

Committee(s): Epping Forest & Commons Committee	Dated: 28/11/2024
Subject: Finance Progress Report 2024/25 (Period 6 April – September) – Epping Forest 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: Clem Harcourt, Chamberlain’s Department	

Summary

This report provides an update on the finance position as at period 6 (April – September) 2024/25 for the Epping Forest charity (charity registration number: 232990) 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 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 Epping Forest charity (charity registration no: 232990), 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 quarterly basis. This approach will allow Members to ask questions and have a timely input into areas of particular importance.

- 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

- The latest budget for Epping Forest charity for 2024/25 currently amounts to (£6.361m) net expenditure. As at September 2024, actual net expenditure amounted to (£337k), with a current forecast outturn for 2024/25 of (£6.107m) net expenditure. This amounts to a projected net underspend of £254k equivalent to 3.99% of total budget.
- Members should note that this represents an improvement of £316k compared with the forecasted budget overspend position of (£62k) for 2024/25 to the end of June 2024 reported previously to your Committee. This improvement can be explained by reductions in projected overspends for premises related expenditure items such as energy costs as well as a decrease in the overspend currently forecast for professional fees. This is in addition to extra income being forecast for 2024/25 relating to sales income, golfing fees and income from rents and wayleaves.
- 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 segregate 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 as well as to improve the in-year reporting in line with the recommended approach for the financial reporting of charities.

Table 1 – Revenue Operating Budget Summary – September 2024

	Latest Budget	Actual - Sept 2024	Forecast Outturn	Budget Variance	Percentage Variance
	£'000s	£'000s	£'000s	£'000s	%
Gross Exp	(8,693)	(2,878)	(9,322)	(629)	(7.24)
Gross Income	2,332	2,541	3,215	883	37.86
Net Exp	(6,361)	(337)	(6,107)	254	3.99

Expenditure

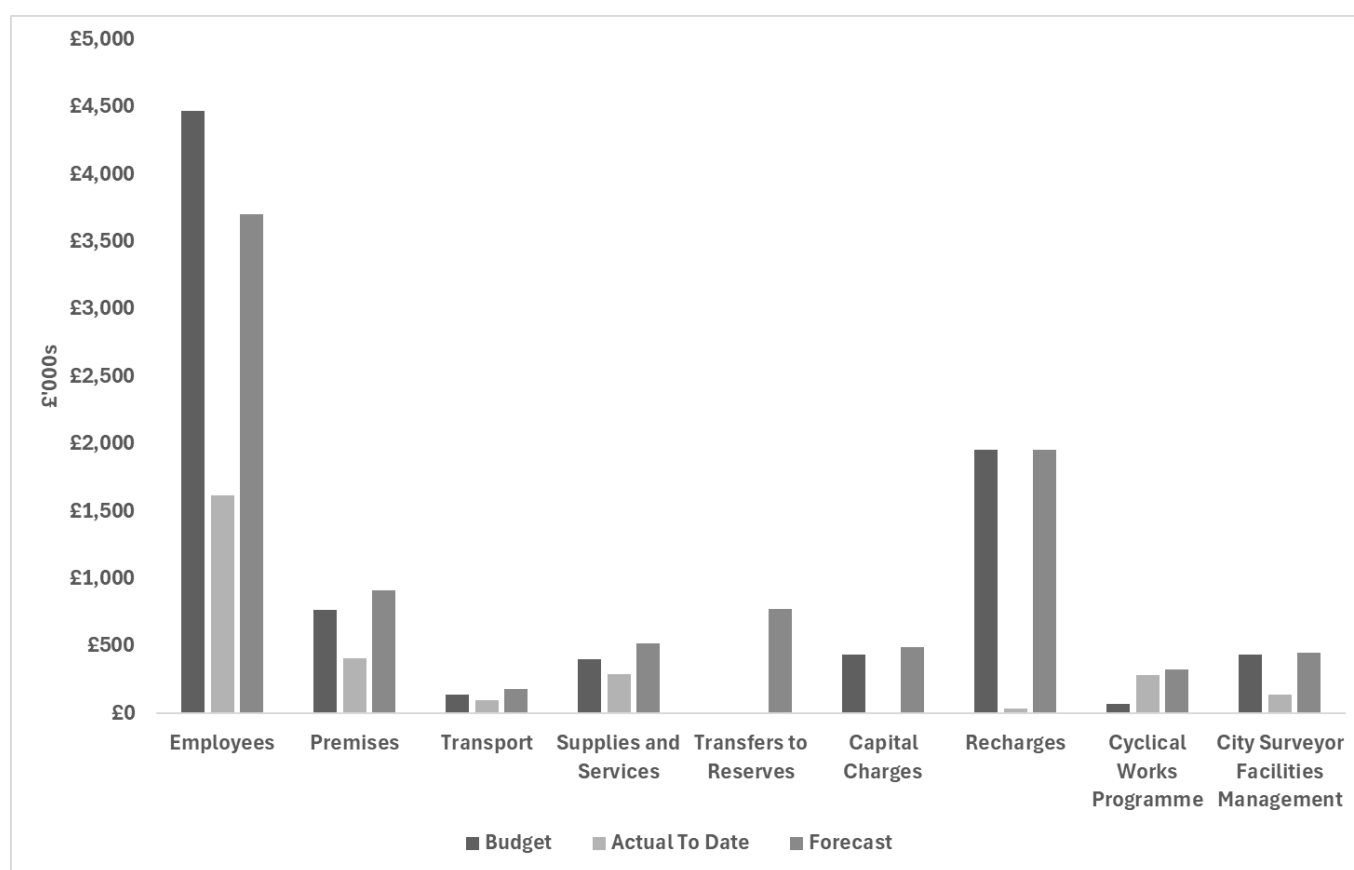
- A breakdown and analysis of the latest gross expenditure position for 2024/25 is set out in Table 2 below:

Table 2 – 2024/25 Expenditure Summary – September 2024

	Latest Budget £'000s	Actual - Sept 2024 £'000s	Forecast Outturn £'000s	Budget Variance £'000s	Percentage Variance %
Direct Operating Budgets	(6,224)	(2,422)	(6,587)	(363)	(5.83)
Recharges and Support Services	(1,959)	(36)	(1,959)	0	0.00
City Surveyor Repairs and Maintenance	(510)	(420)	(776)	(266)	(52.16)
Total Gross Expenditure	(8,693)	(2,878)	(9,322)	(629)	(7.24)

9. As shown in Table 2, total gross expenditure to the end of September 2024 amounted to (£2.878m), amounting to 33.11%% of the total gross expenditure budget for 2024/25 of (£8.693m). Graph 1 below also provides a summary of the categories of expenditure incurred by the charity for April to September 2024 as well as a graphical representation of the latest budget and forecast for 2024/25 for each category of expenditure.

Graph 1 – Expenditure Categories – 2024/25 – September 2024



10. The charity is currently forecasting total gross expenditure for 2024/25 of (£9.322m), a projected overspend of (£629k) (7.24%) compared with a total gross expenditure budget of (£8.693m). This overspend is primarily explained by the following:

- (£775k) projected transfers to reserves primarily relating to unspent monies received from the Strategic Access Management and Monitoring Strategy (SAMMS) which will be put into the charity's restricted reserve for use in future years. This variance is offset by income received from SAMMS contributions noted below at paragraph 13;
- (£266k) additional expenditure incurred on budgets managed by the City Surveyor. This is primarily attributable to costs incurred on projects forming part of the Cyclical Works Programme (CWP). This includes projects such as those relating to The Grotto, the Wanstead Park Ponds project and the Deer Sanctuary. Please note that the CWP is a three-year rolling programme where variances on budgets are adjusted for the life of the programme to allow for the completion of works which span multiple financial years;
- (£145k) forecasted overspend on premises related costs. This is primarily explained by additional repairs and maintenance costs being incurred in the renovation of lodges and other properties which has been met from the charity's local risk budget. The overspend is in addition to extra costs

being incurred on energy as a result of energy price rises as well as increased council tax liabilities;

- (£72k) additional expenditure on fees and services. This can be explained by additional professional fees needing to be incurred whilst vacancies have been recruited to. This is in addition to expenditure expected to be incurred on professional fees required for the masterplan at Epping Forest during 2024/25; and
- (£51k) increase in capital charges for 2024/25 compared with budget as a result of additional capital purchases having being made in the previous financial year. Please note that all depreciation expenses are currently charged to the charity's central risk budget.

Please note that the current projected overspend in relation to expenditure is partly mitigated by an underspend of £762k forecasted in salary costs as a result of a number of existing staffing vacancies following implementation of a new staffing structure.

Income

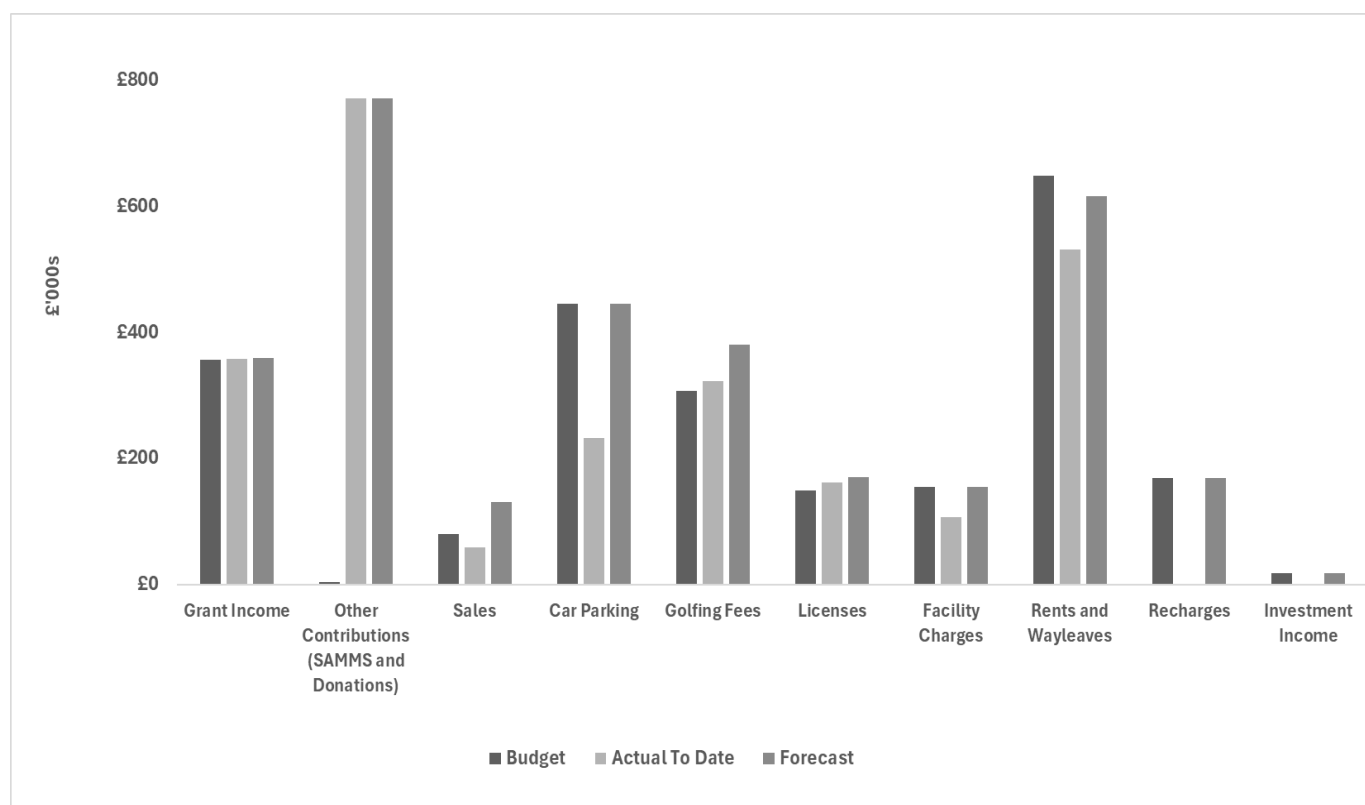
11. A breakdown and analysis of the latest gross income position for 2024/25 is set out in Table 3 below:

Table 3 – 2024/25 Income Summary — September 2024

	Latest Budget £'000s	Actual – Sept 2024 £'000s	Forecast Outturn £'000s	Budget Variance £'000s	Percentage Variance %
Direct Operating Budgets	2,212	2,541	3,095	883	39.92
Recharges and Support Services	120	0	120	0	0.00
Total Gross Income	2,332	2,541	3,215	883	37.86

12. As shown in Table 3, total income to the end of September 2024 amounted to £2.541m, amounting to 108.96% of the total gross income budget to be achieved for 2024/25 of £2.332m. Graph 2 below also provides a summary of the categories of income generated by the charity for April to September 2024 as well as a graphical representation of the latest budget and forecast for 2024/25 for each category of income.

Graph 2 – Income Categories – 2024/25 – September 2024



13. The charity is currently forecasting gross income for 2024/25 of £3.215m, amounting to £883k in extra income (37.86%) compared with a total gross income budget of £2.332m for the current financial year. This is largely explained by the following:

- £769k additional contributions income which primarily relates to income from local authorities in SAMMS contributions. These monies will be offset by a transfer to the charity’s restricted SAMMS reserve at year-end to ensure that the funds are available for use in future years as stated in paragraph 10. Income from contributions also includes monies received via the Rural England Prosperity Fund;
- £73k increased income from fees at Chingford Golf Course compared to budget as a result of additional usage of the golf course; and
- £50k higher than budgeted income from sales at Chingford Golf Course and The Visitor Centre as a result of increased sales volumes.

Capital Projects

14. Table 4 below outlines the current list of live capital projects in progress against their currently approved budget including details of the date by which each project is currently expected to be completed. 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 officers request further release of capital funds to progress the scheme.

15. Out of a current approved budget of £4.562m, £1.067m has been spent or committed to date, leaving a remaining budget of £3.495m to progress the various projects to the next project gateway or release of further capital funds.

Table 4 – Live Capital Projects

Capital Projects - Epping Forest	Total Estimated Cost of Project	Projected Year of Completion	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
Baldwins & Birch Hall Park Ponds	1,748,794	2025/26	502,600	298,981	1,359	1,543	200,717
CAS- Carbon Removals Phase 2	200,000	2024/25	200,000	85,033	60,618	0	54,349
CAS- Carbon Removals Phase 3	740,000	2025/26	740,000	0	7,688	3,784	728,528
Copped Hall Park Tudor Square Pond Sluice Gates	2,650,000	2025/26	0	0	0	0	0
Epping Forest Various Sites - BEMS Upgrade Phase 2	138,978	2025/26	138,978	0	0	20,000	118,978
Epping Forest - COVID-19 Path Restoration Project	250,000	2025/26	0	0	0	0	0
Great Gregories Yard - Future Proofing Building	408,744	2024/25	408,744	13,063	310,764	78,229	6,688
The Warren - Carbon Reduction Measures (CAS)	462,612	2024/25	462,612	0	0	0	462,612
Wanstead Park Ponds Project	1,150,000	2026/27	614,500	169,277	1,128	0	444,095
Epping Forest - Window Replacements (CWP)	207,000	2025/26	207,000	0	0	0	207,000
Epping Forest High Voltage Works (CWP)	325,000	2026/27	325,000	0	0	0	325,000
Epping Forest Roof Works (CWP)	758,000	2025/26	758,000	0	0	0	758,000
Great Gregories Farm - Electrical Housing Replacement (CWP)	60,000	2025/26	60,000	0	0	15,647	44,353
Wanstead Flats - Landscaping Jubilee Pond (CWP)	145,000	2026/27	145,000	0	0	0	145,000
TOTAL EPPING FOREST	9,244,128		4,562,434	566,354	381,557	119,203	3,495,320

Outstanding Invoiced Debts

16. At the end of September 2024, total outstanding invoiced debt was £113,189. Table 5 below analyses the current level of outstanding debt for the charity according to the age of the debt:

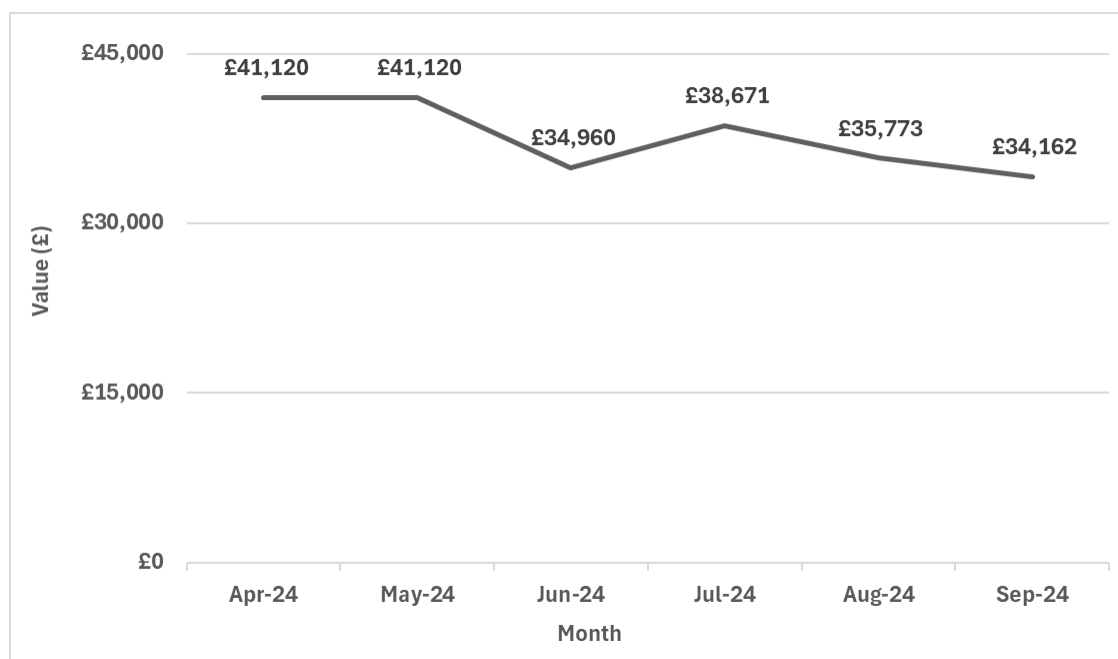
Table 5 – Analysis of Outstanding Invoiced Debts – September 2024

Age of Debt	Outstanding Debts £'s	Total Debt Outstanding %
0-30 Days	74,830	66.11
31-60 Days	93	0.08
61-90 Days	2,868	2.53
91-120 Days	1,236	1.09
121-365 Days	4,441	3.93
Over 365 Days	29,721	26.26
Total Outstanding Debts	113,189	100.00

17. 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 £34,162 in September 2024, a reduction of £1,611 (4.50%) compared with the previous month and a decrease of £6,958 (16.92%) since the start of 2024/25.

Graph 3 – Outstanding Debts Over 120 Days – April to September 2024



18. Current outstanding debts over 120 days include £21,736 owed in sundry debts by a single customer in relation to the Chingford Festival. This debt is currently being pursued by the Comptroller and City Solicitor with a Letter Before Action due to be sent to the customer. A bad debt provision covering the full amount of the debt is also held by the charity in the event that this debt is written off in future.
19. Outstanding debts over 120 days also include £12,006 owed in property debts. The majority of this amount comprises outstanding wayleave debts including £4,500 owed by a single customer in motor gate charges. This debt is currently being pursued by staff at Epping Forest. Members should also note that a bad debt provision amounting to £7,800 is currently held in relation to the charity's outstanding property related debts in the event that these debts require writing off.
20. Please also note that a total of £15,006 in the charity's outstanding debts has been written off since April 2022. Members should be aware that in line with the City's Standing Orders, only the writing-off of debts with a value of greater than £100k requires the approval of Finance Committee. The writing-off of debts for values below this amount will instead only require the approval of either the

Chamberlain or the Assistant Director Financial Shared Services as set out in the Standing Orders.

21. The amount of £15,006 written off in the charity's outstanding debts since 2022/23 is broken down according to the following amounts covering the three most recent financial years:

- 2022/23 – £6,067
- 2023/24 – £7,609
- 2024/25 (to September 2024) - £1,330.

Charity Reserve Funds

22. Table 6 below provides a summary of the different reserves held by Epping Forest charity as at the end of September 2024, including movements the start of 2024/25.

23. Further detail is provided in Appendix 2 which lists the individual restricted, unrestricted and designated funds held by Epping Forest 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.

Table 6 - Reserve Funds Summary – September 2024

	Opening Balance 2024/25 £'s	Income £'s	Expenditure £'s	Current Balance £'s
Restricted Funds	494,109	1,051,629	(88,223)	1,457,515
Unrestricted Funds	549,782	0	0	549,782
Designated Funds	6,517,241	7,152	(3,364)	6,521,029
Total	7,561,132	1,058,781	(91,587)	8,528,326

24. The primary movement in reserve funds during 2024/25 to date is explained by additional SAMMS contributions having being received from local authorities which has been credited to the relevant restricted reserve. As at September 2024, the balance on the SAMMS reserve amounted to £873,461. Members may wish to note that £21k has been incurred in October for the cost of a visitors survey following the end of the quarter, with this expenditure being funded from the SAMMS reserve.

25. The other major movement in the charity's reserves during 2024/25 relates to additional income received in grant monies from the Countryside Stewardship Scheme. This has increased the balance of this restricted reserve to £583,118.

These funds are available to be spent on grounds maintenance costs at Epping Forest in line with the terms of the Countryside Stewardship Scheme grant agreement.

26. The charity's general/free unrestricted reserves currently amount to £549,782. This amount is primarily explained by your Committee agreeing to 'undesignate' £543,284 in previously designated income funds at your meeting in March 2024. These funds are currently available to be spent on any of your charity's objects subject to the relevant designations being approved by the Trustee.
27. 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

28. 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.
29. 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 Epping Forest charity accounts has not yet been completed.

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

Epping Forest	2020/21	2021/22	2022/23	2023/24	2024/25 (Est.)
	£'000s	£'000s	£'000s	£'000s	£'000s
Gross Expenditure	(6,316)	(6,871)	(7,308)	(8,154)	(7,732)
Cyclical Works Expenditure	(349)	(480)	(293)	(199)	(325)
Capital Expenditure	(67)	(57)	(197)	(778)	(2,351)
Gross Income	1,581	2,737	3,310	2,455	3,134
Total Contribution from City of London - Epping Forest	5,059	4,527	4,879	6,573	7,274

30. As can be seen from the Table 7, 2023/24 saw an increase in the contribution from City's Estate to Epping Forest charity compared with the previous year. This can be explained by an increase in gross revenue expenditure mainly for additional energy and grounds maintenance costs. This was in addition to funding received from City's Estate for capital purchases including for the

acquisition of a number of vehicles during 2023/24. Additional contributions from City's Estate were also required in 2023/24 due to reduced income levels compared with the previous year, due to the proceeds of a one-off insurance claim relating to Loughton Golf Course having been received in 2022/23.

31. Table 7 also indicates an increase in the forecasted contribution required from City's Estate for 2024/25 compared with the previous financial year. This is primarily explained by a sizeable increase in capital expenditure funded by City's Estate monies compared with 2023/24. Capital expenditure is currently forecast to be incurred on a range of projects at Epping Forest including in relation to the carbon removals project as well as roofing works funded from CWP monies. The increase in the projected contribution for 2024/25 is also explained by additional revenue expenditure on CWP projects referred to in paragraph 10 above. The extra forecasted contribution is partly offset by additional income expected to be generated by the charity in 2024/25. This is largely a result of extra income received from SAMMS contributions and other grant funding as well as an increase in the total amount of property related income received compared with 2023/24.
32. Members should note that alternatives to the charity's funding model are currently being explored by the Natural Environment Charity Review with proposals due to be presented to Policy and Resources Committee and Finance Committee in December 2024.

Appendices

Appendix 1 – Epping Forest Charity – Operating Revenue Budget – 2024/25

Appendix 2 – Epping Forest Charity - Reserve Funds – September 2024

Contact

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