

Committee(s)	Dated:
Hampstead Heath, Highgate Wood and Queen's Park	1 December 2021
Subject: Departmental and Service Committee Budget Estimates 2022/23	Public
Which Outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1,2,3,4,5,8,9,10,11 & 12
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 Executive Director Environment	For Decision
Report Author: Beatrix Jako, Chamberlain's Department	

Summary

This report presents for approval the budget estimates for the Hampstead Heath, Highgate Wood and Queen's Park Committee for 2022/23, for subsequent submission to the Finance Committee. The budgets have been prepared within the resources allocated to the Director and the table below summarises.

The proposed budget for 2022/23 has been prepared within the resources allocated to the Executive Director by Resource Allocation Sub Committee in October 2021, including an inflation increase of 2% balanced by an efficiency saving of 2%.

Summary of Table 1 (Includes Local Risk, Central Risk, and Recharges/Support Services)	Original Budget (OR)	Latest Approved Budget	Original Budget (OR)	Movement
	2021/22 £000	2021/22 £000	2022/23 £000	2021/22 OR to 2022/23 OR £000
Net Local Risk	(4,595)	(4,623)	(4,679)	(84)
Net City Surveyor	(413)	(468)	(468)	(55)
Net CWP	(740)	(792)	(146)	594
Net Central Risk	1,097	1,028	1,490	393

Support Services	(1,445)	(1,503)	(1,375)	70
Total Net Expenditure	(6,096)	(6,358)	(5,178)	918

Overall, the provisional Original Budget for 2022/23 totals £5.178M, a decrease of £0.918M compared with the Original 2021/22 Budget.

There is a reduction in the Cyclical Works Programme (CWP) of £594,000 however, Members should note that the Cyclical Works Programme (CWP) figures included in this report relate only to elements of previously agreed programmes, which will be completed in 2021/22 & 2022/23. A separate bid for new CWP works in 2022/23 has not been included in this report, as it has yet to be considered by Corporate Asset sub-committee and Resource Allocation sub-committee to agree the funding. Once both sub-committees have agreed the 2022/23 programme Members will be advised of the outcome and the estimates adjusted accordingly.

In addition, there was an increase in the Central Risk budget credit due to a new basis for calculating the budget for the maximum contribution to the running costs of Hampstead Heath from the Hampstead Heath Trust under the transfer order (see paragraph 13).

Recommendation

Members are asked to:

- i) review and approve the Hampstead Heath, Highgate Wood and Queen's Park Committee's proposed revenue budget for 2022/23 for submission to Finance Committee,
- ii) review and approve the Hampstead Heath, Highgate Wood and Queen's Park Committee's capital and supplementary revenue projects budgets for 2022/23 for submission to Finance Committee,
- iii) authorise the Chamberlain in consultation with the Executive Director Environment to revise these budgets to allow for any further implications arising from Corporate Projects, the Target Operating Model, and changes to the Cyclical Works Programme following the funding decision on bids for works in 2022/23,
- iv) agree that minor amendments for 2021/22 and 2022/23 from changes to recharges arising during budget setting be delegated to the Chamberlain.

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 2022/23 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.
 - Apply a cash limit policy to Chief Officers' budgets.
3. The budget has been analysed by the service expenditure and compared with the original budget for the current year.
4. The report also compares the current year's budget with the forecast outturn.
5. The overall 2022/23 budget for Hampstead Heath, Highgate Wood and Queen's Park which includes the Executive Director Environment's Local Risk, City Surveyor's Local Risk, Central Risk, and Recharges/Support Services is £5.178M, a decrease of £0.918M when compared with the 2021/22 Original Budget.

Business Planning Priorities for 2022/23

6. The Open Spaces, Environment Department business priorities for the forthcoming year have been set out in the 2022/23 business plan report which will be presented to the Open Spaces and City Gardens Committee on 7 December 2021 for approval.

Proposed revenue budget for 2022/23

7. This report presents, in Table 1 at Appendix 1, the budget estimates for 2022/23 for the Hampstead Heath, Highgate Wood and Queen's Park Committee 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 – 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.
8. The provisional 2022/23 budgets, under the control of the Executive Director Environment 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.
9. For 2022/23 budgets include;
- Pay increases at 1.525% for grades A-C
 - 1.25% increase to National Insurance Contributions (NIC) from April 2022
 - 2% uplift for inflation offset by 2% efficiency savings (a flat cash position)
 - Previously agreed fundamental review savings of £5k
10. 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 £50,000) have been commented on and are referenced in the relevant table.
11. Analysis of the movement in staff related costs are shown in Table 2 below. Staffing levels have remained stable between 2021/22 and 2022/23 budgets.

Table 2 - Staffing statement	Original Budget		Latest Approved Budget		Original Budget	
	2021/22		2021/22		2022/23	
	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000
Hampstead Heath	114.13	(5,284)	114.13	(5,445)*	114.13	(5,331)
Queen's Park	11.45	(489)	11.45	(492)	11.45	(506)

Highgate Wood	6.20	(342)	6.20	(430)*	6.20	(330)
TOTAL	131.78	(6,115)	131.78	(6,367)	131.78	(6,167)

* The 2021/22 latest approved budget (central risk) includes £221,000 costs in total relating to the flexible retirement pension strain costs.

12. Members should note that the Cyclical Works Programme (CWP) figures included in this report relate only to elements of previously agreed programmes, which will be completed in 2021/22 & 2022/23. The separate bid for CWP works in 2022/23 has not been included in this report, as it is to be considered by Corporate Asset sub-committee in November, and then subsequently by Resource Allocation sub-committee to agree the funding. Once both sub-committees have agreed the 2022/23 programme Members will be advised of the outcome and the estimates adjusted accordingly.

TABLE 3 – CYCLICAL WORKS PROGRAMME & CITY SURVEYOR LOCAL RISK				
Repairs and Maintenance (including cleaning)		Original Budget 2021/22 £'000	Latest Approved Budget 2021/22 £'000	Original Budget 2022/23 £'000
Cyclical Works Programme				
Hampstead Heath		(665)	(684)	(146)
Queen's Park		-	(42)	-
Highgate Wood		(75)	(66)	-
		(740)	(792)	(146)
Planned & Reactive Works (Breakdown & Servicing – City Surveyor Local Risk)				
Hampstead Heath		(306)	(352)	(352)
Queen's Park		(45)	(48)	(48)
Highgate Wood		(39)	(48)	(48)
		(390)	(448)	(448)
Cleaning (City Surveyor Local Risk)				
Hampstead Heath		(23)	(20)	(20)
		(23)	(20)	(20)
Total Cyclical Works Programme & City Surveyor		(1,153)	(1,260)	(614)

13. There was an increase in the 2022/23 Central Risk budget credit due to a new basis for calculating the budget for the maximum 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 £32.5 million) should produce income to cover a proportion of the running costs of the 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. 2022/23 is the first year and therefore the contribution is equal to the amount of the income accrued to the Trust Fund in the preceding financial year 2020/21: £1,557,637 multiplied by the change in the Average Earnings Index between April 2020 and April 2021.

Potential Further Budget Developments

14. The provisional nature of the 2022/23 revenue budget recognises that further revisions may be required, including in relation to:
- Decisions on funding of new bids for 2022/23 by the Cyclical Works Programme by the Corporate Asset Sub-Committee and the Resource Allocation Sub-Committee.
 - Budget adjustments to align with the Target Operating Model.

Revenue Budget 2021/22

15. The 2021/22 latest approved budget includes £31,000 to fund pay increases at 1.525% for grades A-C, an allocation of £3,000 from the Directorate to fund various projects, and £6,000 release of Local Risk funding for Redevelopment of Hampstead Heath Adventure Playground capital scheme. The forecast outturn for the current year is in line with the latest approved budget of £6.358M. Movement of the 2021/22 Original Budget to the 2021/22 Latest Approved Budget can be found in Appendix 4.

Draft Capital and Supplementary Revenue Budgets

16. The latest estimated costs of the Committee's current approved capital and supplementary revenue projects are summarised in the Table below:

Service Managed	Project	Exp. Pre 01/04/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Later Years £'000	Total £'000
	<u>Authority to start work granted</u>						
Hampstead Heath	East Heath Car Park Resurfacing	20	387	-	-	-	407
Hampstead Heath	Redevelopment of two Play Areas	65	48	-	-	-	113
Hampstead Heath	Mixed Pond Rewire	-	120	-	-	-	120
TOTAL HAMPSTEAD HEATH		85	555	-	-	-	640

17. These schemes are all expected to be completed in the current financial year.

18. Progression of any other schemes in the pipeline is subject to confirmation of central funding via the annual capital bid process and gateway approvals. Please see Appendix 3 for details of the bids put forward.

19. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2022.

Corporate & Strategic Implications

20. The Department's activity delivers ten of the twelve Corporate Plan outcomes, across all three of the Corporate Plan aims.

Contribute to a flourishing society

1. People are safe and feel safe.
2. People enjoy good health and wellbeing.
3. People have equal opportunities to enrich their lives and reach their full potential.
4. Communities are cohesive and have the facilities they need.

Support a thriving economy

5. Businesses are trusted and socially and environmentally responsible.
8. We have access to the skills and talent we need.

Shape outstanding environments

9. We are digitally and physically well-connected and responsive.
10. We inspire enterprise, excellence, creativity and collaboration.
11. We have clean air, land and water and a thriving and sustainable natural environment.
12. Our spaces are secure, resilient and well-maintained.

Security Implications

21. None

Public sector equality duty

22. Should the capital projects be approved for funding it will significantly improve the service and experience provided to our local communities. Where capital funded projects are approved for progress or new policies and strategies developed, we will undertake 'tests of relevance' and where appropriate, Equality Analysis. Our fees and charges are annually benchmarked with neighbouring facilities, but we will continue to informally assess any negative impact on protected characteristic groups.

Conclusion

23. This report presents the Capital and Revenue budget estimates for 2022/23 for the Hampstead Heath, Highgate Wood and Queen's Park Committee for Members to consider and approve.

Appendices

- Appendix 1 – Budget estimates 2022/23 Table 1
- Appendix 2 – Support Services and Capital Charges
- Appendix 3 – Capital Project Bids for 2022/23
- Appendix 4 – Original Local Risk 2021/22 budget to Latest Approved 2021/22 Local Risk Budget
- Appendix 5 – Original 2021/22 Local Risk Budget to Original Local Risk 2022/23 budget

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Appendix 1

TABLE 1 HAMPSTEAD HEATH, HIGHGATE WOOD & QUEEN'S PARK SUMMARY – ALL FUNDS							
Analysis of Service Expenditure	Local or Central Risk	Actual 2020-21 £'000	Original Budget 2021-22 £'000	Latest Approved Budget 2021-22 £'000	Original Budget 2022-23 £'000	Movement 21-22OR to 22-23OR £'000	Paragraph Reference
EXPENDITURE							
Employees	L	(5,813)	(6,115)	(6,146)	(6,167)	(52)	a)
Employees	C	(147)	-	(221)	-	-	
Premises Related Expenses	L	(489)	(396)	(391)	(464)	(68)	b)
City Surveyor's Local Risk inc cleaning	L	(487)	(413)	(468)	(468)	(55)	
Cyclical Works Programme	L	(883)	(740)	(792)	(146)	594	c)
Transport Related Expenses	L	(239)	(115)	(115)	(115)	-	
Supplies & Services	L	(890)	(484)	(486)	(482)	2	
Supplies & Services	C	(1)	-	-	-	-	
Capital Charges - Depreciation	C	(228)	(251)	(228)	(228)	23	
Transfer to Reserves	L	(1)	-	-	-	-	
Unidentified Savings	L	-	217	-	26	(191)	d)
Total Expenditure		(9,178)	(8,297)	(8,847)	(8,044)	253	
INCOME							
Other Grants, Reimbursements and Contributions	L	124	13	13	26	13	
Customer, Client Receipts	L	1,727	2,285	2,502	2,497	212	e)
Investment Income	C	1,368	1,348	1,477	1,718	370	f)
Total Income		3,219	3,646	3,992	4,241	595	
TOTAL (EXPENDITURE) BEFORE SUPPORT SERVICES		(5,959)	(4,651)	(4,855)	(3,803)	848	
SUPPORT SERVICES							
Central Support		(1,220)	(1,113)	(1,117)	(1,019)	94	*
Recharges within Fund		(286)	(315)	(369)	(339)	(24)	
Recharges across Fund		(7)	(17)	(17)	(17)	-	
Total Support Services		(1,513)	(1,445)	(1,503)	(1,375)	70	
TOTAL NET (EXPENDITURE)		(7,472)	(6,096)	(6,358)	(5,178)	918	

*This is made up of smaller (under £50,000) increases and decreases in Central Support.

a) The £52,000 increase is mainly due to a provision for pay increases at 1.525% for grades A-C, a 1.25% increase to National Insurance Contributions (NIC) from April 2022, and incremental progression.

b) A £68,000 increase in premises related expenditure is mainly due to an increase in refuse collection costs due to growing number of visitors, an

increase in grounds maintenance costs to deliver the Annual Work Plan, and adjustments of council tax costs.

- c) The £594,000 reduction in Cyclical Works Programme is explained in paragraph 12.
- d) Most of the unidentified savings in the 2020/21 Original budget have now been identified by adjustments which have resulted in savings being made and therefore the unidentified element has decreased.
- e) The £212,000 increase in customer and client receipts is mainly due to a number of income budgets being uplifted to reflect income collection levels; these include fees and charges and income generated from the use of facilities.
- f) The £370,000 increase in Investment Income (central risk) due to a new basis for calculating the budget for the maximum contribution to the running costs of Hampstead Heath from the Hampstead Heath Trust under the transfer order (see paragraph 13).

Appendix 2

Support Services to/from Hampstead Heath, Queen's Park & Highgate Woods Committee	Actual 2020-21 £'000	Original Budget 2021-22 £'000	Latest Approved Budget 2021-22 £'000	Original Budget 2022-23 £'000	Movement 2021-22OR to 2022-23OR £'000	Paragraph Reference
<u>Support Services</u>						
Central Recharges-						
City Surveyor's Employee Recharge	(257)	(277)	(259)	(259)	18	
Insurance	(101)	(105)	(105)	(105)	-	
I.S.Recharges - Chamberlain	(356)	(256)	(281)	(215)	41	
Support Services-						
Chamberlain (inc CLPS recharges)	(177)	(141)	(135)	(125)	16	
Comptroller and City Solicitor	-	-	-	-	-	
Town Clerk	(243)	(220)	(222)	(207)	13	
City Surveyor	(86)	(114)	(115)	(108)	6	
Total Support Services	(1,220)	(1,113)	(1,117)	(1,019)	94	*
<u>Recharges Within Fund</u>						
Directorate Recharges	(247)	(268)	(321)	(291)	(23)	
Learning Recharges	(197)	(207)	(208)	(208)	(1)	
Corporate and Democratic Core	158	160	160	160	-	
Total Recharges Within Fund	(286)	(315)	(369)	(339)	(24)	
Total Recharges Across Fund – Reservoir Inspections	(7)	(17)	(17)	(17)	-	
Total Support Services	(1,513)	(1,445)	(1,503)	(1,375)	70	

*This is made up of smaller (under £50,000) decreases in Support Services.

Appendix 3

Capital Project Bids for 2022/23

Project – Parliament Hill Athletics Track Resurfacing £2,000,000

Status – Green – Recommended for approval

Project – Redevelopment of Queen’s Park Play Area and Sandpit £55,000

Status – Green – Recommended for approval

Appendix 4

Movement from the 2021/22 Original Budget to the 2021/22 Latest Approved Budget

Hampstead Heath, Highgate Wood and Queen’s Park	£000
Original Net Local Risk Budget (Executive Director Environment & City Surveyor)	(5,008)
Executive Director Environment	
Pay increases at 1.525% for grades A-C	(31)
Allocation from the Directorate to fund various projects	(3)
Release of Local Risk funding for Redevelopment of Hampstead Heath Adventure Playground capital scheme	6
City Surveyor	
Planned & Reactive Works including Cleaning	(55)
Latest Approved Net Local Risk Budget (Executive Director Environment & City Surveyor)	(5,091)

Appendix 5

Movement from the 2021/22 Original Budget to the 2022/23 Original Budget

Hampstead Heath, Highgate Wood and Queen's Park	£000
Original Net Local Risk Budget (Executive Director Environment & City Surveyor)	(5,008)
Executive Director Environment	
Pay increases at 1.525% for grades A-C	(31)
1.25% increase to National Insurance Contributions (NIC) from April 2022	(58)
Fundamental review savings due in 2022/23	5
2% inflation uplift	(91)
2% efficiency saving	91
City Surveyor	
Planned & Reactive Works including Cleaning	(55)
Original Net Local Risk Budget (Executive Director Environment & City Surveyor)	(5,147)