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| <b>Committee(s)</b>   | <b>Dated:</b>       |
| Epping Forest and Commons Committee   | 23/01/2025          |
| <b>Subject:</b> Budget Estimates 2025/26 – Epping Forest Charity  | <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>                                  | No                  |
| <b>If so, how much?</b>   | N/A                 |
| <b>What is the source of funding?</b>   | N/A                 |
| <b>Has the funding source been agreed with the Chamberlain’s Department?</b>                              | N/A                 |
| <b>Report of:</b><br>The Chamberlain<br>Executive Director Environment                                    | <b>For Decision</b> |
| <b>Report Author:</b><br>Clem Harcourt, Chamberlain’s Department  |                     |

### Summary

This report presents for approval the revenue and capital budgets for Epping Forest charity for 2025/26, for subsequent submission to Finance Committee.

Overall, the charity’s proposed revenue budget for 2025/26 totals (£8.794m) net expenditure, an increase of (£2.525m) compared to the 2024/25 original budget of (£6.269m).

The proposed budget for 2025/26 has been prepared within the resource envelope allocated to each Chief Officer by Resource Allocation Sub-Committee, including an inflationary increase of 2%.

The resource envelope must be adhered to, as failure to do so will impact Finance Committee’s ability to set a balanced budget for the year ahead.

Members may wish to note that unlike in previous years, two separate reports will now be submitted to your Committee requesting approval of revenue and capital budgets for 2025/26, one for Epping Forest charity and a separate report relating to the various Commons charities.

### Recommendation

Members are asked to:

- i) note the latest revenue budget for Epping Forest charity for 2024/25;
- ii) review and approve the proposed revenue budget for 2025/26 for Epping Forest for submission for approval by the Finance Committee;
- iii) review and approve Epping Forest’s capital and supplementary revenue project budgets for 2025/26 for submission for approval by the Finance Committee; and

- iv) agree that amendments for 2024/25 and 2025/26 budgets arising from changes to recharges & support services or for any further implications arising from corporate contracts, energy price increases, changes to the Cyclical Works Programme (CWP) and capital charges during budget setting be delegated to the Chamberlain in consultation with the Executive Director Environment.

## Main Report

### Introduction

1. The City of London Corporation, through its natural environment charities, owns and manages almost 11,000 acres of historic and natural Open Spaces for public recreation and enjoyment. This includes Epping Forest which is a registered charity funded from City's Estate. The charity is run at no cost to the communities that it serves and is currently funded principally by the City, together with donations, sponsorship, grants and trading income.
2. In previous years, a single report has been presented to your Committee requesting approval of revenue and capital budgets for the forthcoming year comprising both Epping Forest and The Commons charities. However, for 2025/26, two separate reports will be presented with one report relating specifically to Epping Forest and a separate report relating to the various Commons charities.
3. This report sets out the latest budget for 2024/25 and the proposed revenue and capital budgets for 2025/26 for Epping Forest charity and under the control of the Executive Director Environment, analysed between:
  - **Local Risk Budgets** - these are budgets deemed to be largely within the Chief Officer's control;
  - **Central Risk Budgets (including capital charges)** – these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside of his/her control or are budgets of a corporate nature (e.g. interest on balances and rent incomes from investment properties); and
  - **Recharges & Support Services** - these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk.
4. In the various tables, income, increases in income, and reductions in expenditure are shown as positive balances, whereas brackets will be used to denote expenditure, increases in expenditure, or shortfalls in income. Only significant variances (generally those greater than £30k) have been commented on and are referenced in the relevant table in Appendix 1.
5. The latest budget for 2024/25 and provisional original budget for 2025/26 for Epping Forest, is summarised in Table 1 below and further analysed by risk and Chief Officer in Appendix 1.

6. The overall proposed 2025/26 budget for Epping Forest, which includes the Executive Director Environment's relevant operating budgets (local risk and central risk) and recharges & support services budgets, plus the City Surveyor's CWP and building repairs & maintenance budget is (£8.794m) net expenditure. This is an increase of (£2.525m) when compared with the 2024/25 original budget of (£6.269m) net expenditure.

| <b>Table 1 - Epping Forest</b> | <b>Original Budget (OR) 2024/25 £000</b> | <b>Latest Budget 2024/25 £000</b> | <b>Original Budget (OR) 2025/26 £000</b> | <b>Movement 2024/25 OR to 2025/26 OR £000</b> |
|--------------------------------|--|-----------------------------------|--|---|
| Local Risk                     | (3,557)                                  | (3,557)                           | (3,628)                                  | (71)  |
| City Surveyor Repairs & Mte    | (382)                                    | (440)                             | (451)                                    | (69)  |
| Cyclical Works Programme (CWP) | (70)                                     | (976)                             | (1,769)                                  | (1,699)                                       |
| Central Risk                   | (421)                                    | (455)                             | (589)                                    | (168)   |
| Recharges & Support Services   | (1,839)                                  | (1,863)                           | (2,357)                                  | (518)   |
| <b>Total Net Expenditure</b>   | <b>(6,269)</b>                           | <b>(7,291)</b>                    | <b>(8,794)</b>                           | <b>(2,525)</b>                                |

### **Latest Revenue Budget for 2024/25**

7. Overall, the 2024/25 latest budget for Epping Forest is net expenditure of (£7.291m) as at November 2024, a net increase of (£1.022m) compared to the 2024/25 original budget of (£6.269m) net expenditure. The reasons for this budget increase are:
- (£906k) changes to the newly agreed CWP at Epping Forest managed by the City Surveyor;
  - (£58k) increase in costs for 2024/25 relating to the corporate building, repairs and maintenance contract managed by the City Surveyor;
  - (£34k) agreed carry forward from 2023/24 from the Priorities Investment Pot (PIP) monies relating to the Licenses, Leases and Wayleaves project; and
  - (£24k) additional recharges following an increase in the cost of the Natural Environment Directorate for 2024/25 which is subsequently recharged to all the various services within the department.

### **Proposed Revenue budget for 2025/26**

8. The proposed 2025/26 budget is net expenditure of (£8.794m), an increase of (£2.525m) compared to the 2024/25 original budget. Detail of the movement

between 2024/25 original budget and 2025/26 original budget is set out in Appendix 2.

9. For 2025/26 budgets include:
  - a 2% uplift for inflation as a cash limit to Chief Officers' budgets;
  - a clear distinction between local risk, central risk, and recharge budgets; and
  - responsibility for budgetary control placed on departmental Chief Officers.
10. The resulting resource envelope must be adhered to, as failure to do so will impact Finance Committee's ability to set Council Tax rates for the year ahead and the requirement in law for the City to set a balanced budget.
11. The budget has been prepared within the resource envelope allocated to the Executive Director Environment, with the following assumption:
  - Support Services budgets reflect the attribution and cost of central departments. All support services are based on time spent or use of services and were reviewed during 2023/24 with the method of apportionment updated to reflect the latest up to date corporate information. However, the full budgets for these departments have not yet been finalised, so further changes to these budgets may be required. Members are asked to agree that the decision as to the changes required to these budgets are delegated to the Chamberlain in consultation with the Executive Director Environment.
12. Appendix 1 provides details on budget movements between the 2024/25 original budget and the 2025/26 proposed budget. Overall, there is an increase in net expenditure of (£2.525m). The main reasons for this net expenditure increase are:

**Budget Increases:**

- (£1.699m) increase to the newly agreed programme for CWP works;
- (£537k) additional grounds maintenance costs mainly due to costs incurred on the 'Forest 1' and 'Forest 2' Countryside Stewardship Scheme (CSS) grants. The extra costs are being funded by an increase in grant income projected to be received in 2025/26 as well as from the charity's existing restricted reserve for CSS monies (see below);
- (£498k) increase in support services recharged from corporate departments. Please note that support services budgets reflect the attribution and cost of central departments. All support services are based on time spent or use of services and were reviewed during 2023/24 with the method of apportionment updated to reflect the latest up to date corporate information;
- (£168k) extra depreciation estimated for 2025/26 with the recent purchase of infrastructure assets and vehicles resulting in an increase in capital charges. Please note that depreciation is fully met from the charity's central risk budget and is funded by the charity's designated reserve for fixed assets;
- (£81k) additional utilities costs following increases in the price of energy with the budget being increased to reflect the current level of expenditure;

- (£75k) increase in equipment, furniture and materials related to the purchase of new equipment expected to be incurred in 2025/26 alongside additional materials required at Chingford Golf Course;
- (£69k) relating to the corporate contracts for building repairs and maintenance and facilities management overseen by the City Surveyor;
- (£53k) increase in repairs and maintenance costs being met by the charity's local risk budget required for the renovation of lodges and other properties;
- (£37k) increase in council tax costs; and
- (£32k) increase in transport related expenditure primarily relating to extra costs required on vehicle maintenance and running costs to meet the needs of the charity's existing fleet of vehicles.

### **Budget Decreases:**

- £408k projected increase in income from government grants largely related to CSS grant monies expected to be received in 2025/26 to fund works on the 'Forest 1' and 'Forest 2' grants;
- £114k additional income from fees at Chingford Golf Course as a result of increased usage of the golf course;
- £92k estimated transfer from the charity's restricted reserve for CSS grant monies to fund costs which are not being met from CSS grant income;
- £66k extra income achieved from sales at the Visitor Centre and Chingford Golf Course explained by increased sales volumes;
- £50k increase projected to be achieved from licenses in relation to filming and storage fees; and
- £40k additional income projected from car parking in line with current income levels.

### **Staffing Statement**

13. Analysis of the movement in staff related costs are shown in Table 2 below:

| Table 2 - Staffing statement | Original Budget<br>2024/25          |                           | Latest Budget<br>2024/25            |                           | Original Budget<br>2025/26          |                           |
|------------------------------|-------------------------------------|---------------------------|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
|                              | Staffing<br>Full-time<br>Equivalent | Estimated<br>Cost<br>£000 | Staffing<br>Full-time<br>Equivalent | Estimated<br>Cost<br>£000 | Staffing<br>Full-time<br>Equivalent | Estimated<br>Cost<br>£000 |
|                              | Epping Forest                       | 91.30                     | 4,435                               | 91.30                     | 4,435                               | 88.10                     |

## Cyclical Works Programme

14. Table 3 below details the budgets held and proposed for the City Surveyor's CWP and building repairs & maintenance:

| <b>Table 3 – CWP &amp; City Surveyor Local Risk Epping Forest</b>          | <b>Original Budget 2024/25 £'000s</b> | <b>Latest Budget 2024/25 £000's</b> | <b>Original Budget 2025/26 £'000</b> |
|--|---------------------------------------|-------------------------------------|--------------------------------------|
| Cyclical Works Programme (CWP)   | (70)                                  | (976)                               | (1,769)                              |
| Planned & Reactive Work – Breakdown & Servicing (City Surveyor Local Risk) | (317)                                 | (375)                               | (384)                                |
| Cleaning (City Surveyor Local Risk)  | (65)                                  | (65)                                | (67)                                 |
| <b>Total CWP and City Surveyor – Epping Forest</b>                         | <b>(452)</b>                          | <b>(1,416)</b>                      | <b>(2,220)</b>                       |

## Draft Capital and Supplementary Revenue Project budgets for 2025/26

15. The latest estimated costs of Epping Forest's current approved Capital and Supplementary Revenue Projects are summarised in the table below:

| <b>Project</b>  | <b>Exp. Pre 01/04/23 £'000</b> | <b>2023/24 £'000</b> | <b>2024/25 £'000</b> | <b>2025/26 £'000</b> | <b>Later Years £'000</b> | <b>Total £'000</b> |
|---|--------------------------------|----------------------|----------------------|----------------------|--------------------------|--------------------|
| Great Gregories Yard - Future Proofing Building               |                                | 13                   | 396                  |                      | -                        | 409                |
| Baldwins & Birch Hall Park Ponds                              | 299                            | 83                   | 121                  |                      | -                        | 503                |
| Artificial Grass Pitch Provision at Wanstead Flats (Parklife) | 41                             | 29                   |                      |                      |                          | 70                 |
| CAS - Carbon Removals – Phases 2 and 3                        | 85                             | 90                   | 765                  |                      |                          | 940                |
| Epping Forest Various Sites - BEMS Upgrade Phase 2            |                                | 75                   | 64                   |                      |                          | 139                |
| Wanstead Park Ponds Project                                   | 169                            | 72                   | 374                  | -                    | -                        | 615                |
| <b>TOTAL EPPING FOREST</b>                                    | <b>594</b>                     | <b>362</b>           | <b>1,720</b>         | <b>0</b>             | <b>0</b>                 | <b>2,676</b>       |

16. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2025.

## Conclusion

17. This report presents the Revenue and Capital budget estimates for 2025/26 for Epping Forest charity for Members to consider and approve.

## Appendices

- Appendix 1 – Charity Summary Budget – by Risk and Chief Officer

- Appendix 2 – Movement Between 2024/25 Original Budget and 2025/26 Original Budget – Epping Forest

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