

Committee(s)	Dated:
Hampstead Heath, Highgate Wood and Queens Park	7 January 2021
Subject: Departmental and Service Committee Budget Estimates 2021/22	Public
Which Outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1,2,3,4,5,8,9,10,11 & 12
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of funding?	N/A
Has the funding source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain Director of Open Spaces	For Decision
Report Author: Derek Cobbing	

Summary

This report presents for approval the budget estimates for the Hampstead Heath, Highgate Wood and Queens Park Committee for 2021/22, 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 (Includes Local Risk, Central Risk, and Recharges/Support Services)	Original Budget (OR)	Latest Approved Budget	Original Budget (OR)	Movement
	2020/21 £000	2020/21 £000	2021/22 £000	2020/21 OR to 2021/22 OR £000
Net Local Risk	(5,255)	(5,524)	(4,595)	660
Net City Surveyor	(443)	(443)	(413)	30
Net CWP	(1,472)	(1,071)	(740)	732
Net Central Risk	1,143	1,135	1,096	(47)
Support Services	(1,694)	(1,498)	(1,445)	249
Total Net Expenditure	(7,721)	(7,401)	(6,097)	1,624

Overall, the provisional Original Budget for 2021/22 totals £6.097M, a decrease of £1.624M compared with the Original 2020/21 Budget. Of this, £660,000 is due to reductions in local risk as a result of the following:

- 12% savings (£631,000) to enable a balanced budget across the Corporation in the medium term,
- A reduction in centrally funded apprentices budgets (£24,000),
- Previously agreed Fundamental Review savings (£5,000).

In addition, there was a reduction in the Cyclical Works Programme of £732,000 where impact of Covid-19 has led to a reduced bid for reasons set out in paragraph 12 and Table 3 of the report and reductions in Support Services and recharges of £249,000. More detail of the Summary Table and the savings made can be found in Table 1 within Appendix 1. A high level overview of how the 12% savings are being met can be found in paragraph 9 of the report.

Recommendation

Members are asked to:

- i) review and approve the Hampstead Heath, Highgate Wood and Queens Park Committee's proposed revenue budget for 2021/22 for submission to Finance Committee,
- ii) review and approve the Hampstead Heath, Highgate Wood and Queens Park Committee's capital and supplementary revenue projects budgets for 2021/22 for submission to Finance Committee,
- iii) 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, changes to the Cyclical Works Programme, and realignment of budgets emanating from the new 'Target Operating Model';
- iv) agree that minor amendments for 2020/21 and 2021/22 budgets arising during budget setting be delegated to the Chamberlain,

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, Highgate Wood and Queens Park which are funded from City's Cash
2. This report sets out the proposed budgets for 2021/22 for these areas. 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. The overall 2021/22 budget for Hampstead Heath, Highgate Wood and Queens Park which includes the Director of Open Spaces Local Risk, City Surveyor's Local Risk, Central Risk, and Recharges/Support Services is £6.097M, this is a decrease of £1.624M when compared with the 2020/21 Original Budget.

Business Planning Priorities for 2021/22

6. The Open Spaces Departments business priorities for the forthcoming year have been set out in the 2021/22 business plan report which was approved by the Open Spaces Committee on 2 December 2020 and will be presented to this Committee 'for information' on 24 February 2021.

Proposed revenue budget for 2021/22

7. This report presents, in Table 1 at Appendix 1, the budget estimates for 2021/22 for the Hampstead Heath, Highgate Wood and Queens Park Committee 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.
8. The provisional 2021/22 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 2021/22 budgets include;

- 12% reduction of £631k agreed by Resource Allocation Sub Committee on 10th December 2020 reflecting a combination of savings between the new 'Target Operating Model', and additional savings to enable a balanced budget across the medium term.
- 2% uplift for inflation offset by 2% efficiency savings (a flat cash position)
- Previously agreed fundamental review savings of £5k

9. To achieve the 12% savings and the increase in employee costs, officers have planned a mixture of expenditure reduction and an increase in income generation. Income generation will be increased in the following areas:

- Fees and charges (a fees and charges report will be brought to this Committee for approval)
- Events

Expenditure will be reduced in the following areas:

- Direct employee costs – reduction in training budgets, removal of a vacant post
- Efficiencies and budget realignment - grounds maintenance, entertainment, on-line only Diary
- Unidentified savings - savings required to achieve the allocated budget but which have not yet been finalised.

10 Income, increases in income and reductions in expenditure are shown as positive balances, whereas brackets will be used to denote expenditure, increases in expenditure, or shortfalls in income. Only significant variances (generally those greater than £50,000) have been commented on and are referenced in the relevant table. Overall there is a decrease of £1.624M between the 2020/21 original budget and the 2021/22 original budget. The movement is explained in the following paragraphs.

11 Analysis of the movement in staff related costs are shown in Table 2 below. Staffing levels have remained relatively stable between 2020/21 and 2021/22 budgets, this is due to holding vacancies and flexible retirement proposals within the current establishment. Committees will continue to work through proposals against the 12% savings and these will be revised once the TOM is progressed through the year. The 12% savings in the budget showing as unidentified savings are to ensure flexibility to move people into the right roles as a result of the TOM.

Table 2 - Staffing statement	Original Budget		Latest Approved Budget		Original Budget	
	2020/21		2020/21		2021/22	
	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000
Hampstead Heath	113.07	(5,222)	113.07	(5,247)	114.13	(5,284)
Queen's Park	11.70	(466)	11.70	(468)	11.45	(489)
Highgate Wood	7.45	(380)	7.45	(381)	6.20	(342)
TOTAL	132.22	(6,068)	132.22	(6,096)	131.78	(6,115)

12 The decrease of £762,000 from the 2020/21 original budget to the 2021/22 original budget in the City Surveyor (see Table 3 below) is mainly within the Cyclical Works Programme. The main reason for this decrease is due to Covid-19 which has impacted on the CWP project delivery during 20/21, therefore to allow for the project delivery team to catch up with the outstanding works a reduced bid has been submitted for CWP year 2021/22.

TABLE 3 – CYCLICAL WORKS PROGRAMME & CITY SURVEYOR LOCAL RISK	Original Budget 2020/21 £'000	Latest Approved Budget 2020/21 £'000	Original Budget 2021/22 £'000
Repairs and Maintenance (including cleaning)			
Cyclical Works Programme			
Hampstead Heath	(1,217)	(939)	(665)
Queen's Park	(37)	-	-
Highgate Wood	(218)	(132)	(75)
	(1,472)	(1,071)	(740)
Planned & Reactive Works (Breakdown & Servicing – City Surveyor Local Risk)			
Hampstead Heath	(332)	(332)	(306)
Queen's Park	(47)	(47)	(45)
Highgate Wood	(41)	(41)	(39)
	(420)	(420)	(390)
Cleaning (City Surveyor Local Risk)			
Hampstead Heath	(23)	(23)	(23)
	(23)	(23)	(23)
Total Cyclical Works Programme & City Surveyor	(1,915)	(1,514)	(1,153)

Potential Further Budget Developments

13 The provisional nature of the 2021/22 revenue budget recognises that further revisions may be required, including in relation to:

- Decisions on funding of the Cyclical Works Programme by the Resource Allocation Sub-Committee.
- Budget adjustments to align with the new Target Operating Model.

Revenue Budget 2020/21

14 An in-year re-budgeting exercise has been undertaken corporately to assist in repairing the damage to the City's budgets arising from the COVID-19 pandemic. The 2020/21 latest approved budget has been increased by £109,000 following Court of Common Council approval on 3 December 2020.

15 Further budget adjustments included in the 2020/21 latest approved budget are: £28,000 in lieu of contribution pay, an allocation of £83,000 from the Directorate to fund unsuccessful 2019/20 carry forward bids for delayed delivery of goods due to COVID-19, an allocation of £30,000 from Corporate COVID fund to help with the cost of additional health and safety equipment and changes to public reception areas due to COVID-19 and an allocation of £19,000 from the Directorate to cover Oak Processionary Moth costs. The forecast outturn for the current year is in line

with the latest approved budget of £7.401M. Movement of the 2021/22 Original Budget to the 2021/22 Latest Approved Budget can be found in Appendix 4.

Draft Capital and Supplementary Revenue Budgets

16 The latest estimated costs of the Committee's current approved capital and supplementary revenue projects are summarised in the Table below:

TOTAL HAMPSTEAD HEATH		35	473	0	0	0	508
Service Managed	Project	Exp. Pre 01/04/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Later Years £'000	Total £'000
	<u>Authority to start work granted</u>						
Hampstead Heath	East Heath Car Park Resurfacing	19	389				408
	Redevelopment of two Play Areas	16	84				100
TOTAL HAMPSTEAD HEATH		35	473	0	0	0	508

17 These schemes are both expected to be completed in the current financial year.

18 Progression of any other schemes in the pipeline is subject to confirmation of central funding via the annual capital bid process and gateway approvals. Please see Appendix 3 for details of the bids put forward.

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 2021.

Corporate & Strategic Implications

20 The Department's activity delivers ten of the twelve Corporate Plan outcomes, across all three of the Corporate Plan aims.

Contribute to a flourishing society

1. People are safe and feel safe.
2. People enjoy good health and wellbeing.
3. People have equal opportunities to enrich their lives and reach their full potential.
4. Communities are cohesive and have the facilities they need.

Support a thriving economy

5. Businesses are trusted and socially and environmentally responsible.

8. We have access to the skills and talent we need.

Shape outstanding environments

9. We are digitally and physically well-connected and responsive.

10. We inspire enterprise, excellence, creativity and collaboration.

11. We have clean air, land and water and a thriving and sustainable natural environment.

12. Our spaces are secure, resilient and well-maintained.

Security Implications

21. None

Public sector equality duty

22. Should the capital projects be approved for funding it will significantly improve the service and experience provided to our local communities. Where capital funded projects are approved for progress or new policies and strategies developed, we will undertake 'tests of relevance' and where appropriate, Equality Analysis. Our fees and charges are annually benchmarked with neighbouring facilities, but we will continue to informally assess any negative impact on protected characteristic groups.

Conclusion

23. This report presents the Capital and Revenue budget estimates for 2021/22 for the Hampstead Heath, Highgate Wood and Queens Park Committee for Members to consider and approve.

Appendices

- Appendix 1 – Budget estimates 2021/22 Table 1
- Appendix 2 – Support Services and Capital Charges
- Appendix 3 – Capital Project Bids for 2021/22
- Appendix 4 – Original Local Risk 2020/21 budget to Latest Approved 2020/21 Local Risk Budget
- Appendix 5 – Original 2020/21 Local Risk Budget to Original Local Risk 2021/22 budget

Derek Cobbing
Senior Accountant, Chamberlains Department
T: 020 7332 3519
E: derek.cobbing@cityoflondon.gov.uk

Appendix 1

Analysis of Service Expenditure	Local or Central Risk	Actual 2019-20 £'000	Original Budget 2020-21 £'000	Latest Approved Budget 2020-21 £'000	Original Budget 2021-22 £'000	Movement 20-21OR to 21-22OR £'000	Paragraph Reference
EXPENDITURE							
Employees	L	(5,692)	(6,068)	(6,096)	(6,115)	(47)	
Premises Related Expenses	L	(712)	(390)	(406)	(396)	(6)	
City Surveyor's Local Risk inc cleaning	L	(522)	(443)	(443)	(413)	30	
Cyclical Works Programme	L	(1,394)	(1,472)	(1,071)	(740)	732	a)
Transport Related Expenses	L	(87)	(115)	(183)	(115)	-	
Supplies & Services	L	(828)	(500)	(548)	(484)	16	
Supplies & Services	C	(1)	-	-	-	-	
Capital Charges - Depreciation	C	(239)	(235)	(228)	(252)	(17)	
Resetting of departmental budgets	L	-	-	(109)	-	-	
Unidentified Savings	L	-	-	-	217	217	b)
Total Expenditure		(9,475)	(9,223)	(9,084)	(8,298)	925	
INCOME							
Other Grants, Reimbursements and Contributions	L	7	-	-	13	13	
Customer, Client Receipts	L	2,026	1,818	1,818	2,285	467	c)
Investment Income	C	1,291	1,378	1,363	1,348	(30)	
Total Income		3,324	3,196	3,181	3,646	450	
TOTAL (EXPENDITURE) BEFORE SUPPORT SERVICES		(6,151)	(6,027)	(5,903)	(4,652)	1,375	
SUPPORT SERVICES							
Central Support		(1,253)	(1,244)	(1,244)	(1,113)	131	d)
Recharges within Fund		(303)	(433)	(237)	(315)	118	e)
Recharges across Fund		(15)	(17)	(17)	(17)	-	
Total Support Services		(1,571)	(1,694)	(1,498)	(1,445)	249	
TOTAL NET (EXPENDITURE)		(7,722)	(7,721)	(7,401)	(6,097)	1,624	

- a) The reduction of £732,000 in the Cyclical Works Programme is mainly due to a reduced City Surveyor bid being submitted to allow the Covid-19 delays in project delivery from 2020/21 to be brought back into the original delivery programme which has led to reduced funding for 2021/22.
- b) A £217,000 reduction has been incorporated to reflect savings required which are under review by the Superintendent and Director of Open Spaces in order to meet the departments 12% savings target. Savings are not yet progressed to a stage where they can be detailed in this report.

- c) The increase of £467,000 in customer and client receipts is mainly due to an estimated increase of £292,000 in fees and charges.
- d) The decrease of £131,000 in central support costs are to reflect the 12% savings and to allow for changes associated with the new Target Operating Model.
- e) The £118,000 reduction in recharges within fund are a £65,000 increase in Corporate Democratic Core recharges (income) which has a new basis of calculation, a £23,000 decrease in Directorate recharges (expenditure), and a £30,000 decrease in Learning recharges (expenditure), both are due to an estimated reduction in expenditure within the Directorate and Learning programme.

Appendix 2

Support Services to/from Hampstead Heath, Queen's Park & Highgate Woods Committee	Actual 2019-20 £'000	Original Budget 2020-21 £'000	Latest Approved Budget 2020-21 £'000	Original Budget 2021-22 £'000	Movement 2020-21OR to 2021-22OR £'000	Paragraph Reference
Support Services						
Central Recharges-						
City Surveyor's Employee Recharge	(298)	(307)	(307)	(277)	30	
Insurance	(135)	(107)	(107)	(105)	2	
I.S.Recharges - Chamberlain	(301)	(284)	(284)	(256)	28	
Support Services-						
Chamberlain (inc CLPS recharges)	(167)	(178)	(178)	(141)	37	
Comptroller and City Solicitor	-	(23)	(23)	-	23	
Town Clerk	(243)	(247)	(247)	(220)	27	
City Surveyor	(109)	(98)	(98)	(114)	(16)	
Total Support Services	(1,253)	(1,244)	(1,244)	(1,113)	131	
Recharges Within Fund						
Directorate Recharges	(211)	(291)	(215)	(268)	23	
Learning Recharges	(187)	(237)	(182)	(207)	30	
Corporate and Democratic Core	95	95	160	160	65	a)
Total Recharges Within Fund	(303)	(433)	(237)	(315)	118	
Total Recharges Across Fund – Reservoir Inspections	(15)	(17)	(17)	(17)	-	
Total Support Services	(1,571)	(1,694)	(1,498)	(1,445)	249	

a) The £65,000 increase in Recharges Within Fund (income) is mainly due to a new basis for calculating the Corporate and Democratic Core recharges.

Appendix 3

Capital Project Bids for 2021/22

Project – Hampstead Heath safety, access and security issues across the three Bathing Ponds and the Parliament Hill Fields Lido £755,000

Status – Green – Recommended for approval

Project – Hampstead Heath athletics track refurbishment £2,000,000

Status – Amber – Deferred / on a reserve list should funding become available

Project – Hampstead Heath Pergola superstructure repair and replacement £1,200,000

Status - Amber – Deferred / on a reserve list should funding become available

Project – Carbon Sequestration Project (Climate Action Strategy) £2,120,000 over 6 years

Status - Green – Recommended for approval

Appendix 4

Movement from the 2020/21 Original Budget to the 2020/21 Latest Approved Budget

Hampstead Heath, Highgate Wood and Queens Park	£000
Original Net Local Risk Budget (Director of Open Spaces & City Surveyor)	(5,698)
Director of Open Spaces	
Contribution Pay	(28)
Allocation from the Directorate to fund unsuccessful 2019/20 carry forward bids	(83)
Allocation from the Corporate COVID-19 fund	(30)
Allocation from the Directorate to cover Oak Processionary Moth (OPM) costs	(19)
Resetting of departmental Budgets 2020/21 due to COVID-19 pandemic	(109)
City Surveyor	
Planned & Reactive Works including Cleaning	-
Latest Approved Net Local Risk Budget (Director of Open Spaces & City Surveyor)	(5,967)

Appendix 5

Movement from the 2020/21 Original Budget to the 2021/22 Original Budget

Hampstead Heath, Highgate Wood and Queens Park	£000
Original Net Local Risk Budget (Director of Open Spaces & City Surveyor)	(5,698)
Director of Open Spaces	
Apprentices - centrally funded	24
Fundamental review savings due in 2021/22	5
2% inflation uplift	(104)
2% efficiency saving	104
12% savings	631
City Surveyor	
Planned & Reactive Works including Cleaning	30
Original Net Local Risk Budget (Director of Open Spaces & City Surveyor)	(5,008)