

<b>Committee(s)</b> Epping Forest and Commons	<b>Dated:</b> 21/11/2016
<b>Subject:</b> Revenue & Capital Budgets – Epping Forest 2016/17 & 2017/18	<b>Public</b>
<b>Report of:</b> The Chamberlain The Director of Open Spaces	<b>For Decision</b>
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### Summary

This report updates the Committee on its latest approved revenue budget for 2016/17 and seeks your approval for a provisional revenue budget for 2017/18, 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
	2016/17 £000	2017/18 £000	£000
Expenditure	5,180	6,386	1,206
Income	(1,276)	(1,412)	(136)
Support Services	981	930	(51)
<b>Total Net Expenditure</b>	4,885	5,904	1,019

Overall the provisional Original budget for 2017/18 totals £5,904M, an increase of £1,019M compared with the latest approved budget for 2016/17. The main reasons for this increase are a rise in the City Surveyor's Additional Works Programme, off-set by a reduction in Recharges, and an increase in income, which can be found in Table 1.

A breakdown is also provided in Appendix 3 of the movement between the 2016/17 Local Risk Original Budget and the 2016/17 Local Risk Latest Approved Budget.

## **Recommendation**

The Committee is requested to:

- Review the provisional 2017/18 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 Epping Forest which is a registered charity and is funded from City's Cash. Epping is run at no extra cost to the communities that it serves as it is funded principally by the City, together with donations, sponsorship, grants and trading income.
2. This report sets out the proposed revenue budget for 2017/18. 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 2016-2019 which was approved in April 2016. These include :-

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- Key projects for the next three years include
  - Completion of the Epping Forest Management Plan
  - Promotion of a Various Powers Bill to modify existing legislation governing the management of our open spaces
  - Continued review of wayleaves and other charges
  - Carpark management and charging
  - Rental of lodges

### **Proposed Revenue Budget for 2017/18**

6. The proposed detailed Revenue Budget for 2017/18 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 2017/18 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% in 2017/18. A saving of £147,000 has been made in 2017/18 further to the re-alignment of the Service Based Review savings, this can be found in Appendix 4 along with the phasing, description and RAG rating. These savings will be achieved through property income generation

(£120,000), and a review of charges (£27,000). The budget has been prepared within the resources allocated to the Director.

It should also be noted that the corporate Building Repairs and Maintenance contract is currently being re-tendered and the new contract will commence on the 1st July 2017. Original estimates for 2017/18 are based on the latest available asset price from the current contractor. Any changes to these budgets arising from the new contract will be reported to Committee in due course.

TABLE 1 EPPING FOREST SUMMARY						
Analysis of Service Expenditure	Local or Central Risk	Actual  2015-16 £'000	Latest Approved Budget 2016-17 £'000	Original Budget 2017-18 £'000	Movement 2016-17 to 2017-18 £'000	Paragraph Reference
<b>EXPENDITURE</b>						
Employees	L	2,609	2,737	2,807	70	10
Premises Related Expenses	L	643	749	644	(105)	11
Premises Related Expenses	C	20	0	0	0	
R & M (City Surveyor's Local Risk inc cleaning)	L	698	686	1,915	1,229	12
Transport Related Expenses	L	140	146	148	2	
Supplies & Services	L	606	420	428	8	
Transfer to Reserves	L	32	0	0	0	
Transfer to Reserves	C	167	0	0	0	
Capital Charges	C	426	442	444	2	
<b>Total Expenditure</b>		<b>5,341</b>	<b>5,180</b>	<b>6,386</b>	<b>1,206</b>	
<b>INCOME</b>						
Government Grants	L	(329)	(252)	(252)	0	
Other Grants, Reimbursements and Contributions	L	(17)	(20)	(25)	(5)	
Other Grants, Reimbursements and Contributions	C	(153)	0	0	0	
Customer, Client Receipts	L	(900)	(986)	(1,117)	(131)	13
Investment Income	C	(4)	(18)	(18)	0	
Transfer from Reserves	L	(32)	0	0	0	
Transfer from Reserves	C	(14)	0	0	0	
<b>Total Income</b>		<b>(1,449)</b>	<b>(1,276)</b>	<b>(1,412)</b>	<b>(136)</b>	
<b>TOTAL EXPENDITURE/(INCOME) BEFORE SUPPORT SERVICES</b>		<b>3,892</b>	<b>3,904</b>	<b>4,974</b>	<b>1,070</b>	
<b>SUPPORT SERVICES</b>						
Central Support		930	908	899	(9)	
Recharges within Fund		97	78	79	1	
Recharge across Fund		(18)	(5)	(48)	(43)	
<b>Total Support Services</b>		<b>1,009</b>	<b>981</b>	<b>930</b>	<b>(51)</b>	
<b>TOTAL NET EXPENDITURE/(INCOME)</b>		<b>4,901</b>	<b>4,885</b>	<b>5,904</b>	<b>1,019</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 £1,019M between the 2016/17 latest approved budget and the 2017/18 original budget. This movement is explained in the following paragraphs.
10. There is an increase of £70,000 across Epping Forest between the 2016/17 latest approved budget and the 2017/18 original budget. Contributing factors include an allowance of 1% towards any increases in pay from 1<sup>st</sup> April 2017, increments within payscales during 2017/18, and the filling of vacant posts. Significant elements include the recruitment of a directly employed Sports Manager replacing the Golf Professional (a contract) and an additional Forest Keeper role which is independently funded through Help for Heroes.
11. The reduction of £105,000 in Premises Related Expenses from the 2016/17 Latest Approved Budget to the 2017/18 Original Budget is mainly due to the fall-out of £108,000 in agreed carry forwards (£50,000 for improvements to Chingford Golf Course Café, £43,000 for resurfacing of Hill Wood Car Park, and £15,000 for car park charging infrastructure costs), off-set by a small increase of £3,000 in other areas.
12. The increase of £1,229M from the 2016/17 Latest Approved Budget to the 2017/18 Original Budget in the City Surveyor (see Table 2 below) is mainly within the Additional Works Programme and Cyclical Works Programme. The original 2017/18 budgets reflect the balances phased from continuing approved live programmes (2015/16 & 2016/17) and the new 2017/18 bids (£12.1m across the Corporate Estate) endorsed by the Corporate Asset Sub Committee in October 2016.

TABLE 2 - CITY SURVEYOR LOCAL RISK		
Repairs and Maintenance (including cleaning)	Latest Approved Budget 2016/17 £'000	Original Budget 2017/18 £'000
<b>Additional Works Programme/Cyclical Works Programme</b>		
Epping Forest	201	1,432
	201	1,432
<b>Planned &amp; Reactive Works (Breakdown &amp; Servicing)</b>		
Epping Forest	420	418
	420	418
<b>Cleaning</b>		
Epping Forest	65	65
	65	65
<b>Total City Surveyor</b>	<b>686</b>	<b>1,915</b>

13. The increase in income from Customer and Client Receipts (£131,000) between the 2016/17 Latest Approved Budget and the 2017/18 Original Budget is mainly due to an increase of £121,000 in rental income, the majority of which is made up of lodge rental income (£120,000) further to savings identified as part of the Service Based Review.
14. Analysis of the movement in manpower and related staff costs are shown in Table 3 below . (explanations for variances can be found in paragraph 10.

Table 3 - Manpower statement	Latest Approved Budget 2016/17		Original Budget 2017/18	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Epping Forest	75.43	2,737	75.00	2,807
<b>TOTAL EPPING FOREST</b>	<b>75.43</b>	<b>2,737</b>	<b>75.00</b>	<b>2,807</b>

### **Potential Further Budget Developments**

15. The provisional nature of the 2017/18 revenue budget recognises that further revisions may be required, including in relation to:
- budget reductions to capture savings arising from the on-going 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 2016/17**

16. The 2016/17 latest approved budget includes funding for contribution pay, and agreed carry forwards of £108,000 to fund vital electrical improvements at Chingford golf course (£50,000), Hill Wood car park resurfacing (£43,000), and a contribution to the infrastructure costs for pay and display machines across Epping Forest (£15,000).

Details of the movement between the 2016/17 Original budget and the 2016/17 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 £4,885M.

### **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.

<b>Capital &amp; Supplementary Revenue projects - latest estimated costs</b>						
<b>Service Managed</b>	<b>Project</b>	<b>Exp. Pre 01/04/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Later Years</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Pre-implementation</b>						
Epping Forest	Baldwins & Birch Hall Park Ponds	40	11	11		62
<b>Authority to start work granted</b>						
Epping Forest	Branching Out*	4,453	108			4,561
Epping Forest	Highams Park Lake	1,634	76			1,710
Woodredon & Warlies	Poultry Shed demolition^		134			134
<b>TOTAL EPPING FOREST</b>		<b>6,127</b>	<b>329</b>	<b>11</b>	<b>0</b>	<b>6,467</b>
* Capital schemes only						
^ City Fund asset						

18. Pre-implementation costs comprise feasibility/option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.

19. Implementation phases of the Baldwin's & Birch Hall Park Ponds project are planned to commence in 2017/18, subject to authority to start work.

20. The remaining schemes have received authority to start work and are completed or in their final stages.

21. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2017.

### **Appendices**

- Appendix 1 - Analysis by Services Managed
- Appendix 2 - Analysis of Support Services
- Appendix 3 - Movement of Local Risk Budgets 2016/17 OR to 2016/17 LAB
- Appendix 4 - Service Based Review update

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