

<b>Committee(s)</b>	<b>Dated:</b>
Open Spaces and City Gardens	5 December 2022
<b>Subject:</b> Departmental and Service Committee Budget Estimates 2023/24	<b>Public</b>
<b>Which Outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	N/A
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	N/A
<b>What is the source of funding?</b>	N/A
<b>Has the funding source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b> The Chamberlain Executive Director Environment	<b>For Decision</b>
<b>Report Author:</b> Beatrix Jako, Chamberlain's Department	

### Summary

This report presents for approval the revenue and capital budgets for the Open Spaces and City Gardens Committee for 2023/24, for subsequent submission to Finance Committee. The Open Spaces and City Gardens Committee is the strategic overarching committee for all of the open spaces and whilst this report details the 2023/24 estimates for the Natural Environment Directorate; Learning Team; City Gardens and City Open Spaces; and Bunhill Fields, summary estimates for all of the other open spaces (excluding Keat's House and Monument which are reported to their respective committees) are also provided in paragraph 21 with detailed estimate reports for each committee in the appendices.

Overall, the proposed revenue budget for 2023/24 totals (£1.831M), an increase in net expenditure of (£0.03M) compared to the 2022/23 original budget of (£1.801M).

The proposed budget for 2023/24 has been prepared within the resource envelope allocated to each Director by Resource Allocation Sub Committee, including an inflation increase of 4% balanced by an efficiency saving of 2% and the full year impact of pay increases to staff arising from the pay deal effective from July 2022.

The resource envelope must be adhered to, as failure to do so will impact Finance Committee's ability to set Council Tax rates for the year ahead and the requirement in law for the City to set a balanced budget.

## Recommendation

Members are asked to:

- i) review and approve the Directorate, Bunhill Fields and City Gardens and City Open Spaces proposed revenue budget for 2023/24 for submission to Finance Committee;
- ii) review and approve the City Gardens and Bunhill Fields capital and supplementary revenue budgets for 2023/24 for submission to Finance Committee;
- iii) agree that amendments for 2022/23 and 2023/24 budgets arising from changes to recharges or for any further implications arising from corporate contracts, Target Operating Model (TOM), energy price increases, changes to the Cyclical Works Programme (CWP) and capital charges during budget setting be delegated to the Chamberlain in consultation with the Executive Director Environment;
- iv) note that the draft budget does not include estimated increases in energy costs which are currently being reviewed in light of changing market prices with budgets to be adjusted once a final agreement on energy forecasts is made; and
- v) note the provisional 2023/24 revenue budget for the services overseen by the other Natural Environment Service Committees (appendices 3 – 5).

## 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 City Gardens which is funded from the City Fund as part of the City Corporation's local authority functions. Bunhill Fields, the Learning Team and the Natural Environment Directorate which co-ordinates the management of the Department and works in co-operation with other Departments on cross service projects and corporate initiatives are funded through City's Cash.
2. This report sets out the proposed budgets for 2023/24 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. As the strategic lead Committee for Natural Environment, the proposed budgets for Epping Forest, The Commons, West Ham Park, Hampstead Heath, Highgate Wood and Queens Park are attached (appendices 3 - 5) for information so that this Committee has an overview of the full financial position of the Natural Environment element of the Environment Department.

4. The overall 2023/24 budget for Open Spaces and City Gardens which include the Executive Director Environment local risk, City Surveyor's local risk, central risk, and recharges/support services is (£1.831M), this is an increase of (£0.03M) when compared with the 2022/23 original budget.
5. The latest approved budget 2022/23 and provisional budget 2023/24, is summarised in Table 1 below and further analysed by risk and Chief Officer in Appendix 1.
6. Income, increases in income, and reductions in expenditure are shown as positive balances, whereas brackets are used to denote expenditure, increases in expenditure, or shortfalls in income. Only significant variances (generally those greater than £40,000) have been commented on and are referenced in the relevant table in Appendix 1.

<b>Table 1 - Open Spaces and City Gardens</b>	<b>Original Budget (OR) 2022/23 £000</b>	<b>Latest Approved Budget 2022/23 £000</b>	<b>Original Budget (OR) 2023/24 £000</b>	<b>Movement 2022/23 OR to 2023/24 OR £000</b>
Net Local Risk	(2,394)	(2,347)	(2,475)	(81)
Net City Surveyor	(45)	(45)	(45)	-
Net Cyclical Works Programme	-	(124)	(40)	(40)
Net Central Risk	(20)	(146)	(20)	-
Recharges/Support Services	658	658	749	91
<b>Total Net Expenditure</b>	<b>(1,801)</b>	<b>(2,004)</b>	<b>(1,831)</b>	<b>(30)</b>

### **Business Planning Priorities for 2023/24**

7. The Natural Environment Divisions business priorities for the forthcoming year have been set out in the Environment Departments 2023/24 business plan report which will be presented to your Committee in early 2023 for approval.

### **Latest Revenue Budget for 2022/23**

8. Overall, the 2022/23 latest approved budget is net expenditure of (£2.004M), an increase in net expenditure of (£0.203M) compared to the 2022/23 original budget. The main reasons for this net increase are:
  - Approved central risk funding of redundancy costs in relation to the implementation of TOM structure (£122,000).
  - Approved Transformation Fund (City Gardens) central risk carry forwards from 2021/22 (£4,000).
  - An increase in the costs of the Cyclical Works Programme (CWP) managed by the City Surveyor during the year due to changes in phasing, (£124,000).

- Transfer of local risk budgets from Natural Environment Directorate to Environment Department Business Operations due to implementation of TOM structure £47,000.

### **Proposed Revenue Budget for 2023/24**

9. This report presents at Appendix 1, the budget estimates for 2023/24 for Open Spaces and City Gardens 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).
  - **Recharges/Support Services (including 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.
10. The proposed 2023/24 budget is net expenditure of (£1.831M), an increase of (£0.03M) in net expenditure compared to the 2022/23 original budget. Further detail can be found in Appendix 1. The main variations relate to:
- £197,000 reduction in employee expenses is due to implementation of TOM Phase 1 changes at City Gardens. This is partly offset by increases in pay costs due to pay awards, incremental and career grade progression.
  - (£40,000) increase in the costs of the CWP managed by the City Surveyor due to changes in phasing.
  - The 2022/23 original budget included £231,000 unidentified savings to be found, this has been reduced by (£166,000) to £65,000 due to implementation of TOM Phase 1 restructure at City Gardens. The Executive Director is in process of identifying proposals to deliver the remaining savings and the Department is not expected to complete the implementation of the TOM Phase 2 until early 2023.
  - (£51,000) decrease in other grants, reimbursements and contributions is mainly due to reduction in S106 contributions, as there are no longer the maintenance funds associated with recently delivered projects to draw down on. The main projects that led to decreases in S106 contributions are:
    - i) Mitre Square
    - ii) New Ludgate
    - iii) 2-6 Cannon Street
    - iv) St Pauls area Enhancement
    - v) Millennium Bridge
    - vi) City Streets – Transportation response to COVID-19 recovery
  - £40,000 increase in customer, clients receipts income is mainly due to an increase in projected service-level agreement (SLA) fees with the Barbican, Guildhall

Admin, City of London School, City Surveyors and Middlesex Street Estate and increased income from delivery of projects relating to climate action programme of works.

- (£65,000) reduction in income recharges to capital projects is due to deletion of one post under TOM which had an associated income target of £65,000 to cover the costs of this post.
- £91,000 net increase in departmental recharges income is due to implementation of TOM Phase 1 restructure.

11. In light of recommendations from Resource Allocation Sub Committee, the 2023/24 budget includes a 4% uplift for inflation offset by 2% efficiency savings and the full year impact of pay increases to staff arising from the pay deal effective from July 2022. A detailed breakdown of budget movements of the 2022/23 local risk original budget to the 2023/24 local risk original budget of (£81,000) can be found in Appendix 2. There were also further movements of (£40,000) in the CWP and £91,000 in recharges/support services relating to departmental recharges following implementation of TOM Phase 1.

12. The proposed 2023/24 budget has been prepared within the resource envelope allocated to the Executive Director by Resource Allocation Sub Committee, with the following exceptions and assumptions:

- The 2022/23 original budget included £231,000 unidentified savings of which (£166,000) has been identified due to implementation of TOM Phase 1 restructure at City Gardens. The draft budget therefore includes £65,000 in unidentified savings relating to City Gardens £24,000 and to the Learning Programme £41,000, which are still to be identified for 2023/24 onwards to meet the Target Operating Model (TOM) 12% savings target.
- The Executive Director is still in the process of identifying savings proposals and the Department is not expected to complete the implementation of the TOM Phase 2 until early 2023, therefore the budgets set out here do not reflect any changes to the Directorate and Learning Programme structures that may result from that process, including any associated savings required as set out above.
- Members should note this report does not include the estimated energy price increase for the 2023/24 financial year. At present the Corporation is reviewing these additional energy costs in light of changing market prices. The final agreement on energy cost forecasts for next year will be concluded in early 2023 at which point the estimates for 2023/24 will be adjusted if required.
- Recharges/support services and capital charges budgets have not yet been finalised corporately, so further changes to these budgets may be required. Members are asked to agree that the decision as to the changes required to these budgets are delegated to the Chamberlain in consultation with the Executive Director Environment.

13. Analysis of the movement in staff related costs are shown in Table 2 below.

Table 2 - Staffing statement	Original Budget 2022/23		Latest Approved Budget 2022/23		Original Budget 2023/24	
	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000
Directorate/Learning Programme	12.3	654	12.3	655	12	632
City Gardens/Bunhill Fields	39.16	1,658	39.16	1,736	32	1,483
<b>TOTAL EMPLOYEE COSTS</b>	<b>51.46</b>	<b>2,312</b>	<b>51.46</b>	<b>2,391*</b>	<b>44</b>	<b>2,115</b>

\* The 2022/23 latest approved budget includes (£122,000) central risk costs relating to redundancy, partly offset by a £43,000 transfer from Natural Environment Directorate to Environment Department Business Operations due to implementation of TOM structure.

14. Members should note that the Cyclical Works Programme (CWP) figures included in this report relate only to elements of previously agreed programmes, which will be completed in 2022/23 & 2023/24. The separate bid for CWP works in 2023/24 has not been included in this report. The report will be submitted to the Operational Property & Projects Sub Committee in November 2022 and will then require approval from Resource Allocation Sub Committee to agree the funding. Once both Sub Committees have agreed the 2023/24 programme, Members will be advised of the outcome and Members are asked to authorise the Chamberlain to revise the budgets to allow for these approvals.

15. It should also be noted that the Building Repairs and Maintenance & Facilities Management contract is currently being re-tendered and the new contract will commence on the 1st April 2023. The original estimates for 2023/24 are based on the latest available asset price from the current contractors (SKANSKA, Amalgamated, ISS and Beaver). Any changes to these budgets arising from the new contract will be reported to Committee and Members are asked to authorise the Chamberlain to revise these budgets to allow for any further financial implications arising from the Building Repairs and Maintenance & Facilities Management contract tendering.

16. Table 3 below details the budgets held for the City Surveyors CWP and Building Repairs & Maintenance:

<b>TABLE 3 – CWP &amp; City Surveyor Local Risk</b>			
<b>Repairs and Maintenance</b>	<b>Original Budget 2022/23 £'000</b>	<b>Latest Approved Budget 2022/23 £'000</b>	<b>Original Budget 2023/24 £'000</b>
<b>Cyclical Works Programme</b>			
Bunhill Fields	0	(51)	-
City Gardens	0	(73)	(40)
	<b>0</b>	<b>(124)</b>	<b>(40)</b>
<b>Planned &amp; Reactive Works (Breakdown &amp; Servicing)</b>			
Bunhill Fields	(6)	(6)	(6)
City Gardens	(39)	(39)	(39)
	<b>(45)</b>	<b>(45)</b>	<b>(45)</b>
<b>Total CWP &amp; City Surveyor</b>	<b>(45)</b>	<b>(169)</b>	<b>(85)</b>

### **Draft Capital and Supplementary Revenue Budgets**

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

<b>Service Managed</b>	<b>Project</b>	<b>Exp. Pre 01/04/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>Total £'000</b>
<b>CITY FUND</b>						
City Gardens	Finsbury Circus Reinstatement	781	235	3,500	3,796	8,312
City Gardens	Tower Hill Play Area Replacement Project	-	16	179	-	195
<b>TOTAL OPEN SPACES &amp; CITY GARDENS</b>		<b>781</b>	<b>251</b>	<b>3,679</b>	<b>3,796</b>	<b>8,507</b>

19. 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. Accordingly, the figures for Finsbury Circus currently exclude the implementation costs.
20. The latest Capital and Supplementary Revenue Project expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2023.

## **Total Estimates Summary for all of Natural Environment Division**

21. The table below gives a summary overview of all the Natural Environment Divisions estimates which have or will be reported to their respective committee (excluding Keat's House and Monument).

<b>Summary of all Natural Environment Division</b> (Includes Local Risk, Central Risk and Recharges/Support Services)	Original Budget (OR) 2022/23 £000	Latest Approved Budget 2022/23 £000	Original Budget (OR) 2023/24 £000	Movement 2022/23 OR to 2023/24 OR £000
<b>Expenditure</b>				
Open Spaces & City Gardens	(3,099)	(3,302)	(3,144)	(45)
West Ham Park	(1,032)	(1,165)	(1,002)	30
Epping Forest	(5,363)	(5,831)	(5,588)	(225)
The Commons	(2,115)	(2,419)	(2,251)	(136)
Hampstead Heath, Highgate Wood & Queens Park	(8,044)	(8,825)	(8,567)	(523)
<b>Income</b>				
Open Spaces & City Gardens	640	640	564	(76)
West Ham Park	322	322	289	(33)
Epping Forest	2,009	2,024	2,116	107
The Commons	503	503	575	72
Hampstead Heath, Highgate Wood & Queens Park	4,241	4,241	4,895	654
<b>Support Services and Recharges</b>				
Open Spaces & City Gardens	658	658	749	91
West Ham Park	(282)	(282)	(397)	(115)
Epping Forest	(1,022)	(1,022)	(1,055)	(33)
The Commons	(311)	(311)	(325)	(14)
Hampstead Heath, Highgate Wood & Queens Park	(1,334)	(1,334)	(1,961)	(627)
<b>Total Net Expenditure</b>	<b>(14,229)</b>	<b>(16,103)</b>	<b>(15,102)</b>	<b>(873)</b>

### **Conclusion**

22. This report presents the Revenue and Capital budget estimates for 2023/24 for the Open Spaces and City Gardens Committee for Members to consider and approve.

### **Appendices**

- Appendix 1 – Committee Summary Budget – by Risk and Chief Officer
- Appendix 2 – Movement Between 2022/23 Original Local Risk Budget to 2023/24 Original Local Risk Budget
- Appendix 3– Estimate Report (Epping Forest and The Commons)



- Appendix 4 –Estimate Report (Hampstead Heath, Highgate Wood & Queen's Park)\*
- Appendix 5– Estimate Report (West Ham Park)

\* Members should note that the Draft Hampstead Heath, Highgate Wood and Queen's Park Capital and Supplementary Revenue Budgets in Appendix 4, on page 7 has not been updated for 2023/24, as the information was not available from the Capital Team at the time when the Open Spaces and City Gardens Budget Estimates 2023/24 report was submitted to your Committee.

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## Committee Summary Budget – by Risk and Chief Officer

Analysis of Service Expenditure	Local or Central Risk	Actual 2021-22 £'000	Original Budget 2022-23 £'000	Latest Approved Budget 2022-23 £'000	Original Budget 2023-24 £'000	Movement 22-23 OR to 23-24 OR £'000	Notes
<b>EXPENDITURE</b>							
Employees	L	(2,293)	(2,312)	(2,269)	(2,115)	197	1
Employees	C	(387)	-	(122)	-	-	
Premises Related Expenses	L	(251)	(248)	(248)	(251)	(3)	
Premises Related Expenses	C	(219)	-	-	-	-	
City Surveyor - All Services	L	(394)	(45)	(169)	(85)	(40)	2
Transport Related Expenses	L	(98)	(53)	(53)	(67)	(14)	
Supplies & Services	L	(307)	(274)	(270)	(290)	(16)	
Supplies & Service	C	(1)	(20)	(24)	(20)	-	
Third Party Payments	L	(30)	(45)	(45)	(48)	(3)	
Contingencies	L	-	(333)	(333)	(333)	-	
Unidentified Savings	L	-	231	231	65	(166)	3
Capital Charges	C	-	-	-	-	-	
<b>Total Expenditure</b>		<b>(3,980)</b>	<b>(3,099)</b>	<b>(3,302)</b>	<b>(3,144)</b>	<b>(45)</b>	
<b>INCOME</b>							
Other Grants, Reimbursements & Cont.	L	87	155	155	104	(51)	4
Customer, Client Receipts	L	490	420	420	460	40	5
Transfer from Reserves (S106 )	L	65	-	-	-	-	
Transfer from Reserves	C	219	-	-	-	-	
Recharges to Capital Projects	L	20	65	65	-	(65)	6
<b>Total Income</b>		<b>881</b>	<b>640</b>	<b>640</b>	<b>564</b>	<b>(76)</b>	
<b>TOTAL EXP BEFORE SUPPORT SERVICES AND CAPITAL CHARGES</b>		<b>(3,099)</b>	<b>(2,459)</b>	<b>(2,662)</b>	<b>(2,580)</b>	<b>(121)</b>	
<b>SUPPORT SERVICES AND RECHARGES</b>							
Central Support and Capital Charges		(747)	(653)	(653)	(653)	-	
Recharges within Fund (Directorate)		755	534	534	1,662	1,128	
Recharges within Fund (Learning)		269	354	354	370	16	
Recharges within Fund (Cleansing & Mgt)		-	-	-	138	138	
Recharges within Fund (Env. Directorate)		-	-	-	(82)	(82)	
Recharges Across Funds (Directorate)		359	313	313	(796)	(1,109)	
Recharges to Finance Committee (Corporate and Democratic Core)		145	110	110	110	-	
<b>Total Support Services</b>		<b>781</b>	<b>658</b>	<b>658</b>	<b>749</b>	<b>91</b>	7
<b>TOTAL NET EXPENDITURE</b>		<b>(2,318)</b>	<b>(1,801)</b>	<b>(2,004)</b>	<b>(1,831)</b>	<b>(30)</b>	

## Notes:

- £197k reduction in employee expenses is due to implementation of TOM Phase 1 changes at City Gardens. This is partly offset by increases in pay costs due to pay awards, incremental and career grade progression.
- (£40k) increase in costs of the CWP managed by the City Surveyor due to changes in phasing.
- The 2022/23 original budget included £231k unidentified savings of which (£166k) has been identified due to implementation of TOM Phase 1 restructure at City Gardens. The Executive Director is in process of identifying proposals to deliver the remaining savings and the Department is not expected to complete the implementation of the TOM Phase 2 until early 2023.
- (£51k) decrease in other grants, reimbursements and contributions is mainly due to reduction in S106 contributions, as there are no longer the maintenance funds associated with recently delivered project to draw down on.
- £40k increase in customer, clients receipts is mainly due to an increase in projected service-level agreement (SLA) fees with the Barbican, Guildhall Admin, City of London School, City Surveyors and Middlesex Street Estate and increased income from delivery of projects relating to climate action programme of works.
- (£65k) reduction in recharges to capital projects is due to deletion of one post under TOM which had an associated income target of £65k to cover the costs of this post.
- £91k net increase in departmental recharges income due to implementation of TOM Phase 1 restructure.

## Appendix 2

### Movement between the 2022/23 Original Local Risk Budget and 2023/24 Original Local Risk Budget

<b>Open Spaces and City Gardens</b>	<b>£000</b>
<b>Original Net Local Risk Budget (Executive Director Environment &amp; City Surveyor)</b>	<b>(2,439)</b>
<b>Executive Director Environment</b>	
Pay award	(83)
4% uplift for inflation	(91)
2% efficiency savings	46
Transfer from Natural Environment Directorate to Environment Business Operations due to implementation of TOM structure	47
<b>City Surveyor</b>	
Planned & Reactive Works including Cleaning	-
<b>Latest Approved Net Local Risk Budget (Executive Director Environment &amp; City Surveyor)</b>	<b>(2,520)</b>