

<b>Committee(s)</b>	<b>Dated:</b>
Hampstead Heath, Highgate Wood & Queen's Park Committee	17 July 2023
<b>Subject:</b> Revenue Outturn 2022/23 – Hampstead Heath, Highgate Wood and Queen's Park	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>1, 2, 3, 4, 5, 8, 11 &amp; 12</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>n/a</b>
<b>What is the source of Funding?</b>	<b>n/a</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>n/a</b>
<b>Report of:</b> Chamberlain Executive Director Environment	<b>For Information</b>
<b>Report author:</b> Clem Harcourt – Chamberlains Department	

### Summary

This report compares the revenue outturn for the services overseen by your Committee in 2022/23 with the final agreed budget for the year. Overall, there was a favourable budget variance of £406k for the services overseen by your Committee compared with the final agreed budget for the year as set out below.

	<b>Final Agreed Budget</b> £000	<b>Outturn</b> £000	<b>Variation Better/ (Worse)</b> £000
<b>Local Risk</b>			
Executive Director Environment	(4,588)	(3,845)	743
City Surveyor	(1,408)	(1,229)	179
<b>Total Local Risk</b>	<b>(5,996)</b>	<b>(5,074)</b>	<b>922</b>
<b>Central Risk</b>	<b>1,422</b>	<b>1,076</b>	<b>(346)</b>
<b>Recharges</b>	<b>(1,930)</b>	<b>(2,100)</b>	<b>(170)</b>
<b>Total</b>	<b>(6,504)</b>	<b>(6,098)</b>	<b>406</b>

Significant budget variances compared with the final agreed budget are detailed with further information provided in paragraphs 5 to 11.

The Executive Director Environment had an overall local risk underspend of £743k (excluding City Surveyor) for your Committee. The Executive Director also had a net local risk underspend totalling £382k on activities overseen by other Committees within her remit, after adjusting for unspent carry forwards from 2021/22. The Director has requested that her maximum eligible

underspend of £500k be carried forward into 2023/24, of which £140k relates to activities overseen by your Committee.

### **Recommendation(s)**

Note the report and the proposed carry forward of local risk underspending to 2023/24.

### **Main Report**

#### **Budget Position for 2022/23**

1. The 2022/23 original budget for services overseen by your Committee (received in December 2021) was (£5.137m). This budget was endorsed by the Court of Common Council in March 2022 and was subsequently updated for approved net increases of (£1.367m). These consisted of:
  - (£781k) re-phasing in budgets for projects falling under the Cyclical Works Programme (CWP) managed by City Surveyors.
  - (£596k) increase in Directorate and Learning recharges following changes to the Environment Department's Target Operating Model (TOM).
  - (£68k) increase in central risk expenditure in relation to funding for the swimming facilities Supplementary Revenue Project (SRP) at Hampstead Heath.
  - £91k net reduction in your Committee's local risk budget in 2022/23 relating to the local risk budget being used to fund capital projects for swimming facilities and vehicle purchases at Hampstead Heath.
  - (£13k) net increase in repairs and maintenance budgets managed by City Surveyor's.
2. Movement of the original budget to the final agreed budget is provided in Appendix A.

#### **Revenue Outturn 2022/23**

3. Actual net expenditure for your Committee's services during 2022/23 totalled (£6.098m), a favourable budget variance of £406k compared with the final agreed budget of (£6.504m).
4. A summary comparison with the final agreed budget for the year is tabulated below. In the tables, income, increases in income and reductions in expenditure are shown as positive balances, whereas brackets are used to

denote expenditure, increases in expenditure, or shortfalls in income. Only significant variances (generally those greater than £50k) are commented on.

**Hampstead Heath, Highgate Wood, and Queen's Park**  
**Comparison of 2022/23 Revenue Outturn with Final Agreed**  
**Budget**

		Original Budget £000	Final Agreed Budget £000	Revenue Outturn £000	Variation Better/(Worse) £000	Para
<b>LOCAL RISK</b>						
<b>Executive Director Environment</b>						
<b>Hampstead Heath</b>						
	Expenditure	(6,161)	(6,325)	(6,191)	134	5
	Income	2,262	2,549	3,026	477	6
		<b>(3,899)</b>	<b>(3,776)</b>	<b>(3,165)</b>	<b>611</b>	
<b>Queens Park</b>						
	Expenditure	(626)	(647)	(541)	106	7
	Income	179	179	148	(31)	
		<b>(447)</b>	<b>(468)</b>	<b>(393)</b>	<b>75</b>	
<b>Highgate Wood</b>						
	Expenditure	(415)	(426)	(365)	61	8
	Income	82	82	78	(4)	
		<b>(333)</b>	<b>(344)</b>	<b>(287)</b>	<b>57</b>	
<b>Total Executive Director Environment</b>		<b>(7,202)</b>	<b>(7,398)</b>	<b>(7,097)</b>	<b>301</b>	
<b>Total Executive Director Environment</b>		<b>2,523</b>	<b>2,810</b>	<b>3,252</b>	<b>442</b>	
		<b>(4,679)</b>	<b>(4,588)</b>	<b>(3,845)</b>	<b>743</b>	
<b>City Surveyor</b>						
Repairs and Maintenance						
		(468)	(481)	(495)	(14)	
Cyclical Works Programme						
		(146)	(927)	(734)	193	9
<b>Total City Surveyor Local Risk</b>		<b>(614)</b>	<b>(1,408)</b>	<b>(1,229)</b>	<b>179</b>	
<b>TOTAL LOCAL RISK</b>		<b>(5,293)</b>	<b>(5,996)</b>	<b>(5,074)</b>	<b>922</b>	
<b>CENTRAL RISK</b>						
Hampstead Heath						
		1,501	1,433	1,092	(341)	10
Queen's Park						
		(16)	(16)	(23)	(7)	
Highgate Wood						
		5	5	7	2	
<b>TOTAL CENTRAL RISK</b>		<b>1,490</b>	<b>1,422</b>	<b>1,076</b>	<b>(346)</b>	
<b>RECHARGES</b>						
Insurance						
		(105)	(105)	(111)	(6)	
Support Services						
		(440)	(440)	(575)	(135)	
Surveyor's Employee Recharges						
		(259)	(259)	(282)	(23)	
IT Recharges						
		(215)	(215)	(251)	(36)	
Recharges Within Fund (Directorate, Democratic Core, and Learning)						
		(298)	(894)	(868)	26	
Recharges Across Fund (Structural Maintenance - Inspections)						
		(17)	(17)	(13)	4	
<b>TOTAL RECHARGES</b>		<b>(1,334)</b>	<b>(1,930)</b>	<b>(2,100)</b>	<b>(170)</b>	11
<b>OVERALL TOTAL NET EXP</b>		<b>(5,137)</b>	<b>(6,504)</b>	<b>(6,098)</b>	<b>406</b>	

## Reasons for Significant Variations

5. The £134k underspend on expenditure at Hampstead Heath largely related to savings on employment costs due to a number of posts being held vacant whilst the Natural Environment division has undergone the TOM restructure. This was in addition to an underspend on transport costs with vehicle purchases not taking place during 2022/23. The underspend was partly offset by additional equipment purchases being required for the Heath Extension Playground.
6. Income on the Hampstead Heath local risk budget was also £477k greater than budgeted which can be explained by additional income generated from the Lido and Bathing Ponds as a result of increased visitors during the summer period. Additional income was also generated from tennis as well as donations being received for the playground improvements campaign and the receipt of cricket related grant income.
7. The £106k underspend on local risk expenditure at Queens Park can largely be explained by savings on salary costs due to vacant posts being held whilst the Natural Environment division has undergone the TOM staffing restructure. This is addition to reduced expenditure on fees and services.
8. There was a £61k underspend at Highgate Wood on local risk expenditure compared with the final agreed budget. This is predominantly explained by lower than budgeted employment costs due to a number of vacancies being held whilst the TOM staffing restructure has been undertaken.
9. The £193k underspend on CWP expenditure largely relates to the rephasing of projects managed by the City Surveyor at Hampstead Heath in connection with works on the Men's Bathing Pond and Sandy Heath and West Heath. The CWP is a three-year rolling programme reported to the Operational Property and Projects Sub Committee (OPPSC) quarterly, where the City Surveyor will report on financial performance and phasing of the projects. Under the governance of the programme, variances on budgets are adjusted for the life of the programme to allow for the completion of works which span multiple financial years.
10. There was a (£341k) adverse variance on the central risk income budget at Hampstead Heath compared with the final agreed budget. This is largely attributable to reduced contributions from the Hampstead Heath Trust during 2022/23. This can be explained by reduced income from dividends as a result of a lower yield earned on UK equities compared with the previous year. The shortfall was offset by increased deficit funding from City's Cash reserves to meet the total net expenditure of the Hampstead Heath charity for 2022/23.
11. There was a net overspend of (£170k) on recharges for 2022/23 compared with the final agreed budget. This is primarily attributable to an overspend on the cost of services provided by corporate departments due to increased expenditure incurred during 2022/23 associated with these departments.

## Local Risk Carry Forward to 2023/24

12. Chief Officers can generally request underspends of up to 10% or £500,000 (whichever is the lesser) of the final agreed local risk budget to be carried forward, so long as the underspending was not fortuitous and the resources were for a planned purpose that was prevented from happening during the year. Such requests are subject to the approval of the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee. In accordance with Financial Regulations, any overspends are carried forward in full and are met from the agreed 2023/24 budgets.
13. The Executive Director Environment had a net local risk underspend of £743k on the activities overseen by your Committee. The Executive Director Environment also had a net local risk underspend totalling £382k on activities overseen by other Committees within her remit, after adjusting for unspent carry forwards from 2021/22. The Executive Director Environment is proposing that her maximum eligible underspend of £500,000 be carried forward, £140k of which relates to your Committee for the following purposes:
  - £70k relating to health and safety works on playground and path repairs at Hampstead Heath which were unable to be undertaken during 2022/23 as a result of CWP funding not being available from City Surveyors;
  - £40k to fund roof repairs on the Highgate Wood Education Building which will be used to house a 1<sup>st</sup> Century Roman Kiln. Carry forward monies will be used to partly fund the repairs in addition to funding from a CWP project managed by City Surveyors;
  - £30k in works at Hampstead Heath to support the redevelopment of the Parliament Hill playground and Lido. The proposed works will help secure future Community Infrastructure Levy (CIL) funding from London Borough of Camden.

Please note that at the time this report was written, a decision has not yet been made regarding Member approval of these carry forward bids.

## Conclusion

14. This report presents the revenue outturn position for 2022/23 for Members to note.

## Appendices

- Appendix A – Movement between the 2022/23 Original Budget and the 2022/23 Final Agreed Budget

## Clem Harcourt

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## Appendix A - Movement between the 2022/23 Original Budget and the 2022/23 Final Agreed Budget

	<b>£000</b>
<b>Original Budget (All Risks)</b>	<b>(5,137)</b>
<b>Original Net Local Risk Budget (Executive Director Environment &amp; City Surveyor)</b>	<b>(5,293)</b>
<b>Executive Director Environment</b>	
Local risk funding provided to part fund Swimming Facilities capital project at Hampstead Heath	257
Transfer to capital expenditure budgets to fund vehicle purchases	94
Centrally funded cost of living staff pay rises effective July 2022	(240)
Centrally funded budget uplift to cover increasing energy prices	(20)
<b>City Surveyor</b>	
Re-phasing of works as part of projects managed under the Cyclical Works Programme primarily relating to the bathing ponds project at Hampstead Heath	(781)
Additional Planned & Reactive Works managed by City Surveyor's	(13)
<b>Final Agreed Net Local Risk Budget (Executive Director Environment &amp; City Surveyor)</b>	<b>(5,996)</b>
<b>Central Risk</b>	<b>1,490</b>
<b>Original Central Risk Budget (Executive Director Environment)</b>	
Supplementary Revenue Project (SRP) funding for Hampstead Heath Swimming Facilities Safety, Access and Improvements	(68)
<b>Final Agreed Central Risk Budget</b>	<b>1,422</b>
<b>Recharges</b>	<b>(1,334)</b>
<b>Original Recharges Budget</b>	
Additional Directorate recharges due to pay increases and budget adjustments arising from Target Operating Model	(588)
Additional Learning Programme recharges due to pay increases	(8)
<b>Final Agreed Recharges Budget</b>	<b>(1,930)</b>
<b>Final Agreed Budget (All Risks)</b>	<b>(6,504)</b>