

<b>Committee(s)</b>	<b>Dated:</b>
Hampstead Heath, Highgate Wood & Queen's Park Committee	10 July 2024
<b>Subject:</b> Revenue Outturn 2023/24 – 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>	n/a
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	n/a
<b>Report of:</b> Chamberlain Executive Director Environment	<b>For Information</b>
<b>Report author:</b> Niranjan Shanmuganathan – Chamberlain's Department	

### Summary

This report compares the revenue outturn for the services overseen by your Committee in 2023/24 with the final budget for the year. Overall, there was an unfavourable budget variance of (£1.636m) for the services overseen by your Committee compared with the final budget for the year as set out below.

	<b>Final Budget</b> £000	<b>Outturn</b> £000	<b>Variation Better/ (Worse)</b> £000
<b>Local Risk</b>			
Interim Executive Director Environment	(4,612)	(4,374)	238
City Surveyor	(774)	(1,377)	(603)
<b>Total Local Risk</b>	<b>(5,386)</b>	<b>(5,751)</b>	<b>(365)</b>
<b>Central Risk</b>	<b>2,037</b>	<b>885</b>	<b>(1,152)</b>
<b>Recharges</b>	<b>(1,931)</b>	<b>(2,050)</b>	<b>(119)</b>
<b>Total</b>	<b>(5,280)</b>	<b>(6,916)</b>	<b>(1,636)</b>

Significant budget variances compared with the final agreed budget are detailed with further information provided in paragraphs 5 to 10.

The Interim Executive Director Environment had an overall local risk underspend of £238k (excluding City Surveyor) for your Committee. The Interim Executive Director Environment also had a net local risk overspend totalling (£201k) on activities overseen by other Committees within his remit, after adjusting for unspent carry forwards from 2022/23. The Interim Executive Director Environment has requested a carry forward into 2024/25 of £37k, for activities overseen by your Committee.

## **Recommendation(s)**

Note the report and the proposed carry forward of local risk underspending to 2024/25.

### **Main Report**

#### **Budget Position for 2023/24**

1. The 2023/24 original budget for services overseen by your Committee (received in December 2022) was (£5.648m) net expenditure. This budget was endorsed by the Court of Common Council in March 2023 and was subsequently updated for approved net reductions of £368k, resulting in a final budget of (£5.28m) net expenditure. These adjustments primarily consisted of the following:
  - £889k net reductions to your Committee's local risk resource base following implementation of the new staffing structure within the Natural Environment Division;
  - £358k contributions from your Committee's local risk budget to part fund capital projects consisting of £321k for the Parliament Hill Athletics Track project at Hampstead Heath and £37k relating to the Play Area and Sandpit project at Queen's Park;
  - £51k net decrease in Natural Environment Directorate and Learning recharges following changes to the Division's Target Operating Model (TOM);
  - (£342k) central funding to cover cost of living pay rises to staff effective from July 2023 as well as backdated agency costs;
  - (£259k) central contingency funding to cover increased energy prices during 2023/24;
  - (£145k) funding from the Natural Environment Directorate to meet the cost of extra casual staffing required over the summer months;
  - (£135k) funding for centrally funded apprenticeships; and
  - (£30k) agreed local risk carry forward funding from 2022/23 relating to works at Hampstead Heath to support the redevelopment of the Parliament Hill playground and Lido.
2. Movement of the original budget to the final budget is provided in Appendix A.

## Revenue Outturn 2023/24

3. Actual net expenditure for your Committee's services during 2023/24 totalled (£6.916m), an unfavourable budget variance of (£1.636m) compared with the final budget of (£5.280m).
4. A summary comparison with the final 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 2023/24 Revenue Outturn with Final Budget

	Original Budget £000	Final Budget £000	Revenue Outturn £000	Variation Better/(Worse) £000	Para
<b>LOCAL RISK</b>					
<b>Interim Executive Director Environment</b>					
Hampstead Heath	(4,105)	(3,556)	(3,536)	20	
Queen's Park	(496)	(587)	(470)	117	5
Highgate Wood	(347)	(469)	(368)	101	6
	<b>(4,948)</b>	<b>(4,612)</b>	<b>(4,374)</b>	<b>238</b>	
<b>City Surveyor</b>					
Repairs and Maintenance	(476)	(493)	(678)	(185)	
Cyclical Works Programme	(281)	(281)	(699)	(418)	
<b>Total City Surveyor Local Risk</b>	<b>(757)</b>	<b>(774)</b>	<b>(1,377)</b>	<b>(603)</b>	7
<b>TOTAL LOCAL RISK</b>	<b>(5,705)</b>	<b>(5,386)</b>	<b>(5,751)</b>	<b>(365)</b>	
<b>CENTRAL RISK</b>					
Hampstead Heath	2,050	2,048	903	(1,145)	8
Queen's Park	(16)	(16)	(24)	(8)	
Highgate Wood	5	5	6	1	
<b>TOTAL CENTRAL RISK</b>	<b>2,039</b>	<b>2,037</b>	<b>885</b>	<b>(1,152)</b>	
<b>RECHARGES</b>					
Insurance	(115)	(115)	(104)	11	
Support Services	(502)	(502)	(449)	53	
Surveyor's Employee Recharges	(284)	(284)	(277)	7	
IT Recharges	(225)	(225)	(375)	(150)	
Recharges Within Fund (Directorate, Democratic Core, and Learning)	(848)	(797)	(823)	(26)	
Recharges Across Fund (Structural Maintenance - Inspections)	(8)	(8)	(22)	(14)	
<b>TOTAL RECHARGES</b>	<b>(1,982)</b>	<b>(1,931)</b>	<b>(2,050)</b>	<b>(119)</b>	9, 10
<b>OVERALL TOTAL NET EXP</b>	<b>(5,648)</b>	<b>(5,280)</b>	<b>(6,916)</b>	<b>(1,636)</b>	

## Reasons for Significant Variations

5. The £117k underspend on local risk outturn at Queen's Park mainly relates to savings on salary costs due to vacant posts being held whilst the Natural Environment Division has undergone the TOM staffing restructure, plus some reduced expenditure on equipment, furniture and materials.
6. There was a £101k underspend at Highgate Wood on local risk outturn compared with the final 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, plus lower than anticipated expenditure being incurred on grounds maintenance costs.
7. The (£603k) overspend on budgets managed by the City Surveyor is largely explained by CWP expenditure being (£418k) higher than expected due to the rephasing of projects managed by the City Surveyor, such as works at Sandy Heath and the upgrade of the electrical system at Highgate Wood. The CWP is a three-year rolling programme reported to the Projects and Procurement Sub Committee 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. Further overspends of (£185k) relate to additional expenditure on the corporate Integrated Facilities Management contract, including additional reactive works at the Parliament Hill Lido at Hampstead Heath.
8. There was a (£1.145m) adverse variance on the central risk income budget at Hampstead Heath. This is largely attributable to reduced contributions from the Hampstead Heath Trust during 2023/24 due to a reduction in the overall income compared to 2022/23 as UK inflation remained stubbornly high, affecting corporate earnings and dividend payouts. Consequently, during the year the fund made several strategic adjustments to manage risk and optimize long-term growth which included trimming positions in certain high-performing stocks and reallocating capital. While these adjustments were necessary for maintaining portfolio balance and positioning for future growth, they resulted in lower dividend income in the short term. The shortfall was offset by increased deficit funding from City's Estate reserves to meet the total net expenditure of the Hampstead Heath charity for 2023/24.
9. There was a net overspend of (£119k) on central recharges for 2023/24 compared with the final budget. This is primarily attributable to an overspend on recharges from the IT Division of (£150k). The overspend was partly offset by an underspend on recharges from the cost of services provided by other corporate departments during 2023/24 of £53k.
10. Members should note that during 2023/24, a review of central support services recharges was carried out. This involved updating the basis of apportionment for all recharges following the TOM and Governance Review along with trying to make them more transparent and fairer across all services. The updated basis has led to several variations to the original budget across committees, but overall total recharges have remained with the

total original envelope: City Fund Original Budget (£29.9m) vs Outturn (£27.9m), and City's Estate Original Budget (£24.2m) vs Outturn (£22.9m). Consultation has been held with areas where recharges are funded from local reserves, i.e. HRA and Police, any variation/increase in costs across other services are met from the deficit funding and have no effect on front-line services. The full review has not yet been formally approved by Members as work is ongoing as how to the new basis will affect 2024/25 budgets. Once the review is fully adopted, the 2024/25 budget will be reviewed and updated where necessary and the paper on the review made available.

### **Local Risk Carry Forward to 2024/25**

11. Chief Officers can generally request underspends of up to 10% or £500,000 (whichever is the lesser) of the final 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 2024/25 budgets.
12. The Interim Executive Director Environment had a net local risk underspend of £238k on the activities overseen by your Committee. The Interim Executive Director Environment also had a net local risk overspend totalling (£201k) on activities overseen by other Committees within his remit, after adjusting for unspent carry forwards from 2022/23. The Interim Executive Director Environment is proposing that his maximum eligible underspend of £37k be carried forward, all of which relates to your Committee for the following purpose:
  - £37k to support the completion of essential works needed to bring the children's play area at Highgate Wood to a safe state of repair. Specifically, this covers the installation of the safety play surface for children using the facility that was identified as necessary following a third-party external inspection and a ROSPA (Royal Society for the Prevention of Accidents) inspection of playgrounds, both of which identified this as a needed project to ensure safety of the play area for users. These works were prevented from happening during 2023/24 as a result of staff vacancies whilst the TOM staffing restructure was undertaken with the relevant staff now likely to be in place by summer 2024. The cost of the project is estimated at £47k with the remaining £10k to be funded from Highgate Wood's existing local risk budget.

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**

13. This report presents the revenue outturn position for 2023/24 for Members to note.

## **Appendices**

- Appendix A – Movement between the 2023/24 Original Budget and the 2023/24 Final Budget

- 

### **Niranjn Shanmuganathan**

Finance Business Partner (Natural Environment)

Chamberlain's Department – Financial Services

E: [Niranjn.Shanmuganathan@cityoflondon.gov.uk](mailto:Niranjn.Shanmuganathan@cityoflondon.gov.uk)

## Appendix A - Movement between the 2023/24 Original Budget and the 2023/24 Final Budget

	£000
<b>Original Budget (All Risks)</b>	<b>(5,648)</b>
<b>Original Net Local Risk Budget (Interim Executive Director Environment &amp; City Surveyor)</b>	<b>(5,705)</b>
<b>Interim Executive Director Environment</b>	
Adjustments to local risk resource base following implementation of TOM2 staffing structure	889
Local risk contribution to Parliament Hill Athletics Track Resurfacing capital project	321
Local risk contribution to Play Area and Sandpit capital project at Queen's Park	37
Central contingency funding for July 2023 Pay Award and backdated pay rises for agency staff	(342)
Central budget uplift for increased energy costs	(259)
Funding from Natural Environment Directorate to meet casual staffing requirements over summer months	(145)
Uplift for centrally funded apprenticeships	(135)
Approved carry-forwards from 2022/23 relating to works to support redevelopment of Parliament Hill playground and Lido	(30)
<b>City Surveyor</b>	
Additional Planned & Reactive Works following implementation of corporate Integrated Facilities Management contract	(17)
<b>Final Net Local Risk Budget (Interim Executive Director Environment &amp; City Surveyor)</b>	<b>(5,386)</b>
<b>Central Risk</b>	<b>2,039</b>
<b>Original Central Risk Budget (Interim Executive Director Environment)</b>	
Supplementary Revenue Project (SRP) funding for Hampstead Heath Swimming Facilities Safety, Access and Improvements	(2)
<b>Final Central Risk Budget</b>	<b>2,037</b>
<b>Recharges</b>	<b>(1,982)</b>
<b>Original Recharges Budget</b>	
Reduction in Directorate recharges due to budget adjustments arising from TOM2 staffing restructure within Natural Environment Division	94

Additional Learning Programme recharges due to pay increases and adjustments following implementation of staffing restructure	(43)
<b>Final Recharges Budget</b>	<b>(1,931)</b>
<b>Final Budget (All Risks)</b>	<b>(5,280)</b>