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| <b>Committee(s):</b>   | <b>Date(s):</b>               |
| Open Spaces, City Gardens, and West Ham Park Committee               | 3 December 2012               |
| <b>Subject:</b><br>REVENUE AND CAPITAL BUDGETS – 2012/13 AND 2013/14 |                               |
| <b>Report of:</b><br>The Chamberlain<br>The Director of Open Spaces  | <b>Public</b><br>For Decision |

### Summary

This report updates the Committee on its latest approved revenue budget for 2012/13 and seeks approval for a provisional revenue budget for 2013/14, for subsequent submission to the Finance Committee. The budgets have been prepared within the resources allocated to the Director and the table below summarises the position.

| Summary of Table 1                      | Latest<br>Approved<br>Budget | Original<br>Budget | Movement |
|---|------------------------------|--------------------|----------|
|   | 2012/13<br>£000              | 2013/14<br>£000    | £000     |
| Expenditure                             | 3,556                        | 3,558              | 2        |
| Income                                  | (837)                        | (848)              | (11)     |
| Support Services and<br>Capital Charges | 148                          | 191                | 43       |
| <b>Total Net Expenditure</b>            | 2,867                        | 2,901              | 34       |

Overall the provisional Original budget for 2013/14 totals £2.901M, an increase of £34,000 compared with the latest approved budget for 2012/13. Although overall movement in expenditure is £2,000 this mainly comprises of an increase of £144,000 in Surveyor's Repairs & Maintenance partly off-set by a reduction of £83,000 carried forward from 2011/12 to 2012/13, a reduction of £44,000 in

employee costs in the Directorate due to the 10% savings, and £14,000 ‘one-off’ contribution in 2012/13 in respect of the July 2012 pay award. The increase of £43,000 in Support Services Charges relate mainly to a reduction in the Directorate’s Recharge income. This is a direct result of a reduction in manpower expenditure to meet the corporate budget savings as mentioned above.

### **Recommendations**

The Committee is requested to:

- Review the provisional 2013/14 revenue budget to ensure that it reflects the Committee’s objectives and, if so, approve the budget for submission to the Finance Committee;
- Review and approve the draft Capital Budget;
- 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, changes to the Additional Works Programme, and implications arising from Carbon Trading Allowances.

## **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. The City Gardens are funded from the City Fund, as part of the City Corporation’s local authority functions. The Open Spaces Directorate, which is funded from City’s Cash, co-ordinates the management of the Department and works in co-operation with other Departments on cross service projects and corporate initiatives.
2. This report sets out the proposed revenue budget and capital budgets for 2013/14. 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 2012-2015 which was approved in April 2012. The main priorities for City Gardens and West Ham Park include :-
  - Seek improvements to City Gardens through Section 106 funding and the Community Infrastructure Levy and, where possible, address deficiencies highlighted in the City of London Open Space Strategy;
  - Provide input to and participate in strategic planning and activities led by the London Borough of Newham and other borough organisations such as the Police and Schools, in order to seek opportunities for shared services (West Ham Park);
  - Deliver approved actions set down in the Biodiversity Action Plan in order to protect and enhance Sites of Local Importance for Nature Conservation (City Gardens).

### **Proposed Revenue Budget for 2013/14**

6. The proposed Revenue Budget for 2013/14 is shown in Table 1 below 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 2013/14 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. The 2% efficiency

savings to be achieved by 2014/15 comprise 1% saving in 2013/14 and a further 1% saving in 2014/15. An allowance towards any potential pay and price increases of 1% for 2013/14 has been included, with 2% to be included for 2014/15. The budget has been prepared within the resources allocated to the Director.

TABLE 1

## OPEN SPACES, CITY GARDENS, &amp; WEST HAM PARK COMMITTEE SUMMARY – ALL FUNDS

| Analysis of Service Expenditure   | Local or Central Risk | Actual<br>2011-12<br>£'000 | Latest<br>Approved<br>Budget<br>2012-13<br>£'000 | Original<br>Budget<br>2013-14<br>£'000 | Movement<br>2012-13<br>to<br>2013-14<br>£'000 | Paragraph<br>Reference |
|---|-----------------------|----------------------------|--|--|---|------------------------|
| <b>EXPENDITURE</b>  |                       |                            |  |  |   |                        |
| Employees   | L                     | 2,194                      | 2,172  | 2,143                                  | (29)  | 10/11                  |
| Redundancy costs  | C                     | 34                         | 0  | 0                                      | 0   |                        |
| Premises Related Expenses   | L                     | 394                        | 322  | 297                                    | (25)  |                        |
| R & M (City Surveyor's Local Risk)  | L                     | 243                        | 398  | 542                                    | 144   |                        |
| Transport Related Expenses  | L                     | 86                         | 92   | 75                                     | (17)  |                        |
| Supplies & Services   | L                     | 949                        | 484  | 457                                    | (27)  |                        |
| Third Party Payments  | L                     | 107                        | 86   | 39                                     | (47)  |                        |
| Transfer to Reserves – Capital  | C                     | 43                         | 2  | 5                                      | 3   |                        |
| <b>Total Expenditure</b>  |                       | <b>4,050</b>               | <b>3,556</b>                                     | <b>3,558</b>                           | <b>2</b>                                      |                        |
| <b>INCOME</b>   |                       |                            |  |  |   |                        |
| Other Grants, Reimbursements and Contributions – (Section 106/Rechargeable Works)     | L                     | (173)                      | 0  | 0                                      | 0   |                        |
| Other Grants, Reimbursements and Contributions – (City Bridge Trust & Capital Grants) | C                     | (118)                      | (75)   | (75)                                   | 0   |                        |
| Customer, Client Receipts   | L                     | (745)                      | (745)  | (747)                                  | (2)   |                        |
| Investment Income   | C                     | (3)                        | (1)  | (1)                                    | 0   |                        |
| Transfer from Reserves  | L                     | (14)                       | (6)  | 0                                      | 6   |                        |
| Transfer from Reserve – Capital & Nursery   | C                     | (29)                       | (10)   | (25)                                   | (15)  |                        |
| <b>Total Income</b>   |                       | <b>(1,082)</b>             | <b>(837)</b>                                     | <b>(848)</b>                           | <b>(11)</b>                                   |                        |
| <b>TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES AND CAPITAL CHARGES</b>        |                       | <b>2,968</b>               | <b>2,719</b>                                     | <b>2,710</b>                           | <b>(9)</b>                                    |                        |
| <b>SUPPORT SERVICES AND CAPITAL CHARGES</b>   |                       |                            |  |  |   |                        |
| Central Support and Capital Charges   |                       | 535                        | 853  | 855                                    | 2   |                        |
| Recharges within Fund   |                       | (528)                      | (499)  | (464)                                  | 35  |                        |
| Recharges Across Funds  |                       | (109)                      | (98)   | (92)                                   | 6   |                        |
| Recharges to Finance Committee (Corporate & Democratic Core)                          |                       | (108)                      | (108)  | (108)                                  | 0   |                        |
| <b>Total Support Services and Capital Charges</b>                                     |                       | <b>(210)</b>               | <b>148</b>                                       | <b>191</b>                             | <b>43</b>                                     |                        |
| <b>TOTAL NET ENDITURE/(INCOME)</b>  |                       | <b>2,758</b>               | <b>2,867</b>                                     | <b>2,901</b>                           | <b>34</b>                                     |                        |

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.
9. Overall there is an increase of £34,000 in the overall budget between the 2012/13 latest approved budget and the 2013/14 original budget. This movement is explained by variances in the following paragraphs.
10. Following the implementation of the MITIE contract in July 2012, budgets have been re-aligned to reflect the tendered cost of the new contract. The 2012/13 latest approved budgets and 2013/14 Original budgets, therefore reflect these changes. The increase of £144,000 in the Repairs & Maintenance budget for the City Surveyor's Local Risk is an increase of £166,000 in the Additional Works Programme due to changes in the composition and phasing of the work, partially off-set by a decrease of £22,000 in Planned & Reactive Works.
11. Furthermore, budgets have provisionally been included for the 2013/14 additional works programme based on the bids considered by your Committee and the Corporate Asset Sub Committee in June 2012. However, a decision on the funding of the programme is not due to be made by the Resource Allocation Sub Committee until December. It may therefore be necessary to adjust the budgets to reflect the Resource Allocation Sub Committee's decision. See Table 2 below.

| TABLE 2 - CITY SURVEYOR LOCAL RISK                   |  | Latest<br>Approved<br>Budget<br>2012/13<br>£'000 | Original<br>Budget<br>2013/14<br>£'000 |
|--|--|--|--|
| Repairs and Maintenance                              |  |  |  |
| <b>Additional Works Programme</b>                    |  |  |  |
| West Ham Park  |  | 134  | 291                                    |
| Bunhill Fields                                       |  | 117  | 131                                    |
| City Gardens   |  | 58   | 53                                     |
|  |  | <b>309</b>                                       | <b>475</b>                             |
| <b>Planned &amp; Reactive Works (Breakdown &amp;</b> |  |  |  |
| West Ham Park  |  | 53   | 33                                     |
| Bunhill Fields                                       |  | 16   | 16                                     |
| Nursery  |  | 6  | 5                                      |
| City Gardens   |  | 13   | 13                                     |
| Open Spaces Directorate                              |  | 1  | 0                                      |
|  |  | <b>89</b>  | <b>67</b>                              |
| <b>Total City Surveyor</b>                           |  | <b>398</b>                                       | <b>542</b>                             |

12. Analysis of the movement in manpower and related staff costs are shown in Table 3 below. The main reason for the Directorate variance is due to the 10% corporate budget savings which amounted to £44,000.

| Table 3 - Manpower statement   | Latest Approved Budget<br>2012/13   |                           | Original Budget<br>2013/14          |                           |
|--|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
|  | Manpower<br>Full-time<br>Equivalent | Estimated<br>cost<br>£000 | Manpower<br>Full-time<br>equivalent | Estimated<br>cost<br>£000 |
| Directorate  | 7                                   | 385                       | 5                                   | 336                       |
| City Gardens/Bunhill Fields  | 34.17                               | 1,046                     | 33                                  | 1,049                     |
| West Ham Park/Nursery  | 22.50                               | 741                       | 22.50                               | 758                       |
| <b>TOTAL OPEN SPACES, CITY GARDENS<br/>&amp; WEST HAM PARK COMMITTEE</b> | 63.67                               | 2,172                     | 60.50                               | 2,143                     |

13. The £126,000 overall increase in West Ham Park (Appendix 1) mainly relates to an increase (£137,000) in Repairs & Maintenance by the City Surveyor
14. The £104,000 reduction in City Gardens (Appendix 1) is mainly due to the fall-out of the £83,000 carry forward and a reduction in Third Party Payments and Supplies & Services.

### **Potential Further Budget Developments**

15. The provisional nature of the 2012/13 and 2013/14 revenue budgets recognises that further revisions may be required, including in relation to:
- budget reductions to capture savings arising from the on-going PP2P reviews;
  - budget adjustments relating to the implementation of the City of London Procurement Service; and
  - decisions on funding of the Additional Work Programme by the Resource Allocation Sub Committee.

Any further revisions will be agreed in consultation with the Director of Open Spaces.

### **Revenue Budget 2012/13**

16. The forecast outturn for the current year is in line with the latest approved budget of £2.867M.

## **Draft Capital Budget**

17. No new bids were submitted recently by the Committee to the Policy and Resources Committee for resources to evaluate new capital or supplementary revenue projects.
18. The Committee's draft capital and supplementary revenue project budgets are summarised in the Tables below. Estimated expenditure is analysed as follows:
  - Committed – Projects which are contractually committed.
  - Uncommitted – Projects which have been the subject of an options appraisal report but are not yet contractually committed.
  - Options Appraisal costs – The costs of evaluating all other schemes approved to proceed to that stage.

| <b>Table 4 - City Fund Draft Capital Budget</b> |                      |            |          |          |          |          |                |            |
|---|----------------------|------------|----------|----------|----------|----------|----------------|------------|
|   | Exp. Pre<br>01/04/12 | 2012/13    | 2013/14  | 2014/15  | 2015/16  | 2016/17  | Later<br>Years | Total      |
|   | £'000                | £'000      | £'000    | £'000    | £'000    | £'000    | £'000          | £'000      |
| <u>Evaluated schemes</u>                        |                      |            |          |          |          |          |                |            |
| - Committed                                     |                      |            |          |          |          |          |                |            |
| St Botolph churchyard improvements              | 35                   | 53         |          |          |          |          |                | 88         |
| Playbuilder, Peter's Hill                       | 40                   | 7          |          |          |          |          |                | 47         |
| Blackfriars Station garden                      |                      | 70         |          |          |          |          |                | 70         |
| .....   |                      |            |          |          |          |          |                |            |
| <b>Total</b>                                    | <b>75</b>            | <b>130</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>       | <b>205</b> |

19. The latest updated information on the capital project budgets is being submitted in a progress monitoring report to the Finance Committee on 11 December 2012. Summaries of these budgets will subsequently be used to determine overall financing, with the full capital and supplementary revenue project budgets being presented to the Court of Common Council for approval in March 2013.



## APPENDIX 1

| Analysis by Service Managed     | Actual<br>2011-12<br>£'000 | Latest<br>Approved<br>Budget<br>2012-13<br>£'000 | Original<br>Budget<br>2013-14<br>£'000 | Movement<br>2012-13<br>to<br>2013-14<br>£'000 | Paragraph(s)<br>Reference |
|---------------------------------|----------------------------|--|--|---|---------------------------|
| <b><u>CITY CASH</u></b>         |                            |  |  |   |                           |
| DIRECTORATE*                    | 0                          | 0  | 0                                      | 0   |                           |
| BUNHILL FIELDS                  | 182                        | 304  | 316                                    | 12  |                           |
| WEST HAM PARK                   | 1,092                      | 1,027  | 1,153                                  | 126   | 13                        |
| CBT**                           | 0                          | 0  | 0                                      | 0   |                           |
| NURSERY***                      | 0                          | 0  | 0                                      | 0   |                           |
| <b>TOTAL</b>                    | <b>1,274</b>               | <b>1,331</b>                                     | <b>1,469</b>                           | <b>138</b>                                    |                           |
| <b><u>CITY FUND</u></b>         |                            |  |  |   |                           |
| CITY GARDENS                    | 1,313                      | 1,391  | 1,287                                  | (104)   | 14                        |
| CITY OPEN SPACES (ENV SERVICES) | 171                        | 145  | 145                                    | 0   |                           |
| <b>TOTAL</b>                    | <b>1,484</b>               | <b>1,536</b>                                     | <b>1,432</b>                           | <b>(104)</b>                                  |                           |
| <b>TOTAL (ALL FUNDS)</b>        | <b>2,758</b>               | <b>2,867</b>                                     | <b>2,901</b>                           | <b>34</b>                                     |                           |

Reasons for zero budget lines:-

\* The Directorate expenditure is recharged to all the Open Spaces and nets to zero.

\*\* City Bridge Trust expenditure is funded from a Central Risk restricted fund which nets to zero.

\*\*\* The Nursery is a trading account where any surplus or shortfall go to reserve and nets to zero.

## APPENDIX 2

| Support Services & Capital Charges<br>from/to Open Spaces, City Gardens &<br>West Ham Park Committee | Actual<br><br>2011-12<br>£'000 | Latest<br>Approved<br>Budget<br>2012-13<br>£'000 | Original<br>Budget<br>2013-14<br>£'000 | Movement<br>2012-13<br>to<br>2013-14<br>£'000 | Paragraph<br>Reference |
|--|--------------------------------|--|--|---|------------------------|
| <b>Support Services &amp; Capital Charges</b>  |                                |  |  |   |                        |
| <b>Central Recharges-</b>  |                                |  |  |   |                        |
| City Surveyor's Employee Recharge  | 76                             | 85   | 87                                     | 2   |                        |
| Admin Buildings  | 54                             | 60   | 60                                     | 0   |                        |
| Insurance  | 47                             | 46   | 46                                     | 0   |                        |
| I.S.Recharges - Chamberlain  | 43                             | 367  | 367                                    | 0   |                        |
| Capital Charges  | 39                             | 43   | 56                                     | 13  |                        |
| <b>Support Services-</b>   |                                |  |  |   |                        |
| Chamberlain  | 161                            | 138  | 129                                    | (9)   |                        |
| Comptroller and City Solicitor   | 26                             | 22   | 21                                     | (1)   |                        |
| Town Clerk   | 25                             | 24   | 21                                     | (3)   |                        |
| City Surveyor  | 52                             | 55   | 55                                     | 0   |                        |
| Other Services*  | 12                             | 13   | 13                                     | 0   |                        |
| <b>Total Support Services &amp; Capital Charges</b>  | <b>535</b>                     | <b>853</b>                                       | <b>855</b>                             | <b>2</b>                                      |                        |
| <b>Recharges Within Fund</b>   |                                |  |  |   |                        |
| Directorate Recharges  | (528)                          | (499)  | (464)                                  | 35  |                        |
| Corporate and Democratic Core  | (108)                          | (108)  | (108)                                  | 0   |                        |
| <b>Total Recharges Within Fund</b>   | <b>(636)</b>                   | <b>(607)</b>                                     | <b>(572)</b>                           | <b>35</b>                                     |                        |
| <b>Recharges Across Funds</b>  |                                |  |  |   |                        |
| Recharges Across Funds   | (109)                          | (98)   | (92)                                   | 6   |                        |
| <b>Total Recharges Across Funds</b>  | <b>(109)</b>                   | <b>(98)</b>                                      | <b>(92)</b>                            | <b>6</b>                                      |                        |
|  |                                |  |  |   |                        |
| <b>Total Support Services &amp; Capital Charges</b>  | <b>(210)</b>                   | <b>148</b>                                       | <b>191</b>                             | <b>43</b>                                     |                        |

\* Various services including central heating, corporate printing, occupational health, union costs, environmental and sustainability section.