

<b>Committee(s)</b> Open Spaces and City Gardens Committee	<b>Dated:</b> 07.12.2015
<b>Subject:</b> Revenue & Capital Budgets – 2015/16 & 2016/17	<b>Public</b> For Decision
<b>Report of:</b> The Chamberlain The Director of Open Spaces	<b>For Information</b>

### Summary

This report updates the Committee on its latest approved revenue budget for 2015/16 and seeks your approval for a provisional revenue budget for 2016/17, 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	Latest Approved Budget	Original Budget	Movement
	2015/16 £000	2016/17 £000	£000
Expenditure	2,459	3,185	726
Income	(386)	(606)	(220)
Support Services	(298)	(339)	(41)
<b>Total Net Expenditure</b>	1,775	2,240	465

Overall the provisional Original budget for 2016/17 totals £2,240M, an increase of £465,000 compared with the latest approved budget for 2015/16. The main reasons for this increase are a £435,000 rise in the City Surveyor's Additional Works Programme, a rise of £360,000 in employees, off-set by a decrease of £62,000 in Supplies & Services and an increase of £205,000 in income in respect of the new Learning Programme.

A breakdown is also provided in Appendix 3 of the movement between the 2015/16 Local Risk Original Budget and the 2015/16 Local Risk Latest Approved Budget.

## **Recommendation**

The Committee is requested to:

- Review the provisional 2016/17 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee;
- 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, and changes to the Additional Works Programme. Any changes over £50,000 would be reported to Committee.
- If specific service based review proposals included with this budget report are rejected by the Committee, or other Committees request that further proposals are pursued, that the substitution of other suitable proposals for a corresponding amount is delegated to the Town Clerk in discussion with the Chairman and Deputy Chairman of the relevant Committee. If the substituted saving is not considered to be straight forward in nature, then the Town Clerk shall also consult the Chairman and Deputy Chairmen of the Policy and Resources Committee prior to approving an alternative proposal(s).

## **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, and the Open Spaces Directorate which co-ordinates the management of the Department and works in co-operation with other Departments on cross service projects and corporative initiatives, both of which are funded through City's Cash.
2. This report sets out the proposed revenue budget for 2016/17. 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 2015-2018 which was approved in April 2015. For City Gardens these include :-
  - Review the management of waste generated within the City Gardens and Bunhill Fields, and seek to reduce costs;
  - Review the City of London Biodiversity Plan 2010-2015;
  - Work with the Department of the Built Environment to deliver a new landscape at Aldgate gyratory;
  - Work with the developer to complete the reinstatement of Seething Lane Garden;
  - Work with Crossrail Ltd to complete a reinstatement proposal for Finsbury Circus Garden, for implementation in 2017/18.

## **Proposed Revenue Budget for 2016/17**

6. The proposed detailed Revenue Budget for 2016/17 is shown in Table 1 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 2016/17 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. An allowance was given towards any potential pay and price increases of 1.5% in 2016/17 and a contribution towards the increased national insurance contribution from 1<sup>st</sup> April 2016. The Directorate has also received one-off resources in 2016/17 from Epping Forest and Hampstead Heath to support the new Learning Programme start-up. A saving of £45,000 has been made in 2016/17 as part of the original service based review savings. The budget has been prepared within the resources allocated to the Director.

TABLE 1

## CITY GARDENS, BUNHILL FIELDS AND DIRECTORATE SUMMARY – ALL FUNDS

Analysis of Service Expenditure	Local or Central Risk	Actual  2014-15 £'000	Latest Approved Budget 2015-16 £'000	Original Budget 2016-17 £'000	Movement 2015-16 to 2016-17 £'000	Paragraph Reference
<b>EXPENDITURE</b>						
Employees	L	1,533	1,669	2,029	360	12
Premises Related Expenses	L	239	253	248	(5)	
Premises Related Expenses	C	8	0	0	0	
R & M (City Surveyor's Local Risk	L	74	100	535	435	10
Transport Related Expenses	L	56	52	50	(2)	
Supplies & Services	L	313	364	302	(62)	11
Third Party Payments	L	20	21	21	0	
<b>Total Expenditure</b>		<b>2,243</b>	<b>2,459</b>	<b>3,185</b>	<b>726</b>	
<b>INCOME</b>						
Other Grants, Reimbursements and Contributions – (Section 106/Rechargeable Works/New Learning Programme – Directorate)	L	(152)	(85)	(290)	(205)	13
Other Grants, Reimbursements and Contributions – (Section 106/278)	C	(8)	0	0	0	
Customer, Client Receipts	L	(284)	(301)	(316)	(15)	
Transfer from Reserves (S106 Parking Meter Reserves)	L	(10)	0	0	0	
<b>Total Income</b>		<b>(454)</b>	<b>(386)</b>	<b>(606)</b>	<b>(220)</b>	
<b>TOTAL EXPENDITURE BEFORE SUPPORT SERVICES AND CAPITAL CHARGES</b>		<b>1,789</b>	<b>2,073</b>	<b>2,579</b>	<b>506</b>	
<b>SUPPORT SERVICES</b>						
Central Support and Capital Charges		818	524	520	(4)	
Recharges within Fund (Directorate Recharges)		(676)	(598)	(630)	(32)	
Recharges Across Funds (Directorate Recharges)		(130)	(114)	(119)	(5)	
Recharges to Finance Committee (Corporate and Democratic Core)		(94)	(110)	(110)	0	
<b>Total Support Services</b>		<b>(82)</b>	<b>(298)</b>	<b>(339)</b>	<b>(41)</b>	
<b>TOTAL NET EXPENDITURE</b>		<b>1,707</b>	<b>1,775</b>	<b>2,240</b>	<b>465</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 in the following paragraphs.
9. Overall there is an increase of £465,000 between the 2015/16 latest approved budget and the 2016/17 original budget. This movement is explained in the following paragraphs.
10. The increase of £435,000 from the 2015/16 Latest Approved Budget to the 2016/17 Original Budget in the City Surveyor is within the additional works programme mainly across Bunhill Fields and City Gardens. As the Additional Works Programme is awarded each year and each programme lasts 3 years the budgets are phased over the life of the project and are profiled based on the operational need of the client, the complexity of the design, appropriate timing of the work and the tender process. This results in a constant movement of the budgets, especially between financial years, however these changes are reported to the Corporate Asset Sub Committee on a bi-monthly basis.

TABLE 2 - CITY SURVEYOR LOCAL RISK		
Repairs and Maintenance	Latest Approved Budget 2015/16 £'000	Original Budget 2016/17 £'000
<b>Additional Works Programme</b>		
Bunhill Fields	4	342
City Gardens	44	131
Directorate	0	10
	<b>48</b>	<b>483</b>
<b>Planned &amp; Reactive Works (Breakdown &amp; Servicing)</b>		
Bunhill Fields	14	14
City Gardens	37	37
Directorate	1	1
	<b>52</b>	<b>52</b>
<b>Total City Surveyor</b>	<b>100</b>	<b>535</b>

11. The decrease of £62,000 in Supplies & Services is mainly due to a reduction in professional/consultants fees at the Directorate as the consultancy work funded as a one-off for the 2015/16 year to generate savings has finished as per the original service based review schedule.

12. Analysis of the movement in manpower and related staff costs are shown in Table 3 below. The increase in full time equivalents relates to new posts for the learning programme commencing 1<sup>st</sup> Jan 2016. The estimated costs which show an increase of £360,000 between the 2015/16 Latest Approved Budget and the 2016/17 Original Budget also include an allowance of 1.5% towards any increase in pay, and provision for the increased national insurance contributions from 1<sup>st</sup> April 2016.

Table 3 - Manpower statement	Latest Approved Budget 2015/16		Original Budget 2016/17	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Directorate	8.33	509	15.00	841
City Gardens/Bunhill Fields	32.00	1,160	32.00	1,188
<b>TOTAL OPEN SPACES &amp; CITY GARDENS COMMITTEE</b>	<b>40.33</b>	<b>1,669</b>	<b>47.00</b>	<b>2,029</b>

13. The £205,000 increase in income is mainly due to an application for funding in respect of the new Learning Programme.

### **Potential Further Budget Developments**

14. The provisional nature of the 2016/17 revenue budget recognises that further revisions may be required, including in relation to:

- budget reductions to capture savings arising from the on-going PP2P and Service Based Reviews;
- decisions on funding of the Additional Work Programme by the Resource Allocation Sub Committee.

If specific service based review proposals included with this budget report are rejected by the Committee, or other Committees request that further proposals are pursued, that the substitution of other suitable proposals for a corresponding amount is delegated to the Town Clerk in discussion with the Chairman and Deputy Chairman of the relevant Committee. If the substituted saving is not considered to be straight forward in nature, then the Town Clerk shall also consult the Chairman and Deputy Chairmen of the Policy and Resources Committee prior to approving an alternative proposal(s).

## **Revenue Budget 2015/16**

15. The 2015/16 latest approved budget includes funding for contribution pay and an agreed carry forward of £175,000 for the Directorate. Details of the movement between the 2015/16 Original Budget and the 2015/16 Latest Approved Budget can be found in Appendix 3. The forecast outturn for the current year is in line with the latest approved budget of £1.775M.

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

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

<b>Capital &amp; Supplementary Revenue projects - latest estimated costs</b>						
<b>Service Managed</b>	<b>Project</b>	<b>Exp. Pre 01/04/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>	<b>Later Years £'000</b>	<b>Total £'000</b>
<u>Pre-implementation</u>						
City Gardens	St Mary at Hill Churchyard S106	8	37			45
City Gardens	St Botolph's Ball Court		30			30
<u>Authority to start work granted</u>						
City Gardens	St Olave's Churchyard	37	18			55
<b>TOTAL OPEN SPACES &amp; CITY GARDENS</b>		<b>45</b>	<b>85</b>	<b>0</b>	<b>0</b>	<b>130</b>

17. 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.
18. The implementation phase of the project at St Mary at Hill Churchyard is due to be carried out in 2016/17, subject to funding and further approval. The scheme to improve drainage and enhance facilities at St Botolph Ball Court is subject to external funding and authority to start work, but is anticipated to commence in the current financial year.
19. The scheme of improvements at St Olave's Churchyard is now complete.
20. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2016.

- Appendix 1 – Analysis by Services Managed
- Appendix 2 – Analysis of Support Services
- Appendix 3 – Movement in Local Risk Budgets 2015/16 OR to 2015/16 LAB
- Appendix 4 – Service Based Review Update

**Derek Cobbing**

Chamberlains Department

T: 020 7332 3519

E: [derek.cobbing@cityoflondon.gov.uk](mailto:derek.cobbing@cityoflondon.gov.uk)