

Committee(s)	Dated:
West Ham Park	12 February 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 West Ham Park Committee for 2021/22, for subsequent submission to the Finance Committee. The proposed budget for 2021/22 has been prepared within the resource envelope allocated to each Director by Resource Allocation Sub Committee, including the Department's Target Operating Model (TOM) efficiency savings of 12%.

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	(710)	(774)	(625)	85
Net City Surveyor	(92)	(92)	(73)	19
Net Cyclical Works Programme	(192)	(150)	(151)	41
Net Central Risk	26	(9)	(9)	(35)
Support Services	(288)	(273)	(274)	14
Total Net Expenditure	(1,256)	(1,298)	(1,132)	124

Overall the provisional original budget for 2021/22 totals £1.132M, a decrease of £124,000 compared with the 2020/21 original budget. Of this, £85,000 is due to reductions in local risk as a result of the 12% savings. In addition, there was a reduction in the Cyclical Works Programme of £41,000 where impact of Covid-19 has led to a reduced bid for reasons set out in paragraph 14 and Table 3 of the report and reductions in Support Services and recharges of £14,000. 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, 10 and 11 of the report.

Recommendation

Members are asked to:

- i) review and approve the West Ham Park Committee's proposed revenue budget for 2021/22 for submission to Finance Committee,
- ii) review and approve the West Ham 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, the City's new Target Operating Model, and changes to the Cyclical Works Programme (CWP),
- 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 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 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 West Ham Park which include the Director of Open Spaces Local Risk, City Surveyor's Local Risk, Central Risk, and Recharges/Support Services is £1.132M, this is a decrease of £124,000 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 was presented to this Committee 'for information' on 2 December 2020.

Proposed Revenue Budget for 2021/22

7. This report presents in Table 1 at Appendix 1, the budget estimates for 2021/22 for the West Ham 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 his/her control or are budgets of a corporate nature (e.g. interest on cash balances and rent incomes from investment properties).
 - Support Services – 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 £85,000 agreed by Resource Allocation Sub Committee on 10 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, and
- 2% uplift for inflation offset by 2% efficiency savings (a flat cash position).

9. To achieve the 12% savings and the increase in employee costs (which equates to an additional 3% reduction in real terms), 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,
- Events within the Park and
- Rents

Expenditure will be reduced in the following areas:

- Direct employee costs – reduction in training budgets,
- Efficiencies and budget realignment – energy costs, equipment, furniture and materials and transport costs.

10. Members should be aware that these savings will only be achievable thanks to a timely uplift in the rental income paid by The Army Reserve for its site at the Cedars, and to a proposal to let one of the remaining untenanted staff lodges. However, Members should also note that these savings will result in a significant reduction in budget available for garden improvements and planting refurbishment. As the West Ham Park Charity local risk budget comes under increasing pressure over the coming years, other solutions will need to be found in order to meet the resource base.

11. Additionally, Members should note that a restructure of the service is likely to be required to meet the requirements of the new Target Operating Model (TOM).

12. 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 £124,000 between the 2020/21 original budget and the 2021/22 original budget. The movement is explained in the following paragraphs.

13. 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 Target Operating Model (TOM) is progressed through the year.

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
West Ham Park	17.5	(695)	17.5	(697)	17.41	(735)
TOTAL	17.5	(695)	17.5	(697)	17.41	(735)

14. Given the Covid-19 pandemic a review has been undertaken of the corporate Cyclical Works Programme (CWP) bid for 21/22 and it has been significantly reduced. Only Health & Safety related projects will now be undertaken in 21/22 which has reduced the overall corporate CWP bid list down from £12M to £4M, this reduction allows for the City to make savings to help its immediate financial pressures and for the project delivery team to catch up after a period of non-activity at the start of the Covid-19 pandemic and lockdown. Whilst there are no new projects from the 2021/22 CWP, projects from the 2018/19, 2019/20 and 2020/21 CWP are now being delivered and phased over a 4-year period rather than the 3 year, hence why there is a budget in the 2021/22 Original Budget.

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				
West Ham Park		(192)	(150)	(151)
		(192)	(150)	(151)
Planned & Reactive Works (Breakdown & Servicing – City Surveyor Local Risk)				
West Ham Park		(88)	(88)	(69)
		(88)	(88)	(69)
Cleaning (City Surveyor Local Risk)				
West Ham Park		(4)	(4)	(4)
		(4)	(4)	(4)
Total Cyclical Works Programme & City Surveyor		(284)	(242)	(224)

Potential Further Budget Developments

15. 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 Work Programme by the Resource Allocation Sub Committee.
- Budget adjustments to align with the new Target Operating Model.

Revenue Budget 2020/21

16. 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, which led to a budget reduction of £11,000 following Court of Common Council approval on 3 December 2020. This decrease partly offset budget increases of £2,000 in lieu of contribution pay, an allocation of £65,000 from the Directorate to fund unsuccessful 2019/20 carry forwards bids for delayed delivery of goods due to COVID-19, and an allocation of £8,000 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. The forecast outturn for the current year is in line with the latest approved budget of £1.298M. 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

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

Service Managed	Project	Exp. Pre 01/04/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Later Years £'000	Total £'000
	<u>Pre-implementation</u>						
West Ham Park	West Ham Park Playground	(33)	(32)				(65)
	<u>Disposal Costs</u>						
	West Ham Park Nursery	(90)	(106)				(196)
TOTAL WEST HAM PARK		(123)	(138)	0	0	0	(261)

18. 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 the playground scheme pending authority to start work.
19. Disposal costs relating to the Nursery include consultation with the Charity Commission and other stakeholders, and preparation for formal marketing of the site as a redevelopment opportunity.
20. 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

21. 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.
6. We have access to the skills and talent we need.

Shape outstanding environments

7. We are digitally and physically well-connected and responsive.
8. We inspire enterprise, excellence, creativity and collaboration.
9. We have clean air, land and water and a thriving and sustainable natural environment.
10. Our spaces are secure, resilient and well-maintained.

Security Implications

22. None

Public sector equality duty

23. 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

24. This report presents the Capital and Revenue budget estimates for 2021/22 for the West Ham Park Committee for Members to consider and approve.

Appendices

- Appendix 1 – Budget Estimates 2021/22 Table 1
- Appendix 2 – Support Services
- 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

Background information

- Report 2021/22 Budget setting update; Resource Allocation Sub Committee
10th December 2020

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Appendix 1

TABLE 1 WEST HAM PARK COMMITTEE SUMMARY – ALL FUNDS							
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	(653)	(695)	(697)	(735)	(40)	a)
Premises Related Expenses	L	(63)	(59)	(67)	(47)	12	
Premises Related Expenses	C	(7)	-	-	-	-	
City Surveyor's Local Risk inc cleaning	L	(95)	(92)	(92)	(73)	19	
Cyclical Works Programme	L	(241)	(192)	(150)	(151)	41	
Transport Related Expenses	L	(28)	(19)	(19)	(16)	3	
Supplies & Services	L	(191)	(145)	(250)	(135)	10	
Supplies & Services	C	(14)	(5)	-	-	5	
Third Party Payments	L	(24)	(13)	(13)	(13)	-	
Resetting of departmental budgets 2020/2021	L	-	-	11	-	-	
Capital Charges	C	(10)	(10)	(10)	(10)	-	
Total Expenditure		(1,326)	(1,230)	(1,287)	(1,180)	50	
INCOME							
Other Grants, Reimbursements and Contributions	L	2	-	-	-	-	b)
Customer, Client Receipts	L	275	221	261	321	100	
Customer, Client Receipts	C	-	40	-	-	(40)	
Investment Income	C	1	1	1	1	-	
Total Income		278	262	262	322	60	
TOTAL (EXPENDITURE) BEFORE SUPPORT SERVICES		(1,048)	(968)	(1,025)	(858)	110	
SUPPORT SERVICES							
Central Support		(205)	(184)	(184)	(174)	10	
Recharges within Fund							
Directorate Recharges		(28)	(40)	(28)	(35)	5	
Learning Recharges		(67)	(71)	(68)	(72)	(1)	
Corporate and Democratic Core		7	7	7	7	-	
Total Support Services		(293)	(288)	(273)	(274)	14	
TOTAL NET (EXPENDITURE)		(1,341)	(1,256)	(1,298)	(1,132)	124	

- a) The reduction of £41,000 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) The increase of £100,000 is mainly due to renegotiated rent with the Territorial Army which delivered a significant increase of £50,000 and rental income of £40,000 for two lodges at 240-242 Upton Lane now included within Local Risk.

Appendix 2

Support Services from/to West Ham Park 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
<u>Support Services</u>						
Central Recharges-						
City Surveyor's Employee Recharge	(59)	(42)	(42)	(38)	4	
Insurance	(16)	(19)	(19)	(19)	-	
I.S.Recharges - Chamberlain	(37)	(36)	(36)	(32)	4	
Support Services-						
Chamberlain (inc CLPS recharges)	(42)	(45)	(46)	(35)	10	
Comptroller and City Solicitor	-	(1)	(1)	-	1	
Town Clerk	(25)	(24)	(23)	(23)	1	
City Surveyor	(25)	(17)	(17)	(27)	(10)	
Total Support Services	(204)	(184)	(184)	(174)	10	
<u>Recharges Within Fund</u>						
Directorate Recharges	(28)	(40)	(28)	(35)	5	
Learning Recharges	(68)	(71)	(68)	(72)	(1)	
Corporate and Democratic Core	7	7	7	7	-	
Total Recharges Within Fund	(89)	(104)	(89)	(100)	4	
Total Support Services	(293)	(288)	(273)	(274)	14	

Appendix 3

Capital Project Bids for 2021/22

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

Status - Green – Recommended for approval

(This project is for the whole Department, although the majority of the initial spend will be at Epping Forest on the buffer land).

Appendix 4

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

West Ham Park	£000
Original Net Local Risk Budget (Director of Open Spaces & City Surveyor)	(802)
Director of Open Spaces	
Contribution Pay	(2)
Allocation from the Directorate to fund unsuccessful 2019/20 carry forward bids	(65)
Allocation from the Corporate COVID-19 fund	(8)
Resetting of departmental Budgets 2020/21 due to COVID-19 pandemic	11
City Surveyor	
Planned & Reactive Works including Cleaning	-
Latest Approved Net Local Risk Budget (Director of Open Spaces & City Surveyor)	(866)

Appendix 5

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

West Ham Park	£000
Original Net Local Risk Budget (Director of Open Spaces & City Surveyor)	(802)
Director of Open Spaces	
2% inflation uplift	(14)
2% efficiency saving	14
12% resource savings adjustment	85
City Surveyor	
Planned & Reactive Works including Cleaning	19
Original Net Local Risk Budget (Director of Open Spaces & City Surveyor)	(698)