

Movement of Local Risk Budgets (inc City Surveyor)	Risk	Original Budget 2018-19 £'000	Latest Approved Budget 2018-19 £'000	Movement 2018-19 OR to 2018-19 LAB £'000	Note Reference
EXPENDITURE					
Employees	L	(1,373)	(1,382)	(9)	a)
Premises Related Expenses	L	(274)	(288)	(14)	
R & M (City Surveyor's Local Risk inc cleaning)	L	(1,126)	(869)	257	
Transport Related Expenses	L	(53)	(53)	-	
Supplies & Services	L	(124)	(139)	(15)	
Third Party Payments	L	(32)	(31)	1	
INCOME					
Government Grants	L	122	121	(1)	
Other Grants, Reimbursements and	L	20	20	-	
Customer, Client Receipts	L	159	148	(11)	

- a) When the original budget was set for the year, it included an estimation for the work within the Additional and Cyclical Works Programmes that would be delivered during the year. Officers plan and refine their projects during the start of the year and the budget is then revised to reflect their programme for the year to reflect operational requirements of occupying departments and more strategic changes.