

Committee(s): HHHWQP	Dated: 21/05/2024
Hampstead Heath and Hampstead Heath Trust Fund Charities	
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 Information
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 the Hampstead Heath and Hampstead Heath Trust Fund 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 Hampstead Heath and Hampstead Heath Trust Fund, for 2024/25 following movement in the previous financial year 2023/24 balance and recommended usage for each reserve. The report covers:

- A summary of the movement in funds in 2023-24 and the anticipated final balance at 31st March 2024.
- Details and proposed uses of the restricted and designated income funds.
- Fuller notes where needed for specific funds held.

Recommendation(s)

Members are asked to:

- Note the contents of the report as they relate to the funds of Hampstead Heath and Hampstead Heath Trust Fund.

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 – Hampstead Heath and Hampstead Heath Trust Fund

A detailed review of all funds held by Hampstead Heath and Hampstead Heath Trust Fund has been carried out on the balances held as at 31st March 2024 and is shown in appendix 1.

Restricted income funds – Hampstead Heath

- a. Campaign Donations for the work on Mammal Shelters have reached the target of £5000 and work will be planned in the next two years. The other campaign donations are for the model Boating Pond Island Wildlife Sanctuary. This project is under internal review.
- b. Parliament Hill Outdoor Gym balance will be reviewed to identify if this is needed for any remaining work and released back to general reserves if not needed.

Designated income funds – Hampstead Heath

The designated funds have been set aside by the Trustee for the following purposes:

- c. Tangible Fixed Assets- This fund is maintained as the total of the fixed assets and heritage asset values held in the balance sheet. This fund is not available to be used for any other purpose.
- d. The Capital Fund - as part of an Open Spaces wide Fleet Management project a disposal exercise of redundant fleet and equipment was undertaken. It was agreed to use the income raised to fund energy efficiency improvement works. The installation of photovoltaic energy panels at the Lido, Hampstead Heath was completed. The remaining balance of £3,331 is currently under review to identify if this is needed for any remaining work and released back to general reserves if not needed.

Unrestricted Funds – Hampstead Heath

Hampstead Heath has an unrestricted general fund balance of £5,164 before final 2023-24 entries are made. This is available for use by the committee by adding to an existing designated fund or creating a new one.

Permanent Endowment - Hampstead Heath Trust Fund

The permanent endowment is held in perpetuity as a capital fund to generate income for the activities of the charity, with income arising from this capital being available to contribute to the running costs of the Heath. Before any potential gains on investments are considered, should net income be more than any year's contribution to the running costs of the Heath, then the surplus funds are retained as unrestricted funds to be used in future years.

During 2023/24 the surplus is in final preparation and will be available at the meeting (2022/23: £168,358) Should the actual income earned in any specific year, added to the surpluses from previous years, be less than the contribution based on the funds from the original endowment, then the lower sum is attributed. The Finance Committee may decide that an allocation is to be made from the permanent endowment reserves of the Trust Fund. This is within the terms of the Transfer Order for the original endowment.

Expendable Endowment - Hampstead Heath Trust Fund

The expendable endowment fund is invested as a capital fund to generate income for the activities of the charity. Any income generated is used in accordance with the objectives of the trust. The purpose of this fund is to provide net income to be used to contribute towards the running costs of the Heath, transferred from the former T J Barratt bequest in December 2011. This fund has grown since 2011 as shown in the table below. The final figures for 2023-24 are still not finalised and are not included.

	Balance at 1 April £	Revaluation of investments £	Balance at 31 March £	Cash £	Expendable endowment £
Opening	393,461	8,497	401,958	177,308	579,266
2011-2012	401,958	11,764	413,722	177,308	591,030
2012-2013	413,722	58,823	472,545	177,308	649,853
2013-2014	472,545	34,640	507,185	177,308	684,493
2014-2015	507,185	32,680	539,865	177,308	717,173
2015-2016	539,865	(30,719)	509,146	177,308	686,454
2016-2017	509,146	60,784	569,930	177,308	747,238
2017-2018	569,930	5,229	575,159	177,308	752,467
2018-2019	575,159	(5,229)	569,930	177,308	747,238
2019-2020	569,930	(106,075)	463,855	177,308	641,163
2020-2021	463,855	114,223	578,078	177,308	755,386
2021-2022	578,078	27,440	605,518	177,308	782,826
2022-2023	605,518	(13,562)	591,956	177,308	769,264

The potential uses of this fund are being investigated and will be reported with the latest details to a later committee.

Unrestricted Funds

The Hampstead Heath Trust Fund has an unrestricted general fund balance of £730,810, before final 2023-24 entries are made. The regulations on the potential use of these funds are being clarified and will be reported to a later consultative and this committee.

Proposals

2. Members are asked to note the contents of the report.

Legal implications

3. 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

4. This report shows the outcome of the details of the designated and restricted income funds of the Hampstead Heath and Hampstead Heath Trust fund charities. This review has looked at future use and operational staff will review the designated income funds to conduct relevant expenditure in line with the specified purposes over the next two years.

Appendix

Appendix 1 Review of designated, unrestricted, and restricted reserve funds and proposed changes for Hampstead Heath and Hampstead Heath Trust Fund.

Contact

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Appendix 1						
Hampstead Heath		Opening Balance 2023/24	2023/24 Q1-Q3		Transfers 2023/24	Anticipated Balance 31/03/2024
			Income	Expenditure		
Restricted Income Funds:						
	Campaign Donations	18,096	5,573	(910)		22,759
	Parliament Hill Outdoor Gym	2,233				2,233
	Installation of Non-Turf Pitches	46,845		(46,845)		0
Unrestricted Income Funds:						
	General Funds	3,818	1,346			5,164
Designated (Unrestricted Income Fund):						
	Tangible Fixed Assets (Buildings, Infrastructure & Equipmen	19,463,442				19,463,442
	Capital Fund	3,331				3,331
Total Hampstead Heath		19,537,765	6,918	(47,755)	0	19,496,928
a	The restricted fund represents funds received from London Borough of Camden (Sports and Physical Activity Service) for the creation of a new outdoor gym at Parliament Hill.					
b	This is in addition to a grant received from the England and Wales Cricket Board for the supply and installation of non turf pitches at Parliament Hill and the Heath Extension.					
c	The Capital Fund - as part of an Open Spaces wide Fleet Management project a disposal exercise of redundant fleet and equipment was undertaken. It was agreed to use the income raised to fund energy efficiency improvement works. The installation of photovoltaic energy panels at the Lido, Hampstead Heath was completed.					
Hampstead Heath Trust Fund		Opening Balance 2023/24	2023/24 Q1-Q3		Transfers 2023/24	Anticipated Balance 31/03/2024
			Income	Expenditure		
Permanent Endowment		34,204,048				34,204,048
Expendable Endowment		769,264				769,264
Unrestricted Income Funds:						
	General Funds	730,810				730,810
Total Hampstead Heath Trust Fund		35,704,122	0	0	0	35,704,122
d	The permanent endowment fund is held in perpetuity as a capital fund to generate income for the activities of the charity. Before any potential gains on investments are considered, should net income be more than any year's contribution to the running costs of the Heath, then the surplus funds are retained as unrestricted funds to be used in future years. During 2022/23 the surplus was £168,358 (2021/22: £350,011). Should the actual income earned in any specific year, added to the surpluses from previous years, be less than the contribution based on the funds from the original endowment, then the lower sum is attributed. The Finance Committee may decide that an allocation is to be made from the permanent endowment reserves of the Trust Fund. This is within the terms of the Transfer Order for the original endowment.					
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