

Committee(s): Epping Forest and Commons Committee	Dated: 21/03/2024
Subject: Review of current designated, unrestricted, and restricted income funds held and proposed changes	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1,2,3
Report of: Bob Roberts, Interim Executive Director, Environment.	For Decision
Report author: Pauline Mouskis, Interim Head of Finance, Chamberlains	

Summary

This report provides the complete list of the current designated, unrestricted, and restricted income funds held for Epping Forest and each of the Common charities with the recommended future usage and changes required for these funds, in order to meet charity accounting SORP rules.

Appendix 1 details a full list of current individual income funds held by Epping Forest and movement in the current financial year balance and recommended usage for each reserve. Appendix 2 details a full list of current individual income funds held by each of the Common's Charities and movement in the current financial year balance and recommended usage for each reserve. The report covers:

- A summary of planned work from these individual income funds in 2024-25 and 2025-26.
- Details and proposed uses of the restricted and designated income funds for all four charities.
- Proposals to release three of the designated income funds for Epping Forest back to unrestricted income funds as they are no longer required to be held for their current purposes.
- Fuller notes where needed for specific funds held by each charity.

Recommendation(s)

Members are asked to:

In their capacity as the Conservators of Epping Forest:

- Note the contents of the report as they relate to the funds of Epping Forest; and
- Approve the release of three designated income funds in Epping Forest back into the Epping Forest unrestricted income fund:
 - South Lodge the Warren (Loughton Golf Course) - current balance £496,800
 - Sport Ground Deposit – current balance £4,061

- Branching Out Project – current balance £42,423.

In their capacity as the Trustee of the Burnham Beeches and Stoke Common Charity, the Coulsdon and Other Commons Charity, the West Wickham and Spring Park Wood Charity and the Ashted Common Charity, note the contents of the report as it relates to the review of the funds of those charities.

Main Report

Background

1. As part of the Natural Environment Charities Review scoping exercise a complete review of the charities' restricted and designated income funds has been progressed.
2. Under the Charity Statement of Recommended Practice for accounting and reporting ("SORP") rules, designated income funds remain unrestricted income funds that should be applied within a reasonable time, say 1-2 years for the purposes set aside by the Trustee. This paper identifies where the funds were required to be spent over a longer period, then a clear plan and timeline would need to be in place as to when the funds will be spent. This will need to be a disclosure in the annual accounts per SORP 7.46, which requires disclosure of the likely timing of expenditure of designated income funds in the annual accounts. When designated income funds are no longer needed, they should be released back to the general unrestricted income fund.
3. All charities have designated income funds equivalent to the fixed and heritage asset values held in the balance sheet. This includes land and buildings, vehicles & plant and equipment and heritage assets. The designated fund balances are adjusted each year end to the holding book value of the assets on the balance sheet. These are not reviewed in this report.

Current Position – Epping Forest

4. A detailed review of all funds held by Epping Forest has been carried out on the balances held as at 31st December 2023 and is shown in appendices 1.

Designated income funds

5. Operational staff have reviewed the reasons for these income funds and identified current and potential plans for them. This has been summarised in the appendices with notes as appropriate. Potential plans in Epping Forest identified include:

Matching costs that are being spent from the local risk budget for routine expenditure that is in line with the designated purposes of the income funds held. These local risk costs will be matched and reduce the

balances in both the **Ancient Trees Maintenance Fund** (current balance £15,000) (App 1 – EF) and the **Knighton Wood Maintenance** (current balance £5,801) in Epping Forest (App 1 EF).

Funds held in the **Epping Forest Fund Reserve** (current balance £894,162)) for use on appropriate initiatives in relation to Epping Forest, for example capital investment in the built assets and land purchases, will continue to be considered when proposals arise. (App 1 – EF)

Funds held in the **Wanstead Park/Flats Future Projects Fund** (current balance £100,000) are part of plans currently being developed for the pond project in Wanstead Park to potentially use as match funding in the development at Wanstead Park. (App 1 – EF)

Future Green Infrastructure Fund (current balance £4,101) was held by Epping Forest charity for The Green Arc Partnership. They take a strategic view of future 'green' infrastructure, principally the provision of further public open space in London's peri-urban fringe and metropolitan green belt. The City of London, as the lead authority in 2004, held the initial partnership contributions to meet any admin expenditure and have paid their annual website costs from this fund. As the City is no longer the lead partner, we are in discussions about repaying the balance of £4,101, to them for their use. We expect this will be paid to them in 2024-25 to help fund their new project. (App 1 – EF)

Cattle Purchase Fund (Grazing Account) (current balance £158,975) is the cattle trading reserve to ensure funds for cattle welfare. Plans are being finalised to use £83,000 of this balance as part of the capital project at Gateway 5 –project for the Future Proof Farm Buildings. (App 1 – EF)

Restricted income funds

Campaign Donations Accumulating sufficient funds for amphibian and other projects.

Countryside Stewardship Scheme Being spent in line with operational need and grant stipulations.

Current Position – Commons Charities

6. A detailed review of all funds held by the four Commons charities has been carried out on the balances held as at 31st December 2023 and is shown in appendix 2.

Burnham Beeches and Stoke Common

Designated income fund

- a. Stoke Common projects planned for the next 2 years for fencing horses & grazing. (App 2 Burnham Beeches)

Restricted Income fund

- b. Legacy Income - Pond Maintenance Legacy Income - restricted fund from Legacies in 2018-19 and another in 2020-21 for pond restoration works. Projects to improve the environment around the pond are being developed for work in the work in the next two years. (App 2 Burnham Beeches)
- c. Campaign Donations (App 2 Burnham Beeches)
- d. Section 106 Contributions - Projects will be undertaken to mitigate the impact of local new developments. (App 2 Burnham Beeches)

West Wickham Common and Spring Park Wood & Coulsdon and Other Commons

Restricted income fund

- e. **Campaign Donations** - Farthing Downs for the replacement of interpretations when sufficient funds have been accumulated. (App 2 WW&CC)

Ashtead Common

Designated income fund

- f. **Ancient Trees Reserve** - to be used for relevant expenditure on trees (App 2 Ashtead Common)

Proposals

- 7. We have identified three designated income funds in Epping Forest that we propose are released to the Epping Forest unrestricted income funds as they are no longer relevant.
 - a. South Lodge the Warren (Loughton Golf Course) current balance £496,800. This fund was set up for the South Lodge the Warren in August 2020. The Epping Forest charity received a cash settlement of £200,650 from the RSA Insurance Group in relation to a subsidence damage claim at South Lodge, on the Warren Estate and no immediate plans were made to use it. The full amount was transferred into reserve as at 31 March 2021. A subsequent insurance claim for the Loughton Golf Course of £296,150 was also added to the fund during the 2022-23 financial year. The purpose of this this fund is not clearly defined. We propose that the balance held of £496,800 should be released back to the general fund as free unrestricted reserves.
 - b. Sports Grounds Deposit – This a sum of money invested in 1968 relating to the sports ground, current balance £4,061. This is no longer needed under our current processes for deposits. We propose that this should be released back to the general fund as free unrestricted reserves.
 - c. Branching Out Project - Epping Forest was awarded a £4.76m Stage 3 grant by Heritage Lottery Fund in March 2009, towards the £6.8m cost

of the 'Branching Out' project. The funding from the City was used to finance the costs of the project that were not met by the grant and were provided by Epping Forest. The visitor centre project was completed 10 years ago and no further costs are needed, as staffing costs and on-going repairs are covered under existing local risk budgets. We propose that the balance held of £42,423 should be released back to the general fund as free unrestricted reserves.

Corporate & Strategic Implications

Financial implications

8. The release of £543,284 of currently designated income funds will be added to the Epping Forest unrestricted income balance of £15,305, increasing this balance to £558,589 and will be available to fund any of Epping Forest's charitable objects in the future.

Legal implications

9. Under Charity SORP rules designated income funds remain unrestricted income funds that should be applied within a reasonable time, say 1-2 years for the purposes set aside by the Trustee. If the funds were required to be spent over a longer period, then a clear plan and timeline would need to be in place as to when the funds will be spent, and this will need to be a disclosure in the annual accounts per SORP 7.46, which requires disclosure of the likely timing of expenditure of designated income funds in the annual accounts. When funds are not needed, they should be released back to the general fund as free reserves.

Conclusion

10. This report shows the outcome of the details of the designated and restricted income funds of the four Epping Forest and Commons Committee charities. This review has looked at future use and identified two funds in the Epping Forest charity that should be released back into general funds. Operational staff will review the other designated income funds to conduct relevant expenditure in line with the specified purposes over the next two years.

Appendices

Appendix 1 Review of designated, unrestricted, and restricted reserve funds and proposed changes for Epping Forest

Appendix 2 Review of designated, unrestricted, and restricted reserve funds and proposed changes for Burnham Beeches and Stoke Common Charity, the Coulsdon and Other Commons Charity, the West Wickham and Spring Park Wood Charity and the Ashted Common Charity,

Pauline Mouskis

Interim Head of Finance

E: pauline.mouskis@cityoflondon.gov.uk