

Committee(s) Open Spaces and City Gardens Committee	Dated: 01.02.2016
Subject: Consolidated Revenue & Capital Budgets – 2015/16 & 2016/17	Public
Report of: The Chamberlain The Director of Open Spaces	For Information

Summary

This report is the annual submission of the consolidated revenue and capital budgets overseen by your Committee. In particular, it updates the Committee on the latest approved revenue budget for 2015/16 and the proposed revenue budget for 2016/17, as approved by the relevant Open Spaces Committees. Details of the draft capital and supplementary revenue budgets are also provided.

Summary of Table 1 Revenue (All Committees)	Latest Approved Budget	Original Budget	Movement
	2015/16 £000	2016/17 £000	£000
Expenditure	20,178	21,014	836
Income	(4,919)	(5,112)	(193)
Total Expenditure before Support Services	15,259	15,902	643
Support Services	2,927	2,861	(66)
Total Net Expenditure	18,186	18,763	577

Summary of Table 1 Revenue (By Committee)	Latest Approved Budget 2015/16 £000	Original Budget 2016/17 £000	Movement £000
<u>West Ham Park</u>			
Expenditure	1,455	1,224	(231)
Income	(451)	(295)	156
Total Expenditure before Support Services	1,004	929	(75)
Support Services	253	249	(4)
Total	1,257	1,178	(79)
<u>Epping Forest & Commons</u>			
Expenditure	7,623	7,856	233
Income	(1,594)	(1,654)	(60)
Total Expenditure before Support Services	6,029	6,202	173
Support Services	1,477	1,471	(6)
Total	7,506	7,673	167
<u>Hampstead Heath, Queens Park and Highgate Wood</u>			
Expenditure	8,641	8,749	108
Income	(2,488)	(2,557)	(69)
Total Expenditure before Support Services	6,153	6,192	39
Support Services	1,495	1,480	(15)
Total	7,648	7,672	24
<u>Open Spaces & City Gardens</u>			
Expenditure	2,459	3,185	726
Income	(386)	(606)	(220)
Total Expenditure before Support Services	2,073	2,579	506
Support Services	(298)	(339)	(41)
Total	1,775	2,240	465
Total Net Expenditure	18,186	18,763	577

Overall the provisional Original budget for 2016/17 totals £18.763M, an increase of £577,000 compared with the latest approved budget for 2015/16. The overall movement in net expenditure of £0.577M comprises an increase of £836,000 in expenditure, off-set by an increase of £193,000 in income, and a decrease of £66,000 in Support Services.

The main areas and their respective costs contributing to this overall increase are summarised below and are commented on further within the report:-

Expenditure

- An increase of £129,000 in employee costs.
- A decrease of £153,000 in premises related expenditure
- An increase of £1.141M in the City Surveyor's Additional Works Programme.
- A decrease of £300,000 in Supplies & Services.

Income

- An increase of £176,000 in other Grants, Reimbursements and Contributions.

Support Services

- A decrease of £58,000 in Central Support/Capital Charges.

A breakdown is also provided in Appendix 3 of the movement between the 2015/16 Original Budget and the 2015/16 Latest Approved Budget before Support Services costs.

Recommendation

The Committee is requested to note the latest approved revenue and capital budgets for 2015/16 and the provisional revenue and capital budgets for 2016/17, as approved by the relevant Open Spaces Committees.

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 Epping Forest, City Commons, Burnham Beeches, Stoke Common, Bunhill Fields, Hampstead Heath, Queens Park, Highgate Wood, and West Ham Park, which apart from Bunhill Fields are all registered charities and are funded from City's Cash. They are run at no extra cost to the communities that they serve as they are funded principally by the City, together with donations, sponsorship, grants and trading income. City Gardens is funded from the City Fund as part of the City Corporation's local authority functions, whilst the Open Spaces Directorate which is funded from City's Cash, co-ordinates the management of the department and works in co-operation with other departments on cross service projects and corporative initiatives. A similar report is submitted to Port Health & Environmental Services Committee covering the Cemetery and Crematorium.
2. This report sets out the proposed revenue and capital budgets 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.

Proposed Revenue Budget for 2016/17

5. 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.
6. 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 1st April 2016. Savings have been made to reflect both the original and re-alignment of the Service Based Review savings, and the Directorate received one-off additional resources in 2016/17 from Epping Forest and Hampstead Heath to support the new Learning Programme start-up, all of which have been previously reported to their respective committees. The budget has been prepared within the resources allocated to the Director.

TABLE 1 OPEN SPACES SUMMARY – ALL FUNDS						
Analysis of Service Expenditure (Revenue)	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
EXPENDITURE						
Employees	L	11,598	12,120	12,249	129	12
Premises Related Expenses	L	1,840	1,818	1,665	(153)	11
Premises Related Expenses	C	28	0	0	0	
R & M (City Surveyor's Local Risk	L	2,771	3,216	4,353	1,137	10
Transport Related Expenses	L	516	458	423	(35)	
Supplies & Services	L	2,203	1,955	1,655	(300)	13
Third Party Payments	L	93	90	71	(19)	
Transfer to Reserves	L	103	0	0	0	
Transfer to Reserve	C	62	0	37	37	
Capital Charges	C	676	521	561	40	
Total Expenditure		19,890	20,178	21,014	836	
INCOME						
Government Grants	L	(418)	(456)	(455)	1	
Other Grants, Reimbursements and Contributions	L	(785)	(156)	(332)	(176)	14
Other Grants, Reimbursements and Contributions	C	(70)	0	0	0	
Customer, Client Receipts	L	(2,951)	(3,028)	(3,022)	6	
Investment Income	L	(1)	0	0	0	
Investment Income	C	(1,191)	(1,231)	(1,263)	(32)	
Transfer from Reserves	L	(160)	0	0	0	
Transfer from Reserves	C	(42)	(8)	0	8	
Recharges to Capital Projects	L	(42)	(40)	(40)	0	
Total Income		(5,660)	(4,919)	(5,112)	(193)	
TOTAL EXPENDITURE BEFORE SUPPORT SERVICES		14,230	15,259	15,902	643	
SUPPORT SERVICES						
Central Support & Capital Charges		3,417	3,300	3,242	(58)	15
Recharges within Fund		(172)	(156)	(156)	0	
Recharges across Funds		(101)	(100)	(108)	(8)	
Recharges to Finance Committee (Corporate and Democratic Core)		(100)	(117)	(117)	0	
Total Support Services		3,044	2,927	2,861	(66)	
TOTAL NET EXPENNDITURE		17,274	18,186	18,763	577	

7. 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.
8. Overall there is an increase of £577,000 between the 2015/16 latest approved budget and the 2016/17 original budget. This movement is explained in the following paragraphs.
9. The increase of £1.137M from the 2015/16 Latest Approved Budget to the 2016/17 Original Budget in the City Surveyor is mainly within the additional works programme. 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	Latest	Original
Repairs and Maintenance	Approved	Budget
	Budget	Budget
	2015/16	2016/17
	£'000	£'000
Additional Works Programme		
Directorate	0	10
West Ham Park	223	171
Bunhill Fields	4	342
City Gardens	44	131
Burnham Beeches	122	28
Epping Forest	369	760
City Commons	165	135
Hampstead Heath	950	1,347
Queens Park	57	175
Highgate Wood	64	40
	1,998	3,139
Planned & Reactive Works (Breakdown & Servicing)		
West Ham Park	68	95
Bunhill Fields	14	14
Nursery	40	13
City Gardens	37	37
Open Spaces Directorate	1	1
Burnham Beeches	53	53
Epping Forest	343	358
City Commons	136	136
Hampstead Heath	323	303
Queens Park	65	65
Highgate Wood	45	45
	1,125	1,120
Cleaning		
West Ham Park	3	3
Burnham Beeches	3	3
City Commons	11	12
Epping	60	59
Hampstead Heath	16	17
	93	94
Total City Surveyor	3,216	4,353

10. The decrease of £153,000 in Premises Related Expenditure is mainly due to budget reductions in Grounds Maintenance and Minor Improvements at Hampstead Heath and West Ham Park respectively to achieve reductions as part of the on-going service based review savings.
11. Analysis of the movement in manpower and related staff costs are shown in Table 3 below. The overall reduction in full time equivalents is a combination of deletion of vacant posts, the closure of the Nursery, and the ending of the City Bridge Trust funded apprenticeship schemes. Following the review of locally resourced education services, as part of the service based review, the change of manpower resources from local sites to the Directorate reflects the new Learning Programme work which will be managed departmentally. An allowance of 1.5% towards any increase in pay, and provision for the increased national insurance contributions from 1st April 2016 has been included in the estimated costs.

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
West Ham Park/Nursery	22.29	752	17.75	647
Epping, Wanstead, Chingford, HLF	73.82	2,729	70.57	2,715
Burnham Beeches/Stoke Common	13.34	459	13.34	474
City Commons	20.55	757	20.55	794
Hampstead Heath	124.94	4,985	113.06	4,782
Queens Park	11.80	444	11.80	468
Highgate Wood	7.55	325	7.55	340
TOTAL	314.62	12,120	301.62	12,249

12. The £300,000 reduction in Supplies & Services is mainly due to a reduction in professional/consultants fees at the Directorate as part of the one-off costs to generate savings, a reduction in equipment, furniture and materials as part of the service based review savings, and the closure of the Nursery from the Summer in 2016.
13. The increase of £176,000 in 'Other Grants, Reimbursements and Contributions' is mainly due to funding being awarded in respect of the New Learning Programme.
14. The reduction of £58,000 in 'Central Support & Capital Charges' is mainly due to a reduction in combined Support Services costs as shown in Appendix 2.

Potential Further Budget Developments

15. 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 Procurement and Procure to Pay (PP2P), and Service Based Reviews;
 - decisions on funding of the Additional Work Programme by the Resource Allocation Sub Committee.

Revenue Budget 2015/16

16. The 2015/16 latest approved budget includes funding for contribution pay, a small adjustment to reflect phasing revisions in relation to the Service Based Review, and agreed carry forwards. 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 £18.186M.

Draft Capital and Supplementary Revenue Budgets

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

Service Managed	Project	Exp. Pre 01/04/15 £'000	2015/16 £'000	2016/17 £'000	Later Years £'000	Total £'000
CITY FUND						
<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
TOTAL CITY FUND		45	85	0	0	130
CITY'S CASH						
<u>Pre-implementation</u>						
Epping Forest	Baldwins & Birch Hall Park Ponds	20	42			62
Highgate Wood	Roman Kiln		5			5
<u>Authority to start work granted</u>						
Epping Forest	Branching Out	4,383	181			4,564
Epping Forest	Highams Park Lake	1,622	252			1,874
Epping Forest	Purchase of Crane		72			72
City Commons	Kenley Revival (incl HLF bid costs)	74	47	352	715	1,188
Hampstead Heath	Hampstead Heath ponds	4,598	9,174	7,389		21,161
TOTAL CITY'S CASH		10,697	9,773	7,741	715	28,926
TOTAL OPEN SPACES		10,742	9,858	7,741	715	29,056

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.

19. Projects at the Implementation phase consist of:-

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.

Baldwin's & Birch Hall Ponds are planned to commence in 2016/17, subject to authority to start work, other schemes within Epping Forest have received authority to start work and are complete or in their final stages.

Kenley –Pre-implementation costs, largely funded by HLF grant, comprise detailed design development undertaken in preparation for the second round HLF application. This application was successful and an HLF grant of £880,900 has recently been awarded. Implementation works are due to begin in the final quarter of 2015/16.

20. The scheme of improvements at St Olave's Churchyard is now complete, and the main contract works are proceeding on the Hampstead Heath Ponds project, with an estimated completion date of October 2016.

21. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2016.

Appendices

- 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 – Non Public

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