

Committee(s): West Ham Park Committee	Dated: 17 October 2024
Subject: Operational Finance Progress Report 2024/25 (Period 5 April - August) – West Ham Park Charity	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	n/a
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain’s Department?	n/a
Report of: Chamberlain	For Information
Report author: Niranjan Shanmuganathan, Chamberlain’s Department	

Summary

This report provides an update on the operational finance position as at period 5 (April – August) 2024/25 for the West Ham Park charity (charity registration number: 206948) and sets out the charity’s revenue operating budget position to date and projected year-end outturn, current live capital projects and outstanding debt position. It also provides additional information on the various reserve funds held and other relevant finance information relevant to the charity.

As part of the ongoing Charity Review, future training sessions will continue to be developed for both Members and Officers on key aspects of charity finance.

Recommendation

Members are asked to:

- Note the content of this report and its appendices.

Main Report

Background

1. In order to improve financial reporting related to the West Ham Park charity (charity registration no: 206948), a set of financial appendices and commentary has been produced to enable greater clarity of revenue and capital budgets, reserve balances and other financial information needed to allow greater scrutiny of the financial performance of the charity as well as to provide assurance that the Executive Director Environment remains within her overall local risk resources for 2024/25.
2. To ensure your Committee is kept informed about the financial performance of the charity, an update on progress made against budgets as well as other financial matters will be reported to you on a periodic (ideally quarterly) basis. This approach will allow Members to ask questions and have a timely input into areas of particular importance.
3. Please also note that in the report below, expenditure and adverse variances are represented by brackets, whereas figures without brackets indicate income or favourable variances.

Revenue Operating Budget – 2024/25

4. The latest budget for West Ham Park charity for 2024/25 currently amounts to (£1.217m) net expenditure. As at August 2024, actual net expenditure amounted to (£323k), with a current forecast outturn for 2024/25 of (£1.201m) net expenditure. This amounts to a projected net underspend of £16k, equivalent to 1.3% of total budget.
5. A summary of the latest revenue budget position for 2024/25 is shown in Table 1 below, with further detailed information provided in Appendix 1, including reasons for significant budget variances. Budgetary information has been separated to show more clearly the different elements of the budget, comprising direct operating budgets (local and central risk), recharges & support service budgets and City Surveyor managed repairs and maintenance budgets. Information has also been presented in a way that distinguishes between the charity's expenditure and income budgets.

Table 1 – Revenue Operating Budget Summary – August 2024

	Latest Budget	Actual - August 2024	Forecast Outturn	Budget Variance	Variance
	£'000s	£'000s	£'000s	£'000s	%
Gross Expenditure	(1,574)	(461)	(1,588)	(14)	0.9%
Gross Income	357	138	387	30	8.4%
Net Expenditure	(1,217)	(323)	(1,201)	16	1.3%

Expenditure

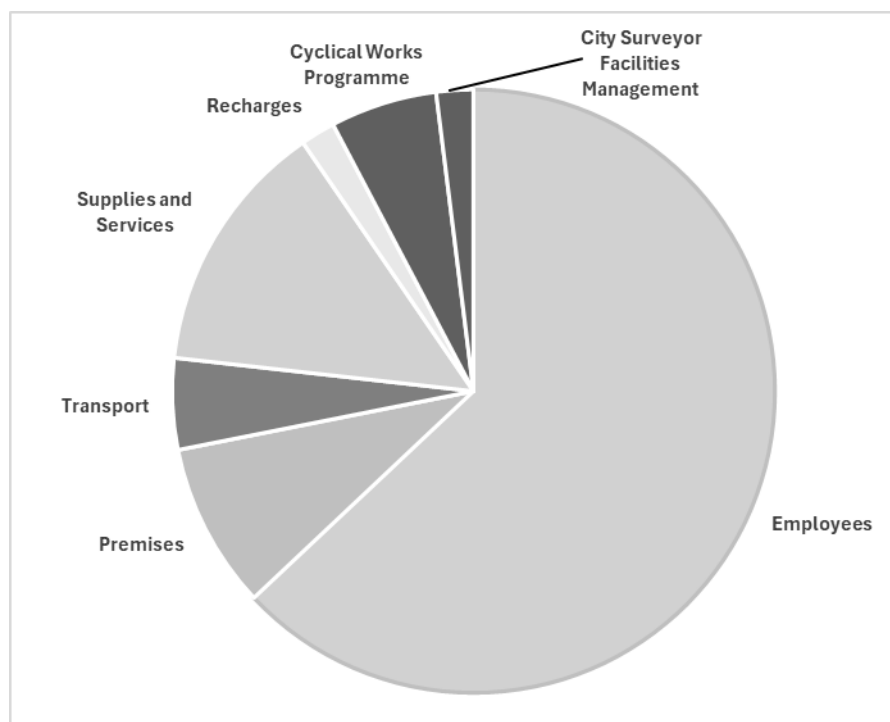
6. A breakdown and analysis of the latest gross expenditure position for 2024/25 is set out in Table 2 below:

Table 2 – Expenditure Summary – August 2024

	Latest Budget	Actual - August 2024	Forecast Outturn	Budget Variance	Variance
	£'000s	£'000s	£'000s	£'000s	%
Direct Operating Budgets	(991)	(434)	(986)	5	0.5%
Recharges and Support Services	(467)	(9)	(467)	0	0.0%
City Surveyor Repairs and Maintenance	(116)	(18)	(135)	(19)	16.2%
Total Gross Expenditure	(1,574)	(461)	(1,588)	(14)	0.9%

7. As shown in Table 2, total gross expenditure to the end of August 2024 amounted to (£461k), amounting to 29.30% of the total gross expenditure budget for 2024/25 of (£1.574m). Graph 1 below also provides a graphical summary of the categories of expenditure incurred by the charity for April to August 2024.

Graph 1 – Expenditure Categories – April to August 2024



8. The charity is currently forecasting total gross expenditure for 2024/25 of (£1.588m), a projected overspend of £14k (0.9%) compared with a total gross expenditure budget of (£1.574m). This overspend is primarily explained by the following:

- (£20k) overspend due to increased energy prices on the assumption that central funding will not be provided for energy costs during 2024/25;
- (£5k) overspend on council tax as a result of increases in council tax for 2024/25;
- (£28k) additional costs on the Cyclical Works Programme (CWP) as a result of re-phasing of projects falling under the CWP
- £15k underspend due to a staffing vacancy with the Head of Business Development role currently being recruited;
- £15k underspend from reduced contract third party expenditure;

Income

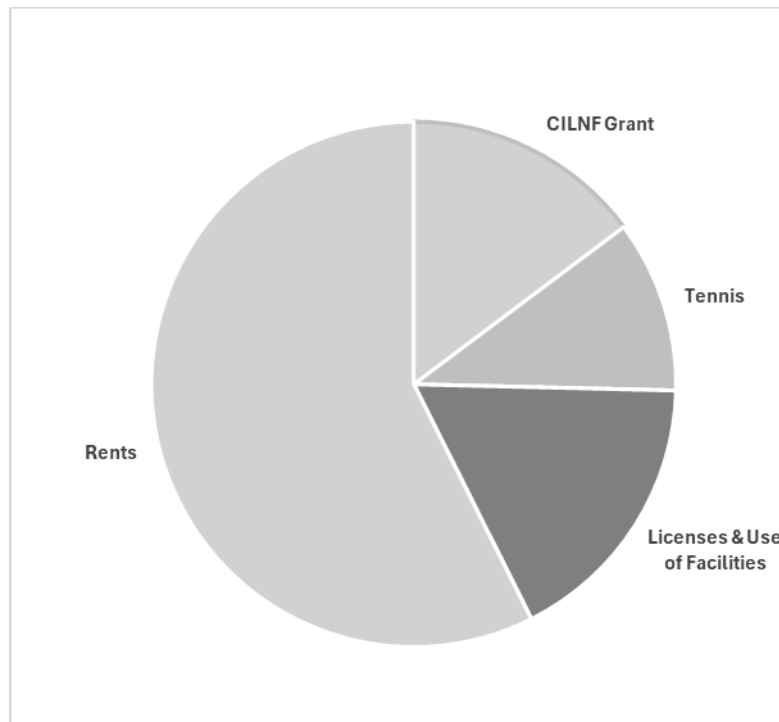
9. A breakdown and analysis of the latest gross income position for 2024/25 is set out in Table 3 below:

Table 3 – Income Summary — August 2024

	Latest Budget	Actual - August 2024	Forecast Outturn	Budget Variance	Variance
	£'000s	£'000s	£'000s	£'000s	%
Direct Operating Budgets	311	138	341	30	9.7%
Recharges and Support Services	46	0	46	0	0.0%
Total Gross Income	357	138	387	30	8.4%

10. As shown in Table 3, total income to the end of August 2024 amounted to £138k, amounting to 38.67% of the total gross income budget to be achieved for 2024/25 of £357k. Graph 2 below also provides a graphical summary of the categories of income generated by the charity for April to August 2024.

Graph 2 – Income Categories – April to August 2024



11. The charity is currently forecasting gross income for 2024/25 of £387k, amounting to £30k in extra income (8.4%) compared with a total gross income budget of £357k for the current financial year. This is largely explained by the following:

- £20k additional CIL Neighbourhood funding towards the design, development, and production of an installation in the City of London celebrating West Ham Park 150th Anniversary and its historic connections to the square mile.
- £8k extra income from tennis income compared with budget which is expected to match with income achieved in 2023/24;
- £2k additional income achieved from school sports and filming.

Capital Projects

12. Table 4 below outlines the current list of live capital projects in progress against their currently approved budget. It should be noted that the “current approved budget” is the amount currently agreed by Members to progress the project to either the next project gateway or until officer’s request further release of capital funds to progress the scheme and may not equal total estimated cost of the project to finalisation.

13. Out of a current approved budget of £1.345m, £1.148m has been spent or committed to date, leaving a remaining budget of £196k to progress the various projects to the next project gateway or release of further capital funds or completion.

Table 4 – Live Capital Projects

Capital Projects - West Ham Park	Total Estimated Cost of Project	Current Approved Budget	Prior Year Actual Spend	In Year Actual Expenditure	In Year Committed Expenditure	Current Approved Budget Unspent
	£'s	£'s	£'s	£'s	£'s	£'s
West Ham Park Nursery	337,035	337,035	226,774	0	0	110,261
West Ham Park Playground	921,540	1,007,519	921,540	0	0	85,979
TOTAL WEST HAM PARK	1,258,575	1,344,554	1,148,314	0	0	196,240

Outstanding Invoiced Debts

14. At the end of August 2024, total outstanding invoiced debt was £1,620. Table 5 analyses the current level of outstanding debt for the charity according to the age of the debt:

Table 5 – Analysis of Outstanding Invoiced Debts – August 2024

Age of Debt	Outstanding Debts	% of Total Debt Outstanding
0-30 Days	£1,020	62.98%
31-60 Days	0	0.00%
61-90 Days	£138	8.52%
91-120 Days	0	0.00%
121-365 Days	£236	14.59%
Over 365 Days	£225	13.90%
Total Outstanding Debts	£1,619	100.00%

15. As part of a previous best value review into outstanding debts, the maximum age of debt set by the Chamberlain to fully recover outstanding sums was set at 120 days. During this period automatic debt reminder letters, physical debt chasing of customers and liaison with Comptrollers & City Solicitors takes place to ensure debts are resolved within the corporately agreed debt repayment terms. Graph 3 below sets out the trend of the charity's outstanding debts over 120 days over the previous six-month period. As can be seen, debts over 120 days amounted to £461 in August 2024, an increase of £237 compared with July 2024.

Graph 3 – Outstanding Debts Over 120 Days – March to August 2024



16. Current outstanding debts over 120 days include £236 owed in sundry debts by a single debtor in relation to the tennis courts which the customer is disputing the charges. The remaining amount of £225 is associated with unpaid rent invoices which is being pursued by WHP.

Charity Reserve Funds

17. Table 6 below provides a summary of the different reserves held by West Ham Park charity as at the end of August 2024, including movements in reserve funds since the start of 2024/25:

18. Further detail is provided in Appendix 2 which lists the individual restricted, unrestricted and designated funds held by West Ham Park charity. It details the opening balance for 2024/25 and any movements in the current financial year to date. Appendix 2 also provides a technical definition for each of the different types of reserve funds held. As can be seen in Table 6, the charity's reserves predominantly consist of designated reserve funds relating to the net book value of the charity's tangible fixed assets.

Table 6 - Reserve Funds Summary – August 2024

	Opening Balance 2024/25	Income	Expenditure	Current Balance
Restricted Funds	£0	£250	£0	£250
Designated Funds	£935,025	£0	£0	£935,025
Total	£935,025	£250	£0	£935,275

19. It should also be noted that the external audit of the 2023/24 accounts by Crowe U.K. LLP has not yet been completed and the opening balances shown for each reserve may be subject to revision.

Contributions from City of London

20. The current funding model is for the charity's total net expenditure to be fully funded from City's Estate. This also includes the cost of any capital expenditure incurred during the year as well any works managed under the CWP. It should be noted that any change to the amount of expenditure incurred or income generated over the course of the year will have an impact on the overall level of contribution from the City required by the charity at year end. The total contribution is therefore calculated based on the charity's **actual total net running costs for the year** in addition to any capital expenditure and CWP costs incurred during the year.

21. The table below sets out the contribution provided from City's Estate to the charity over a five-year period. This includes a forecast of the contribution currently expected to be required for 2024/25. This is broken down by the level of gross expenditure and income generated as well as any CWP works and capital expenditure funded through City's Estate. Please also be aware that figures shown for 2023/24 are currently provisional as the external audit of the West Ham Park charity accounts has not yet been completed.

Table 7 – Contributions from City's Estate – 2020/21 to 2024/25

West Ham Park	2020/21	2021/22	2022/23	2023/24	2024/25 (Est.)
	£'000s	£'000s	£'000s	£'000s	£'000s
Gross Expenditure	(1,522)	(1,336)	(1,343)	(1,519)	(1,550)
Cyclical Works Expenditure	(90)	(65)	(110)	(31)	(28)
Capital Expenditure		(148)	(792)	(7)	(195)
Gross Income	324	290	286	323	380
Total Contribution from City of London - West Ham Park	(1,288)	(1,259)	(1,959)	(1,234)	(1,393)

22. As can be seen from the Table 7, 2023/24 saw a decrease in the contribution from City's Estate to West Ham Park charity compared with the previous year. This is due to one-off capital expenditure being incurred on the playground project during 2022/23 which required an increase in the level of deficit funding provided by City's Estate. This was on top of a reduction in CWP expenditure compared with 2022/23 attributable to a rephasing of cyclical works for projects managed by the City Surveyor and increased income generated in 2023/24. These funding reductions in 2023/24 were partly offset by increases in expenditure due to an increase in central support and Learning Team recharges.

23. Table 7 indicates an increase in the forecasted contribution required from City's Estate for 2024/25 compared with the previous financial year due to an increase in capital expenditure projected to be incurred in the current financial year associated with the West Ham Park nursery project and increases in revenue expenditure, which are partly offset by additional extra income projected to be generated from sources such CIL neighbourhood funding and tennis.

24. Members should note that alternatives to the charity's current funding model are currently being explored by the Corporation's Charity Review with proposed changes to the existing model due to be presented to Policy and Resources Committee and Finance Committee in December 2024.

Other Relevant Financial Issues

25. Members may wish to note that a review of the current recharges reallocation process from corporate departments is currently being finalised following the Target Operating Model and the Governance Review to ensure that the recharges appear more transparent and fairer across all services. The review was presented to Finance Committee in September 2024 providing Members with a range of options on changes to recharges for 2024/25 and future years. Further details will be provided to Members in due course once available.

26. Additionally, as part of the budget setting process for the new financial year 2025/26, no capital bidding exercise will be undertaken corporately for new capital projects funded by City's Estate or City Fund. There will, however, be a reduced central contingency held of £2m for City's Estate and £7.5m for City Fund for essential new capital projects.

Appendices

Appendix 1 – West Ham Park Charity – Revenue Operating Budget – 2024/25

Appendix 2 – West Ham Park Charity - Reserve Funds – August 2024

Contact

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