

<b>Committee(s)</b>	<b>Dated:</b>
Natural Environment Board	04/12/2023
<b>Subject:</b> Revenue and Capital Budgets 2024/25	<b>Public</b>
<b>Which Outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	N/A
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	N/A
<b>What is the source of funding?</b>	N/A
<b>Has the funding source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b> The Chamberlain Interim Executive Director Environment	<b>For Decision</b>
<b>Report Author:</b> Clem Harcourt, Chamberlain's Department	

### Summary

This report presents for approval the revenue and capital budgets for the Natural Environment Board for 2024/25, for subsequent submission to Finance Committee. The Natural Environment Board is the strategic overarching committee for all of the Open Spaces and whilst this report details the 2024/25 budgets for the Natural Environment Directorate, Learning Team, City Gardens and Bunhill Fields, summary estimates for all of the other open spaces (excluding Keats House and The Monument which are reported to the Culture, Heritage and Libraries Committee) are also provided in Appendix 3.

Overall, the proposed revenue budget for 2024/25 totals (£2.487m) net expenditure, an increase of (£656k) compared to the 2023/24 original budget of (£1.831m) agreed by your Board on 05 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 inflation 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 Board 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 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) note the latest revenue budget for your Board for 2023/24;
- ii) review and approve the proposed revenue budget for 2024/25 for your Board for submission to Finance Committee;

- iii) review and approve the City Gardens capital and supplementary revenue budgets for 2024/25 for submission to Finance Committee;
- 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; and
- v) note the provisional 2024/25 revenue budget estimates for the services overseen by the other Natural Environment Committees (Appendix 3).

## **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 City Gardens which is funded from City Fund as part of the City's local authority functions. Bunhill Fields, the Learning Team and the Natural Environment Directorate which co-ordinates the management of the Natural Environment Division and works in co-operation with other Departments on cross service projects and corporate initiatives are funded through 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. As the strategic lead Committee for Natural Environment, the proposed budgets for Epping Forest, The Commons, West Ham Park, Hampstead Heath, Highgate Wood and Queens Park are summarised in Appendix 3 for information so that this Board has an overview of the full financial position of the Natural Environment Division within the Environment Department.
4. The overall 2024/25 proposed budget for your Board 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 (BRM) budget is (£2.487m) net expenditure, this is an increase of (£656k) when compared with the 2023/24 original budget agreed by your Board on 05 December 2022.
5. The latest budget for 2023/24 and the provisional original budget for 2024/25, is summarised in the table below and further analysed by risk and Chief Officer in Appendix 1.
6. 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 £30k) have been commented on and are referenced in the relevant table in Appendix 1.

<b>Natural Environment Board</b>	<b>Original Budget (OR) 2023/24 £000</b>	<b>Latest Budget 2023/24 £000</b>	<b>Original Budget (OR) 2024/25 £000</b>	<b>Movement 2023/24 OR to 2024/25 OR £000</b>
Net Local Risk	(2,475)	(2,457)	(3,447)	(972)
Net City Surveyor	(45)	(42)	(44)	1
Net Cyclical Works Programme	(40)	(40)	(262)	(222)
Net Central Risk	(20)	(104)	(20)	0
Recharges & Support Services	749	731	1,286	537
<b>Total Net Expenditure</b>	<b>(1,831)</b>	<b>(1,912)</b>	<b>(2,487)</b>	<b>(656)</b>

#### **Latest Revenue Budget for 2023/24**

7. Overall, the 2023/24 latest budget is net expenditure of (£1.912m), an increase in net expenditure of (£81k) compared to the 2023/24 original budget agreed by your Board on 05 December 2022. This increase is primarily explained by (£80k) central risk funding being provided from the Transformation Fund to support work to further the Operational Property review within the Environment Department. The remaining (£1k) net increase is explained by adjustments to your Board's local risk resource base following implementation of the TOM2 staffing structure, uplifts to staffing budgets following £1k payments made to staff in July 2023, a net reduction in costs recharged to other sections of the Natural Environment Division and approved carry forwards of underspends from 2022/23 budgets. These carry forwards comprised £60k from local risk underspends to support work around the City's Biodiversity Action Plan and a £4k central risk carry forward in relation to the IT transformation project at City Gardens. The increase in net expenditure is offset by funding provided from the Directorate's contingency budget to other areas of the Natural Environment Division as well as net savings in BRM costs managed by the City Surveyor.

#### **Proposed Revenue Budget for 2024/25**

8. This report presents at Appendix 1, the proposed budget estimates for 2024/25 for your Board 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); and

- **Recharges & Support Services (including capital charges)** – 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.

9. The proposed 2024/25 original budget is net expenditure of (£2.487m), an increase of (£656k) compared to the 2023/24 original budget agreed by your Board on 05 December 2022. Further detail can be found in Appendix 1. The main variations relate to:

- (£1.317m) increase in local risk staffing costs attributable to the full year impact of the pay award effective from July 2023 as well as additional staffing resources being provided following implementation of the TOM2 staffing restructure within the Natural Environment Division. The increase can also be explained by administrative staff transferring to the Natural Environment Directorate from other teams within the division effective from April 2024;
- (£221k) net increase in budgets managed by the City Surveyor. This primarily relates to rephasing of projects under the CWP amounting to (£177k) at City Gardens and (£45k) at Bunhill Fields. This is partly offset by a £1k saving in BRM budgets;
- (£49k) additional costs relating to supplies and services. This is largely attributable to additional internal legal fees being required for the Natural Environment Directorate during 2024/25 to assist with the Natural Environment charities review;
- (£36k) extra premises related costs. This is largely explained by an increase in energy prices in relation to floodlighting for services managed by the Highways section at City Gardens;
- (£35k) decrease in unidentified savings explained by a (£41k) decrease for the Learning Team as a result of savings achieved across the division following implementation of the Natural Environment TOM2 restructure. This is partly offset by a £6k increase in unidentified savings at City Gardens due to increased energy costs expected to be incurred on floodlighting;
- £537k net change in recharges & support services largely as a result of increased recharges from the Natural Environment Directorate and Learning Team to other sections of the Natural Environment Division to account for increases in net expenditure running budgets;
- £313k increase in income budgets covering funding for self-funded posts included within the TOM2 structure;
- £88k reduction in the Directorate's contingency budget to fund additional legal fees (highlighted above) as well as budget being transferred from the Directorate to cover unidentified savings on Burnham Beeches' local risk budget for 2024/25; and
- £61k additional income from customer and client receipts largely due to additional income projected to be generated at City Gardens from rechargeable works and filming.

10. In light of recommendations from Resource Allocation Sub-Committee, the proposed 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. The local risk resource base for your Board has also been adjusted to take into account the recently implemented TOM2 restructure within the Natural Environment Division. Members

may also wish to note that the proposed budget for 2024/25 includes £30k in unidentified savings partly due to increased energy costs for floodlighting at City Gardens which are managed by the Highways section. If electricity prices are lower than expected in 2024/25, we can look to reduce this unidentified saving. A detailed breakdown of budget movements of the 2023/24 local risk original budget to the proposed 2024/25 local risk original budget can be found in Appendix 2.

11. Analysis of the movement in staff related costs are shown in the table below:

Staffing statement	Original Budget 2023/24		Latest Budget 2023/24		Original Budget 2024/25	
	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000
Directorate/ Learning	12.00	(632)	15.90	(1,040)	28.40	(1,739)
City Gardens/ Bunhill Fields	32.00	(1,483)	34.00	(1,515)	34.00	(1,743)
<b>TOTAL</b>	<b>44.00</b>	<b>(2,115)</b>	<b>49.90</b>	<b>(2,555)</b>	<b>62.40</b>	<b>(3,482)</b>

12. 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.

13. The table below details the budgets held for the City Surveyors CWP and BRM:

CWP & City Surveyor Local Risk		Original Budget 2023/24 £'000	Latest Budget 2023/24 £'000	Original Budget 2024/25 £'000
<b>Repairs and Maintenance</b>				
<b>Cyclical Works Programme</b>				
Bunhill Fields		0	0	(45)
City Gardens		(40)	(40)	(217)
		<b>(40)</b>	<b>(40)</b>	<b>(262)</b>
<b>Planned &amp; Reactive Works (Breakdown &amp; Servicing)</b>				
Bunhill Fields		(6)	(0)	0
City Gardens		(39)	(42)	(44)
		<b>(45)</b>	<b>(42)</b>	<b>(44)</b>
<b>Total CWP &amp; City Surveyor</b>		<b>(85)</b>	<b>(82)</b>	<b>(306)</b>

## Draft Capital and Supplementary Revenue Budgets

14. The latest estimated costs for your Board'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
City Gardens	Finsbury Circus Reinstatement	632	1,908	2,859			5,399
City Gardens	St Botolph Ball Court Improvements	86	44				130
City Gardens	St Mary At Hill Churchyard	135	157	178			470
City Gardens	Tower Hill Play Area Replacement Project		16		-		16
<b>Total Natural Environment Board</b>		<b>853</b>	<b>2,125</b>	<b>3,037</b>	<b>0</b>	<b>0</b>	<b>6,015</b>

15. The latest Capital and Supplementary Revenue Project expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2024.

## Total Estimates Summary for Natural Environment Division

16. The table shown in Appendix 3 gives a summary overview of all the Natural Environment Division's budgets which have or will be reported to their respective committees excluding Keats House and The Monument which are reported to the Culture, Heritage and Libraries Committee.

## Conclusion

17. This report presents the proposed Revenue and Capital budgets for 2024/25 for your Board 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
- Appendix 3 – Estimates Summary for Natural Environment Division

Clem Harcourt  
Chamberlain's Department  
E: [Clem.Harcourt@cityoflondon.gov.uk](mailto:Clem.Harcourt@cityoflondon.gov.uk)