

Committee(s)	Dated:
West Ham Park	5 December 2022
Subject: Departmental and Service Committee Budget Estimates 2023/24	Public
Which Outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
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 Executive Director Environment	For Decision
Report Author: Beatrix Jako, Chamberlain's Department	

Summary

This report presents for approval the revenue and capital budgets for the West Ham Park Committee for 2023/24, for subsequent submission to the Finance Committee.

Overall, the proposed revenue budget for 2023/24 totals (£1.110M), an increase in net expenditure of (£0.118M) compared to the 2022/23 original budget of (£0.992M).

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 West Ham Park Committee's proposed revenue budget for 2023/24 for submission to Finance Committee;
- ii) review and approve the West Ham Park Committee's capital and supplementary revenue projects 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; and
- 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.

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 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. The overall 2023/24 budget for West Ham Park which include the Executive Director Environment local risk, City Surveyor's local risk, central risk, and recharges/support services is (£1.110M), this is an increase of (£0.118M) when compared with the 2022/23 original budget.
4. 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.
5. 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 £30,000) have been commented on and are referenced in the relevant table in Appendix 1.

Table 1 – West Ham Park	Original Budget (OR)	Latest Approved Budget	Original Budget (OR)	Movement
	2022/23 £000	2022/23 £000	2023/24 £000	2022/23 OR to 2023/24 OR £000
Net Local Risk	(636)	(636)	(639)	(3)
Net City Surveyor	(65)	(65)	(65)	-
Net Cyclical Works Programme	-	(119)	-	-
Net Central Risk	(9)	(23)	(9)	-
Recharges and Support Services	(282)	(282)	(397)	(115)
Total Net Expenditure	(992)	(1,125)	(1,110)	(118)

Business Planning Priorities for 2023/24

6. The Natural Environment Divisions business priorities for the forthcoming year have been set out in the 2023/24 business plan report which will be presented to the Open Spaces and City Gardens Committee in early 2023 for approval.

Latest Revenue Budget for 2022/23

7. Overall, the 2022/23 latest approved budget is net expenditure of (£1.125M), an increase in net expenditure of (£0.133M) compared to the 2022/23 original budget. The main reasons for this net increase are:

- An increase in the costs of the Cyclical Works Programme (CWP) managed by the City Surveyor during the year due to changes in phasing, (£119,000); and
- Approved central risk funding of redundancy costs in relation to the implementation of TOM restructure (£14,000).

Proposed revenue budget for 2023/24

8. This report presents at Appendix 1, the budget estimates for 2023/24 for 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 (including capital charges)** – 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).
 - **Recharges/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.
9. The proposed 2023/24 budget is net expenditure of (£1.110M), an increase of (£0.118M) in net expenditure compared to the 2022/23 original budget. Further detail can be found in Appendix 1. The main variations relate to:
- £32,000 reduction in employee expenses is due to implementation of TOM Phase 1, partly offset by increases in pay due to pay awards, incremental and career grade progression.
 - (£33,000) income decrease in customer, clients receipts is due to an expected reduction in rental income relating to properties at 240-242 Upton Lane.
 - (£45,000) increase in central support reflects changes in the budgets of central departments and their apportionment between committees.
 - (£67,000) net increase in the Directorate recharges is due to implementation of TOM Phase 1 restructure.
10. 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 (£3,000) can be found in Appendix 2. There were also further movements of (£115,000) in recharges/support services relating to the Directorate and central support recharges following implementation of TOM Phase 1.
11. 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 Target Operating Model (TOM) 12% savings target of £85,000 within West Ham Park was identified in previous years, no further savings required to be achieved during 2023/24.
 - 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 structures that may result from that process.
 - 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.

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

Table 2 - Staffing statement	Original Budget		Latest Approved Budget		Original Budget	
	2022/23		2022/23		2023/24	
	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	(738)	17.5	(752)*	16.21	(706)

* The 2022/23 latest approved budget includes (£14,000) central risk increases relating to redundancy costs due to implementation of TOM restructure.

13. 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.

14. 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.

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

Table 3 – CWP & City Surveyor Local Risk West Ham Park	Original Budget 2022/23 £'000s	Latest Approved Budget 2022/23 £000's	Original Budget 2023/24 £'000
Cyclical Works Programme	-	(119)	-
Planned & Reactive Work – Breakdown & Servicing (City Surveyor Local Risk)	(61)	(61)	(61)
Cleaning (City Surveyor Local Risk)	(4)	(4)	(4)
Total CWP and City Surveyor	(65)	(184)	(65)

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.

Service Managed	Project	Exp. Pre 01/04/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Later Years £'000	Total £'000
West Ham Park	West Ham Park Nursery	219	118	-	-	-	337

17. Expenditure in 2022/23 relates to disposal costs for the Nursery site, including marketing, surveys and continued consultation with the Charity Commission and other stakeholders.

18. 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 2023.

Conclusion

19. This report presents the Capital and Revenue budget estimates for 2023/24 for the West Ham Park 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

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Appendix 1

Committee Summary Budget – by Risk and Chief Officer

Table 1							
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 22-23OR to 23-24OR £'000	Notes
EXPENDITURE							
Employees	L	(665)	(738)	(738)	(706)	32	1
Employees	C	0	0	(14)	0	0	
Premises Related Expenses	L	(76)	(52)	(52)	(52)	0	
Premises Related Expenses	C	(81)	0	0	0	0	
City Surveyor – All Services	L	(155)	(65)	(184)	(65)	0	
Transport Related Expenses	L	(16)	(17)	(17)	(17)	0	
Supplies & Services	L	(173)	(135)	(135)	(137)	(2)	
Supplies & Services	C	(5)	0	0	0	0	
Support Services	C	(1)	0	0	0	0	
Third Party Payments	L	(14)	(15)	(15)	(15)	0	
Transfer to Reserves	L	(1)	0	0	0	0	
Transfer to Reserves	C	(70)	0	0	0	0	
Capital Charges	C	(10)	(10)	(10)	(10)	0	
Total Expenditure		(1,267)	(1,032)	(1,165)	(1,002)	30	
INCOME							
Other Grants, Reimbursements and Contributions	L	25	0	0	0	0	2
Other Grants, Reimbursements and Contributions	C	70	0	0	0	0	
Customer, Client Receipts	L	292	321	321	288	(33)	
Investment Income	C	1	1	1	1	0	
Total Income		388	322	322	289	(33)	
TOTAL EXPENDITURE BEFORE SUPPORT SERVICES AND RECHARGES		(879)	(710)	(843)	(713)	(3)	
SUPPORT SERVICES AND RECHARGES							
Central Support		(203)	(180)	(180)	(225)	(45)	3
Recharges within Fund							
Directorate Recharges		(50)	(34)	(34)	(101)	(67)	4
Learning Recharges		(58)	(75)	(75)	(78)	(3)	
Corporate and Democratic Core		8	7	7	7	0	
Total Support Services and Recharges		(303)	(282)	(282)	(397)	(115)	
TOTAL NET EXPENDITURE		(1,182)	(992)	(1,125)	(1,110)	(118)	

Notes:

1. £32,000 reduction in employee expenses is due to implementation of TOM Phase 1, partly offset by increases in pay due to pay awards, incremental and career grade progression.
2. (£33,000) decrease in customer, clients receipts is due to an expected reduction in rental income relating to properties at 240-242 Upton Lane.
3. (£45,000) increase in central support reflect changes in the budgets of central departments and their apportionment between committees.
4. (£67,000) increase in the Directorate recharges due to implementation of TOM.

Appendix 2

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

West Ham Park	£000
Original Net Local Risk Budget (Executive Director Environment & City Surveyor)	(701)
Executive Director Environment	
4% inflation uplift	(26)
2% efficiency saving	13
Pay award	(17)
Transfer of one centrally funded apprentice from West Ham Park to Queen's Park as part of TOM phase 1	27
City Surveyor	
Planned & Reactive Works including Cleaning	-
Original Net Local Risk Budget (Executive Director Environment & City Surveyor)	(704)