

Committee(s)	Dated:
Hampstead Heath, Highgate Wood and Queen's Park Committee	04/02/2025
Subject: Budget Estimates 2025/26 – Hampstead Heath 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 the funding source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain Executive Director Environment	For Decision
Report Author: Niranjan Shanmuganathan, Chamberlain's Department	

Summary

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

Overall, the charity's proposed revenue budget for 2025/26 totals (£6.204m) net expenditure, an increase of (£2.714m) compared to the 2024/25 original budget of (£3.490m).

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 Hampstead Heath charity and a separate report relating to Highgate Wood & Queen's Park charity.

Recommendation

Members are asked to:

- i) note the latest revenue budget for Hampstead Heath charity for 2024/25;
- ii) review and approve the proposed revenue budget for 2025/26 for Hampstead Heath for submission for approval by the Finance Committee;

- iii) review and approve Hampstead Heath'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 Town Clerk in consultation with the Chairman and Deputy Chairman.

Main Report

Introduction

1. The City of London Corporation owns and manages almost 11,000 acres of historic and natural Open Spaces for public recreation and enjoyment. This includes Hampstead Heath 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. This report sets out the latest budget for 2024/25 and the proposed revenue and capital budgets for 2025/26 for Hampstead Heath 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);
 - **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.
3. 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.
4. The latest budget for 2024/25 and provisional original budget for 2025/26 for Hampstead Heath, is summarised in Table 1 below and further analysed by risk and Chief Officer in Appendix 1
5. The overall proposed 2025/26 budget for Hampstead Heath, 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 (£6.204m) net expenditure.

This is an increase of (£2.714m) when compared with the 2024/25 original budget of (£3.490m) net expenditure.

Table 1 – Hampstead Heath	Original Budget 2024/25 £000	Latest Budget 2024/25 £000	Original Budget 2025/26 £000	Movement 2024/25 OR to 2025/26 OR £000
Local Risk	(2,977)	(3,041)	(3,035)	(58)
City Surveyor Repairs & Mte	(417)	(417)	(427)	(10)
Cyclical Works Programme (CWP)	(406)	(1,186)	(1,707)	(1,301)
Central Risk	(2,277)	(2,277)	(1,051)	(1,126)
Recharges & Support Services	(1,967)	(1,969)	(2,086)	(119)
Total Net Expenditure	(3,490)	(4,336)	(6,204)	(2,714)

Latest Revenue Budget for 2024/25

6. Overall, the 2024/25 latest budget for Hampstead Heath is net expenditure of (£4.336m) as at December 2024, a net increase of (£846k) compared to the 2024/25 original budget of (£3.490m) net expenditure. The reasons for this budget increase are:
- (£780k) re-phasing of CWP projects at Hampstead Heath managed by the City Surveyor. Please note that the CWP does not form part of the City Surveyor's local risk budget and is a programme of works over multiple financial years, with variances carried over to future years. The carry-over of unspent balances is reported to Projects and Procurement Sub-Committee;
 - (£64k) increase in local risk funding from central contingency to support energy pressures;
 - (£2k) 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

7. The proposed 2025/26 budget is net expenditure of (£6.204m), an increase of (£2.714m) 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.

8. 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.
9. 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.
10. 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 Town Clerk in consultation with the Chairman and Deputy Chairman.
11. 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 (£2.714m). The main reasons for this net expenditure increase are:

Budget Increases:

- (£1.301m) increase to the newly agreed programme for CWP works;
- (£1.034m) decrease in investment income as a result of the basis used for calculating the maximum allowable contribution to the running costs of Hampstead Heath from the Hampstead Heath Trust under the transfer order. This provides a more realistic level of expected income to be achieved in line with actual income returns for 2023/24;
- (£192k) increase in capital charges for depreciation costs due to the purchase of infrastructure assets such as vehicles and the capital investment in the Parliament Hill Athletics Track resurfacing, swimming facilities and mixed pond improvements, which will be depreciated over their useful economic lives in line with the charity's accounting policies.
- (£171k) additional supplies and services costs due to additional materials and cleaning equipment needed at the Play facilities. This increase also includes the additional security fees required at West Heath.
- (£162k) increase as a result of staffing structure changes effective from April 2025. This increase also includes an expected increase in casual staff to support the LIDO/Ponds over the summer.
- (£124k) increase in premises related costs largely explained by increases in energy prices and additional water costs required for the swimming facilities at Hampstead Heath.
- (£86k) projected increase in recharges from corporate departments to reflect the attribution and cost of central departments following a review of recharges

during 2023/24. This resulted in the method of apportionment being updated to reflect the latest up to date corporate information.

- (£33k) increase in recharges within fund from the Natural Environment Directorate following an inflationary uplift to the Directorate's budget for 2025/26 leading to additional recharges to the Natural Environment charities

Budget Decreases:

- £200k increase in Ponds income which is expected to match prior year;
- £100k increase in LIDO income which is expected to align with prior years activity;
- £90k in additional parking income as a result of the Parking Enforcement charges provided by ANPR;

Staffing Statement

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

Table 2 - Staffing statement	Original Budget 2024/25		Latest Budget 2024/25		Original Budget 2025/26	
	Staffing	Estimated	Staffing	Estimated	Staffing	Estimated
	Full-time Equivalent	Cost £000	Full-time Equivalent	Cost £000	Full-time Equivalent	Cost £000
Hampstead Heath	101.02	5,107	101.02	5,107	97.91	5,269

Cyclical Works Programme

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

Table 3 – CWP & City Surveyor Local Risk Hampstead Heath	Original Budget 2024/25 £'000s	Latest Budget 2024/25 £000's	Original Budget 2025/26 £'000
Cyclical Works Programme (CWP)	(406)	(1186)	(1,707)
Planned & Reactive Work – Breakdown & Servicing (City Surveyor Local Risk)	(402)	(402)	(412)
Cleaning (City Surveyor Local Risk)	(15)	(15)	(15)
Total CWP and City Surveyor – Hampstead Heath	(823)	(1,603)	(2,134)

14. There is a decrease in the proposed 2025/26 central risk investment income budget of (£1.034m) from £2.493m to £1.459m due to the basis used for calculating the maximum allowable contribution to the running costs of Hampstead Heath from the Hampstead Heath Trust. This provides a more realistic level of expected income to be achieved in line with actual income returns for 2023/24. The reserves policy of the Trust is that the original Hampstead Heath Trust Fund endowment of £15 million (now worth £36.8 million) should produce income to cover a proportion of the running costs of Hampstead Heath. The maximum contribution is set out in the Transfer Order (The London Government Reorganisation Hampstead Heath Order 1989) and is subject to a triennial review. 2025/26 is the first year and therefore the maximum contribution allowable is equal to the amount of income accrued to the Trust Fund in the preceding year of £1.361m, multiplied by the change in the Average Earnings Index between April 2023 and April 2024.

To help arrive at a more appropriate income budget target, the process for the setting of the 2025/26 budget, considered whether a shortfall adjustment was needed to the maximum contribution when using the set formula to calculate the budget. For the 2025/26 budget no shortfall adjustment was applied as the formula calculated a sum more realistic in terms of previous years actual performance results.

Draft Capital and Supplementary Revenue Project budgets for 2025/26

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

Project	Exp. Pre 01/04/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Later Years £'000	Total £'000
Swimming Facilities - Safety, Access & Security Improvements	806	204	-	-	-	1010
Parliament Hill Lido Photovoltaic Panels	-	269	25	-	-	294
TOTAL Hampstead Heath	806	473	25	-	-	1,304

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 Hampstead Heath 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 – Hampstead Heath

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