

Committee(s)	Dated:
Hampstead Heath, Highgate Wood and Queen's Park Committee	25 November
Open Spaces and City Gardens Committee	2 December 2020
West Ham Park Committee	2 December 2020
Epping Forest and Commons Committee	18 January 2021
Subject: Income Generation Report	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Outcome 5
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 this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Colin Buttery, Director Open Spaces Department	For Discussion
Report author: Gerry Kiefer	

Summary

This paper identifies a range of different opportunities and approaches which could generate additional income for the Department. This is not an exhaustive list and is aimed at instigating discussion. Generating additional income will help reduce the need to decrease our expenditure budgets to achieve our 'budget envelope'. Some of the discussion points may require upfront investment, others will take time to develop and some may require a change in our positioning as charities.

Recommendation(s)

- Members are asked to consider this report.

Main Report

Background

1. The Open Spaces Act received Royal Assent in March 2018. Prior to this the statutory Open Spaces had been governed by nineteenth-century legislation and there were a number of respects in which it is unclear or out of date. The Act was therefore brought with the principle aims of clarifying and expanding the management powers available to the Corporation, to strengthen enforcement powers and to increase opportunities to generate revenue for the benefit of the Open Spaces including:

- longer commercial leases and agreements providing improved external investment in the built assets and sustainable income generation for the City
- more effective wayleave charges and income collection
- sports and other activity licencing
- clarity regarding commercial partnerships

Current Position

2. The Open Spaces Department is facing increased pressure on its resources and its budget. Each property (i.e. Epping, West Ham Park) within the Department has different opportunities and capabilities for generating additional income and the approach to income generation has been property specific.
3. The introduction of the Departmental property specific Events policy showed that it was possible to have one overarching approach with the flexibility to accommodate property specific local arrangements, recognising that each property has differing limitations on their ability to generate income.

Proposals

Fees and Charges

4. Traditionally some properties have increased their fees and charges on an annual basis and other sites have only increased them every couple of years. All fees and charges are brought to the relevant Committee for approval. It is proposed that going forward, when setting fees and charges, officers will consider the following before making their proposals to Committee:
 - The RPI rate on a specified and consistent release date.
 - Benchmark the charges and quality of provision with those of neighbouring facilities, which in many instances are our competitors. In some instances, we will therefore not benchmark against our own properties.
 - The budget requirement to generate additional income to reduce expenditure savings
 - Work towards reducing subsidy levels
 - Work towards attaining full cost recovery, recognising that staffing costs may have increased greater than RPI
5. A review of concessions is also planned for 2021, not only looking at the discounts offered to which groups across Open spaces, but also reviewing in relation to other service Departments within the City of London and similar services across London. A policy will be proposed to Committees later in 2021.
6. Learning from 2020 Summer and the need to regulate access to our activities and facilities, officers will continue (where appropriate) to use online bookings and cashless payment systems.

Vacant premises

7. **Lodges** - Since March 2018 officers have let several lodges which are no longer required by staff 'for the betterment of their role'. This has enabled lodges to be let as either Assured Shorthold Tenancies (AST) or Corporate Leases and generate a regular income into the local risk budgets. A few exceptional lodges in specific settings could be developed (as one has at Epping Forest) as holiday lets. Up-front costs for holiday lets are significantly greater as a high specification of finish is needed, as well as furnishings, landscaping and marketing; but resultant 'modest' occupancy projections of income are approx. 50% greater than AST.

8. **Other vacant buildings** - The Department will work with City Surveyors to identify the potential for alternative use of our buildings which may no longer be required for operational purposes but could provide alternative revenue income or capital receipt.

Bench Dedications

9. Across the properties, dedication schemes are in place for benches. These schemes are administered locally, have differing durations, charges and approaches re vandalism/maintenance. Like the events policy, we will look to develop a consistent generic approach which still allows for some local flexibility. As a result of this work it may be appropriate to centralise the initial administration of the dedication process before becoming the responsibility of the property to check and maintain the benches.

Sponsorship type activity

10. Other individual sponsorship type schemes could be introduced such as sponsor a tree, a bat box etc. However, with this comes with the challenge of the item 'dying' or being damaged and also the administration resource to process small amounts of income. However further consideration could be given to mass sponsorship of an area e.g. bluebell wood and in return the contributor would receive a certificate and photograph. This may attract customers to buy such 'contributions' as presents. However, liaison will be required with Chamberlains to determine if there is any VAT impacts on such an approach and also a change in existing policy such that external revenue income could be rolled across financial years.

Donations

11. Online, one off donations for specific campaigns should be live on the City of London website in December 2020. This will allow people to make online donations for a number of specific projects at each property for which money can be rolled over across the years to deliver the specific project. Once bank accounts are established for each charity this offer can move to a third-party provider who will be able to offer Gift Aid contributions as well.
12. Further work needs to be undertaken to enable the charities to be able to invite regular giving – this may be possible through the third-party provider if linked to a campaign and to develop its process for legacies/gifts in wills.

Charging for Commercial Activity

13. The Open Spaces Act gives the CoL the power to have a licencing scheme to control activities carried out for commercial gain. Some of the properties already operate licencing schemes for personal trainers whereas others are looking to introduce schemes for professional dog walkers. We will be looking to roll out comparable schemes across the properties, taking into consideration arrangements in neighbouring boroughs and sites which may influence our proposals.
14. A Departmental events policy was introduced in 2018 which along with site specific policies, provides the process and strategy towards the hosting of events on the Open Spaces. It may be appropriate in some instances where increasing charges for events would become prohibitive, to consider if more events could be held whilst

staying within the agreed policy, of such policy is reviewed to consider whether additional events could be hosted without a detrimental impact on the open space.

Self-funded 'invest to save' projects.

15. With appropriate forward planning it may be possible to self-fund from local risk budget, 'spend to save' projects. Initial investment at the start of the financial year with income then being generated for the remainder of the year could mean that new funding streams can be introduced in year one, when their cost recovery makes them cost-neutral, but for future years they bring in income. Such an example could be the letting of lodges where some remedial work is required at the start of the financial year and then the lodge can be let from the summer and year one rental covers the remedial works..

Extended leases

16. Prior to the open spaces Act, custom and practice was to issue leases for 3 years. Officers can now offer extended leases, likely to be seven to ten years but can be up to 15 years, with an option for longer leases under specified exceptional circumstances. This will enable the Department to offer commercial that draw in external capital investment.

Alternative Operating models

17. It is becoming increasingly difficulty to access City of London capital funding and this is unlikely to change in the near future. There is the opportunity to investigate how partnership operating models could work, such as the ParkLife project at Wanstead Flats. This may open new avenues to grant funding and/or external capital investment.

Non restricted land for commercial partnership

18. We will be investigating commercial opportunities on non-restricted land, recognising that identifying potential possibilities and/or partners takes time and should be a medium to long term approach.

Grants

19. We will continue to review grants and other funding streams that may be available to our open spaces and charities. In the past we have successfully been awarded Heritage Lottery funding for the Kenley Project and the Branching Out Project. The Rural Payments Agency has provided funding for activity under the Countryside Stewardship Grant. However, we should be wise to ensure that the grant helps delivers out priority services.

20. Our charitable status and funding from the City of London can affect what grants we are able to access, and this will be highlighted to those officers undertaking the internal Charities Review.

Planning/development funding

20. Various properties have been successful in accessing money from S106 or more recently CIL agreements, not just within the square mile but also funding from host local authorities such as Camden's CIL funding for improvements at Keats House and the playground at Hampstead Heath

21. We are working with host and neighbouring Borough's to identify / require mitigations and other development tariffs arising from building development close to the Open Spaces. Burnham Beeches has recently secured mitigation funding to resource an additional ranger post.

Corporate & Strategic Implications

Open Space Charities

22. Many of the Open Spaces sites are registered charities. Officers have been asked to remind Members that decisions they take in relation to the relevant charity must be taken in the best interests of the charity.

Strategic implications

23. Raising additional income to help deliver the services provided by the Open Spaces Department contributes to the Corporate Plan aims:

- Support a thriving economy
- Shape outstanding environments

Financial implications

24. The budget envelope for the Department is likely to be reduced by c12% in 2021/22 and there is likely to be ongoing pressure on annual budgets. Accessing new opportunities to raise income will enable the Department to deliver new priority projects/ areas of work and reduce the level of expenditure savings required to achieve the Departmental budget.

Equalities implications

25. None contained within this discussion paper

Climate implications

26. None contained within this discussion paper

Security implications

27. None contained within this discussion paper

Conclusion

28. The paper presents a range of different approaches that the Department is proposing to follow to assist the generation of additional income and external funding which will help deliver a balanced budget within the reduced core funding envelope.

Appendices – None

Background papers - none

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