

Committee(s)	Dated:
Hampstead Heath, Highgate Wood and Queen's Park	7 December 2022
Subject: Departmental and Service Committee Budget Estimates 2023/24	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 Executive Director Environment	For Decision
Report Author: Beatrix Jako, 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 2023/24, for subsequent submission to the Finance Committee.

Overall, the proposed revenue budget for 2023/24 totals (£5.633M), an increase in net expenditure of (£0.496M) compared to the 2022/23 original budget of (£5.137M).

The proposed budget for 2023/24 has been prepared within the resource envelope allocated to each Director by Resource Allocation Sub Committee, including an inflation increase of 4% balanced by an efficiency saving of 2% and the full year impact of pay increases to staff arising from the pay deal effective from July 2022.

The resource envelope must be adhered to, as failure to do so will impact Finance Committee's ability to set Council Tax rates for the year ahead and the requirement in law for the City to set a balanced budget.

Recommendation

Members are asked to:

- i) review and approve the Hampstead Heath, Highgate Wood and Queen's Park Committee's proposed revenue budget for 2023/24 for submission to Finance Committee;
- ii) review and approve the Hampstead Heath, Highgate Wood and Queen's Park Committee's capital and supplementary revenue project budgets for 2023/24 for submission to Finance Committee;

- iii) agree that amendments for 2022/23 and 2023/24 budgets arising from changes to recharges or for any further implications arising from corporate contracts, Target Operating Model (TOM), 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 Executive Director Environment; and
- iv) note that the draft budget does not include estimated increases in energy costs which are currently being reviewed in light of changing market prices with budgets to be adjusted once a final agreement on energy forecasts is made.

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 2023/24 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.
5. The overall 2023/24 budget for Hampstead Heath, Highgate Wood and Queen's Park which includes the Executive Director Environment local risk, City Surveyor's local risk, central risk, and recharges/support services is (£5.633M), this is an increase of (£0.496M) when compared with the 2022/23 original budget.
6. The latest approved budget 2022/23 and provisional budget 2023/24, is summarised in Table 1 below and further analysed by risk and Chief Officer in Appendix 1.
7. 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 in Appendix 1.

Table 1 – Hampstead Heath, Highgate Wood and Queen’s Park	Original Budget (OR) 2022/23 £000	Latest Approved Budget 2022/23 £000	Original Budget (OR) 2023/24 £000	Movement 2022/23 OR to 2023/24 OR £000
Net Local Risk	(4,679)	(4,679)	(4,948)	(269)
Net City Surveyor	(468)	(468)	(476)	(8)
Net Cyclical Works Programme	(146)	(927)	(281)	(135)
Net Central Risk	1,490	1,490	2,033	543
Recharges/Support Services	(1,334)	(1,334)	(1,961)	(627)
Total Net Expenditure	(5,137)	(5,918)	(5,633)	(496)

Business Planning Priorities for 2023/24

8. The Natural Environment Divisions business priorities for the forthcoming year have been set out in the Environment Departments 2023/24 business plan report which will be presented to the Open Spaces and City Gardens Committee in early 2023 for approval.

Latest Revenue Budget for 2022/23

9. Overall, the 2022/23 latest approved budget is net expenditure of (£5.918M), an increase in net expenditure of (£0.781M) compared to the 2022/23 original budget. The reason for this net increase is due to an increase in the costs of the Cyclical Works Programme (CWP) managed by the City Surveyor during the year due to changes in phasing, (£781,000).

Proposed Revenue Budget for 2023/24

10. This report presents at Appendix 1, the budget estimates for 2023/24 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 (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).

- **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.

11. The proposed 2023/24 budget is net expenditure of (£5.633M), an increase of (£0.496M) in net expenditure compared to the 2022/23 original budget. Further detail can be found in Appendix 1. The main variations relate to:

- (£359,000) increase in employee expenses is due to pay award, incremental and career grade progression, transfer of one centrally funded apprentice to Queen's Park from West Ham Park, and additional casual lifeguards in swimming and leisure which is funded from increased income at the Lido.
- (£143,000) increase in City Surveyor charges is mainly due to an increase in costs of the CWP due to changes in phasing.
- £111,000 increase in customer & client receipts income is mainly due to an increase of £160,000 in fees and charges for services and use of facilities at the Lido and the Ponds, partly offset by a (£49,000) reduction in expected wedding income and income from Art Fair licences.
- £543,000 increase in investment income in central risk due to a new basis for calculating the maximum allowable contribution to the running costs of Hampstead Heath from Hampstead Heath Trust under the transfer order (see paragraph 17 below).
- (£107,000) increase in central support reflects changes in the budgets of central departments and their apportionment between committees post-TOM.
- (£520,000) increase in recharges within fund mainly relates to an increase in the Directorate recharges due to implementation of TOM.

12. In light of recommendations from Resource Allocation Sub Committee, the 2023/24 budget includes a 4% uplift for inflation offset by 2% efficiency savings and the full year impact of pay increases to staff arising from the pay deal effective from July 2022. A detailed breakdown of budget movements of the 2022/23 local risk original budget to the 2023/24 local risk original budget of (£277,000) can be found in Appendix 2. There were also further movements of (£135,000) increase in the CWP, £543,000 extra central risk income in relation to the maximum contribution allowable to the running costs of Hampstead Heath from Hampstead Heath Trust (see paragraph 17 below), and (£627,000) in extra central support and Directorate Recharges following implementation of TOM Phase 1.

13. The proposed 2023/24 budget has been prepared within the resource envelope allocated to the Executive Director by Resource Allocation Sub-Committee, with the following exceptions and assumptions:

- The draft budget includes £26,000 in unidentified savings relating to Queen's Park which are still to be identified for 2023/24 onwards to meet the Target Operating Model (TOM) 12% savings target.

- The Executive Director is still in the process of identifying savings proposals and the Department is not expected to complete the implementation of the TOM Phase 2 until early 2023, therefore the budgets set out here do not reflect any changes to structures that may result from that process, including any associated savings required as set out above.
- Members should note this report does not include the estimated energy price increase for the 2023/24 financial year. At present the Corporation is reviewing these additional energy costs in light of changing market prices. The final agreement on energy cost forecasts for next year will be concluded in early 2023 at which point the estimates for 2023/24 will be adjusted if required.
- Recharges/support services and capital charges budgets have not yet been finalised corporately, so further changes to these budgets may be required. Members are asked to agree that the decision as to the changes required to these budgets are delegated to the Chamberlain in consultation with the Executive Director Environment.

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

Table 2 - Staffing statement	Original Budget		Latest Approved Budget		Original Budget	
	2022/23		2022/23		2023/24	
	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	(5,331)	114.13	(5,331)	123.08	(5,638)
Queen's Park	11.45	(506)	11.45	(506)	12.45	(548)
Highgate Wood	6.20	(330)	6.20	(330)	6.20	(340)
TOTAL	131.78	(6,167)	131.78	(6,167)	140.82	(6,526)

15. 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 2022/23 & 2023/24. The separate bid for CWP works in 2023/24 has not been included in this report. The report will be submitted to the Operational Property & Projects Sub Committee in November 2022 and will then require approval from Resource Allocation Sub Committee to agree the funding. Once both Sub Committees have agreed the 2023/24 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.

16. It should also be noted that the Building Repairs and Maintenance & Facilities Management contract is currently being re-tendered and the new contract will commence on the 1st April 2023. The original estimates for 2023/24 are based on the latest available asset price from the current contractors (SKANSKA, Amalgamated, ISS and Beaver). Any changes to these budgets arising from the new contract will be reported to Committee and Members are asked to authorise the Chamberlain to revise these budgets to allow for any further financial implications arising from the Building Repairs and Maintenance & Facilities Management contract tendering.

TABLE 3 – CWP & City Surveyor Local Risk Hampstead Heath, Highgate Wood & Queen’s Park	Original Budget 2022/23 £'000	Latest Approved Budget 2022/23 £'000	Original Budget 2023/24 £'000
Cyclical Works Programme			
Hampstead Heath	(146)	(770)	(266)
Queen’s Park	-	-	-
Highgate Wood	-	(157)	(15)
	(146)	(927)	(281)
Planned & Reactive Works (Breakdown & Servicing – City Surveyor Local Risk)			
Hampstead Heath	(372)	(372)	(359)
Queen’s Park	(48)	(48)	(48)
Highgate Wood	(48)	(48)	(48)
	(468)	(468)	(455)
Cleaning (City Surveyor Local Risk)			
Hampstead Heath	-	-	(21)
Total Cyclical Works Programme & City Surveyor	(614)	(1,395)	(757)

17. There was an increase in the 2023/24 Central Risk investment income budget credit due to a new 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 £34.5 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. 2023/24 is the second year and therefore the contribution is equal to the amount of the maximum contribution for the first year of that period 2022/23: £2,127M multiplied by the change in the Average Earnings Index between April 2021 and April 2022.

Draft Capital and Supplementary Revenue Budgets

18. 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

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

20. 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.

21. 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.

Conclusion

22. This report presents the Capital and Revenue budget estimates for 2023/24 for the Hampstead Heath, Highgate Wood and Queen's Park Committee for Members to consider and approve.

Appendices

- Appendix 1 – Committee Summary Budget – by Risk and Chief Officer
- Appendix 2 – Movement Between 2022/23 Original Local Risk Budget to 2023/24 Original Local Risk Budget

Beatrix Jako

Chamberlains Department

E: Beatrix.Jako@cityoflondon.gov.uk

Appendix 1 Committee Summary Budget – by Risk and Chief Officer

Analysis of Service Expenditure	Local or Central Risk	Actual 2021-22 £'000	Original Budget 2022-23 £'000	Latest Approved Budget 2022-23 £'000	Original Budget 2023-24 £'000	Movement 22-23OR to 23-24OR £'000	Notes
EXPENDITURE							
Employees	L	(5,928)	(6,167)	(6,167)	(6,526)	(359)	1
Employees	C	(221)	-	-	-	-	
Premises Related Expenses	L	(557)	(464)	(464)	(473)	(9)	
Premises Related Expenses	C	(15)	-	-	-	-	
City Surveyor – All Services	L	(1,097)	(614)	(1,395)	(757)	(143)	2
Transport Related Expenses	L	(88)	(115)	(115)	(115)	-	
Supplies & Services	L	(626)	(482)	(482)	(494)	(12)	
Supplies & Services	C	(10)	-	-	-	-	
Support Services	C	(1)	-	-	-	-	
Unidentified Savings	L	-	26	26	26	-	
Transfer to Reserves	L	(21)	-	-	-	-	
Transfer to Reserves	C	(429)	-	-	-	-	
Capital Charges	C	(229)	(228)	(228)	(228)	-	
Total Expenditure		(9,222)	(8,044)	(8,825)	(8,567)	(523)	
INCOME							
Other Grants, Reimbursements & Cont.	L	56	26	26	26	-	
Other Grants, Reimbursements & Cont.	C	429	-	-	-	-	
Customer, Client Receipts	L	2,732	2,497	2,497	2,608	111	3
Customer, Client Receipts	C	1	-	-	-	-	
Investment Income	C	1,491	1,718	1,718	2,261	543	4
Total Income		4,709	4,241	4,241	4,895	654	
TOTAL (EXPENDITURE) BEFORE SUPPORT SERVICES		(4,513)	(3,803)	(4,584)	(3,672)	131	
SUPPORT SERVICES							
Central Support		(1,158)	(1,019)	(1,019)	(1,126)	(107)	5
Recharges within Fund		(361)	(298)	(298)	(818)	(520)	6
Recharges across Fund		(6)	(17)	(17)	(17)	-	
Total Support Services		(1,525)	(1,334)	(1,334)	(1,961)	(627)	
TOTAL NET (EXPENDITURE)		(6,038)	(5,137)	(5,918)	(5,633)	(496)	

Notes:

1. (£359k) increase in employee expenses is due to pay award, incremental and career grade progression, transfer of one centrally funded apprentice to Queen's Park from West Ham Park, and additional casual lifeguards in swimming and leisure which is funded from increased income at the Lido (see note 3 below).
2. (£143k) increase in City Surveyor charges is mainly due to an increase in costs of the CWP due to changes in phasing.
3. £111k increase in customer & client receipts is mainly due to a £160k increase in fees and charges for services and use of facilities at the Lido and the Ponds, partly offset by a (£49k) reduction in expected wedding income and income from Art Fair licences.
4. £543k increase in investment income in central risk due to a new basis for calculating the maximum allowable contribution to the running costs of Hampstead Heath from Hampstead Heath Trust under the transfer order (see paragraph 17).
5. (£107k) increase in central support reflects changes in the budgets of central departments and their apportionment between committees post-TOM.
6. (£520k) increase in recharges within fund mainly relates to an increase in the Directorate recharges due to implementation of TOM.

Appendix 2

Movement from the 2022/23 Original Budget to the 2023/24 Original Budget

Hampstead Heath, Highgate Wood and Queen's Park	£000
Original Net Local Risk Budget (Executive Director Environment & City Surveyor)	(5,147)
Executive Director Environment	
Pay award	(145)
Transfer of one centrally funded apprentice from West Ham Park to Queen's Park as part of TOM phase 1	(27)
4% inflation uplift	(193)
2% efficiency saving	96
City Surveyor	
Planned & Reactive Works including Cleaning	(8)
Original Net Local Risk Budget (Executive Director Environment & City Surveyor)	(5,424)