

Committee(s)	Dated:
Hampstead Heath, Highgate Wood and Queen's Park	29/11/2023
Subject: Revenue and Capital Budgets 2024/25	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 Interim Executive Director Environment	For Decision
Report Author: Clem Harcourt, Chamberlain's Department	

Summary

This report presents for approval the revenue and capital budgets for the Hampstead Heath, Highgate Wood and Queen's Park Committee for 2024/25, for subsequent submission to the Finance Committee.

Overall, the proposed revenue budget for 2024/25 totals (£5.356m) net expenditure, a decrease of £277k compared to the 2023/24 original budget of (£5.633m) net expenditure, as agreed by your Committee on 07 December 2022.

The proposed budget for 2024/25 has been prepared within the resource envelope allocated to each Director by Resource Allocation Sub-Committee, including an inflationary increase of 3% and the full year impact of pay increases to staff arising from the pay deal effective from July 2023. The proposed budget for your Committee has also been adjusted to reflect the impact of the recently introduced Target Operating Model (TOM 2) staffing restructure within the Natural Environment Division.

The resource envelope must be adhered to, as failure to do so will impact Finance Committee's ability to set a balanced budget for the year ahead.

Recommendation

Members are asked to:

- i) note the latest revenue budget for your Committee for 2023/24;
- ii) review and approve your Committee's proposed revenue budget for 2024/25 for submission to Finance Committee;
- iii) review and approve your Committee's capital and supplementary revenue project budgets for 2024/25 for submission to Finance Committee; and
- iv) agree that amendments for 2023/24 and 2024/25 budgets arising from changes to recharges or for any further implications arising from corporate

contracts, 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 Interim Executive Director Environment.

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 Hampstead Heath, Highgate Wood and Queen's Park which are funded from City's Cash.
2. This report sets out the proposed budgets for 2024/25 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; and
 - apply a cash limit policy to Chief Officers' budgets.
3. The proposed 2024/25 net expenditure budget for your Committee which includes the Interim Executive Director Environment's local risk, central risk and recharges & support services budgets, plus the City Surveyor's CWP and Building Repairs & Maintenance budget is (£5.356m) net expenditure. This is a decrease of £277k when compared with the 2023/24 original budget of (£5.633m) net expenditure, agreed by your Committee on 07 December 2022.
4. The latest budget for 2023/24 and the provisional original budget for 2024/25, 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 £50k) have been commented on and are referenced in the relevant table in Appendix 1.

Table 1 – Hampstead Heath, Highgate Wood and Queen’s Park	Original Budget (OR) 2023/24 £000	Latest Budget 2023/24 £000	Original Budget (OR) 2024/25 £000	Movement 2023/24 OR to 2024/25 OR £000
Net Local Risk	(4,948)	(4,336)	(4,332)	616
Net City Surveyor	(476)	(493)	(524)	(48)
Net Cyclical Works Programme	(281)	(281)	(439)	(158)
Net Central Risk	2,033	2,039	2,279	246
Recharges & Support Services	(1,961)	(1,982)	(2,340)	(379)
Total Net Expenditure	(5,633)	(5,053)	(5,356)	277

Latest Revenue Budget for 2023/24

6. Overall, the 2023/24 latest budget is net expenditure of (£5.053m) as at September 2023, a decrease in net expenditure of £580k compared to the 2022/23 original budget agreed by your Committee on 07 December 2022. The main reasons for this decrease are:

- £889k net savings arising from the implementation of the Natural Environment Division’s TOM2 staffing restructure;
- £6k reduction in capital charges and depreciation;
- (£145k) funding from the Natural Environment Directorate to support requirements for casual staffing;
- (£102k) increase in salary budgets following £1k payments made to staff in July 2023;
- (£30k) approved local risk carry forward bid from 2022/23 relating to works associated with the Parliament Hill Masterplan;
- (£21k) net increase in recharges & support services, primarily relating to recharges from the Natural Environment Directorate; and
- (£17k) additional budgets for building, repairs and maintenance costs managed by the City Surveyor.

Proposed Revenue Budget for 2024/25

7. This report presents at Appendix 1, the proposed budget estimates for 2024/25 for your 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 of his/her control or are budgets of a corporate nature

(e.g. interest on balances, investment income and rent incomes from investment properties); and

- **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.

8. The proposed 2024/25 budget is net expenditure of (£5.356m), a decrease of £277k in net expenditure compared to the 2023/24 original budget agreed by your Committee on 07 December 2022. Further detail can be found in Appendix 1. The main variations relate to:

- £760k additional income projected to be generated from the Ponds and Lido at Hampstead Heath as a result of increased usage of the facilities;
- £237k increase in investment income as a result of the basis for calculating the maximum allowable contribution to the running costs of Hampstead Heath from the Hampstead Heath Trust under the transfer order (see paragraph 12 below);
- £115k net savings in employment costs following implementation of the TOM2 staffing restructure as well as the transfer of staffing budgets to West Ham Park and the Natural Environment Directorate effective from April 2024. The original savings of £889k have largely been offset by the impact of the pay award to staff effective from July 2023 as well as costs required for casual staffing circa £700k;
- £72k additional income contributions from projected increase in donations, following the recruitment of dedicated staff resources in the TOM2 restructure;
- (£379k) net increase in recharges and support services relating to an increase in the cost of corporate departments;
- (£206k) additional budgets managed by the City Surveyor, with (£158k) of this amount relating to the rephasing of projects falling under the CWP;
- (£206k) increase in premises related expenditure primarily relating to additional energy and water costs; and
- (£106k) extra supplies and services costs for equipment, materials purchases and consultant fees.

9. In light of recommendations from Resource Allocation Sub-Committee, the provisional 2024/25 budget includes a 3% uplift for inflation and the full year impact of pay increases to staff arising from the pay deal effective from July 2023. Members should also note that the proposed budget for 2024/25 includes net adjustments of £889k to your Committee's local risk resource base following implementation of the Natural Environment Division's TOM 2 staffing restructure. A detailed breakdown of budget movements of the 2023/24 local risk original budget to the 2024/25 local risk original budget can be found in Appendix 2.

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

Table 2 - Staffing statement	Original Budget		Latest Budget		Original Budget	
	2023/24		2023/24		2024/25	
	Staffing Full-time Equivalent	Estimated Cost £000	Staffing Full-time Equivalent	Estimated Cost £000	Staffing Full-time Equivalent	Estimated Cost £000
Hampstead Heath	123.08	(5,638)	112.27	(5,350)	101.02	(5,107)
Queen's Park	12.45	(548)	12.49	(611)	15.04	(727)
Highgate Wood	6.20	(340)	8.10	(429)	10.18	(577)
TOTAL	141.73	(6,526)	132.86	(6,390)	126.24	(6,411)

11. Members should note that the CWP figures included in this report relate only to elements of previously agreed programmes, which will be completed in 2023/24 and 2024/25. The separate bid for CWP works for 2024/25 has not been included in this report. The report will be submitted to Projects and Procurement Sub-Committee in January 2024 and will then require approval from Resource Allocation Sub-Committee to agree the funding. Once both Sub-Committees have agreed the 2024/25 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.

TABLE 3 – CWP & City Surveyor Local Risk Hampstead Heath, Highgate Wood & Queen’s Park	Original Budget 2023/24 £'000	Latest Budget 2023/24 £'000	Original Budget 2024/25 £'000
Cyclical Works Programme			
Hampstead Heath	(266)	(266)	(406)
Queen’s Park	0	0	(7)
Highgate Wood	(15)	(15)	(26)
	(281)	(281)	(439)
Planned & Reactive Works (Breakdown & Servicing – City Surveyor Local Risk)			
Hampstead Heath	(359)	(380)	(402)
Queen’s Park	(48)	(48)	(52)
Highgate Wood	(48)	(51)	(55)
	(455)	(479)	(509)
Cleaning (City Surveyor Local Risk)			
Hampstead Heath	(21)	(14)	(15)
Total Cyclical Works Programme & City Surveyor	(757)	(774)	(963)

12. There is an increase in the proposed 2024/25 central risk investment income budget of £237k to £2.498m due to the basis for calculating the maximum allowable contribution to the running costs of Hampstead Heath from the Hampstead Heath Trust. The reserves policy of the Trust is that the original Hampstead Heath Trust Fund endowment of £15 million (now worth £34.2 million) should produce income to cover a proportion of the running costs of Hampstead Heath. The maximum contribution is set out in the Transfer Order (The London Government Reorganisation Hampstead Heath Order 1989) and is subject to a triennial review. 2024/25 is the third year and therefore the contribution is equal to the amount of the maximum contribution for the second year of that period, 2023/24 of £2.293m multiplied by the change in the Average Earnings Index between April 2022 and April 2023.

Draft Capital and Supplementary Revenue Budgets

13. The latest estimated costs of the Committee’s current approved capital and supplementary revenue projects are summarised in the table below:

Service	Project	Exp. Pre 01/04/23	2023/24	2024/25	2025/26	Later Years	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Hampstead Heath	Swimming Facilities - Safety, Access & Security Improvements	334	865				1,199
Hampstead Heath	Parliament Hill Athletics Track Resurfacing		2,300		-		2,300
Queen's Park	Queen's Park Sandpit Refurb & Toilet Rebuild		14				14
TOTAL HAMPSTEAD HEATH, HIGHGATE WOOD & QUEEN'S PARK		334	3,179	0	0	0	3,513

14. The latest Capital and Supplementary Revenue Project forecast expenditure on new capital bids and currently approved schemes will be presented to the Court of Common Council for formal approval in March 2024.

Conclusion

15. This report presents the proposed Revenue and Capital budget estimates for 2024/25 for your Committee for Members to consider and approve.

Appendices

- Appendix 1 – Committee Summary Budget – by Risk and Chief Officer
- Appendix 2 – Movement Between 2023/24 Original Local Risk Budget to 2024/25 Original Local Risk Budget

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