

<b>Committee(s):</b> Hampstead Heath, Highgate Wood & Queen's Park Committee	<b>Dated:</b> 04/02/2025
<b>Subject:</b> Operational Finance Progress Report 2024/25 (Quarter 3 April - December) – Hampstead Heath	<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 this Funding Source been agreed with the Chamberlain's Department?</b>	n/a
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report author:</b> Niranjan Shanmuganathan, Chamberlain's Department	

### Summary

This report provides an update on the operational finance position as at period 9 (April – December) 2024/25 for the Hampstead Heath charity (charity registration number: 803392) 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 Hampstead Heath charity (charity registration number: 803392), 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 Hampstead Heath charity for 2024/25 currently amounts to (£4.051m) net expenditure. As at December 2024, actual net expenditure amounted to (£2.637m), with a current forecast outturn for 2024/25 of (£4.031m) net expenditure. This amounts to a projected net underspend of £20k, equivalent to 0.48% of total budget. This represents an improvement of £1.055m in the projected net spend for 2024/25 compared with the forecasted overspend of (£1.035m) to the end of August 2024 reported previously to your Board.
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 – December 2024**

	<b>Latest Budget £'000s</b>	<b>Actual Dec 2024 £'000s</b>	<b>Forecast Outturn £'000s</b>	<b>Budget Variance £'000s</b>	<b>Variance %</b>
<b>Gross Expenditure</b>	(9,924)	(5,764)	(9,349)	575	5.79%
<b>Gross Income</b>	5,873	3,127	5,318	(555)	(9.45%)
<b>Net Expenditure</b>	(4,051)	(2,637)	(4,031)	20	0.48%

## Expenditure

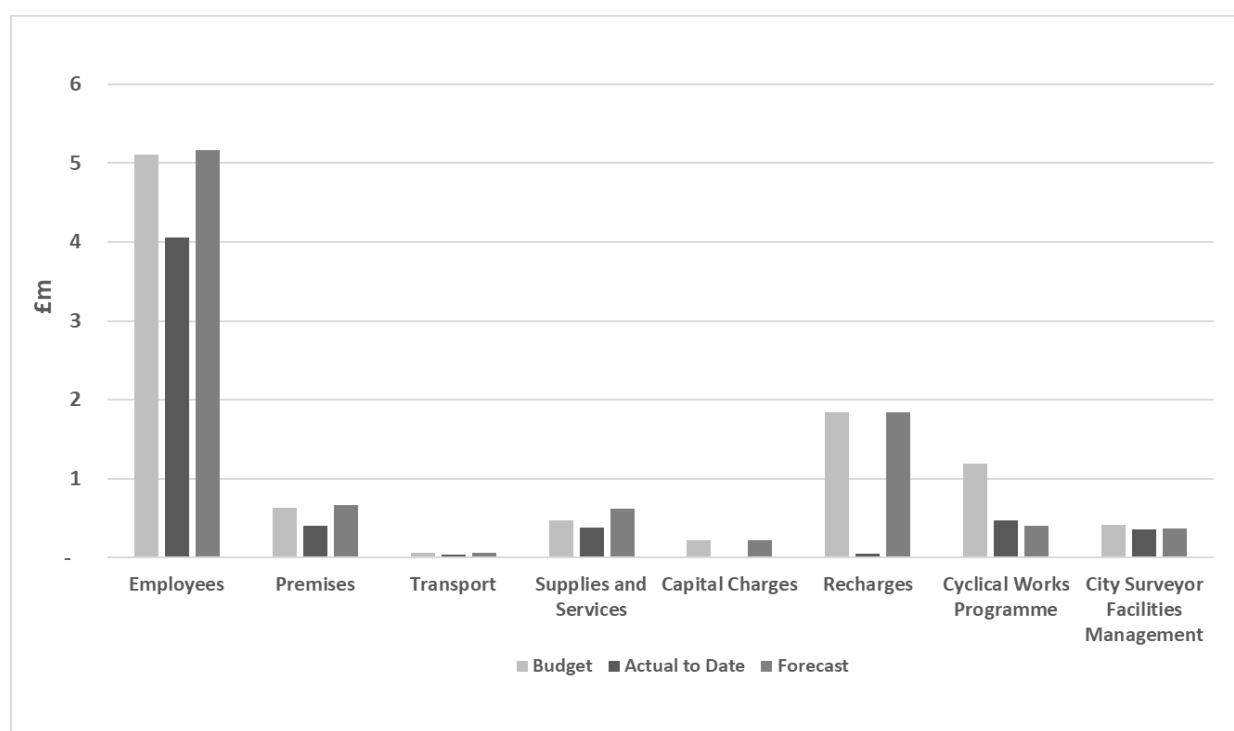
6. A breakdown and analysis of the latest gross expenditure position for 2024/25 is set out in Table 2 below:

**Table 2 – Expenditure Summary – December 2024**

	<b>Latest Budget £'000s</b>	<b>Actual Dec 2024 £'000s</b>	<b>Forecast Outturn £'000s</b>	<b>Budget Variance £'000s</b>	<b>Variance %</b>
<b>Direct Operating Budgets</b>	(6,477)	(4,890)	(6,730)	(253)	(3.91%)
<b>Recharges and Support Services</b>	(1,844)	(47)	(1,842)	2	0.11%
<b>City Surveyor Repairs and Maintenance</b>	(1,603)	(827)	(777)	826	51.50%
<b>Total Gross Expenditure</b>	(9,924)	(5,764)	(9,349)	575	(5.79%)

7. As shown in Table 2, total gross expenditure to the end of December 2024 amounted to (£5.764m), amounting to 58.08% of the total gross expenditure budget for 2024/25 of (£9.924m). Graph 1 below also provides a graphical summary of the categories of expenditure incurred by the charity for April to December 2024.

**Graph 1 – Expenditure Categories – April to December 2024**



8. The charity is currently forecasting total gross expenditure for 2024/25 of (£9.349m), a projected underspend of (£575k) equivalent to (5.79%) compared with a total gross expenditure budget of (£9.924m). This underspend is primarily explained by the following:

- £780k underspend on CWP Repairs and Maintenance;
- £45k reduced forecast in Surveyors servicing and cleaning needed to maintain the preservation of the Heath;
- (£44k) increase in premise costs as a result of increase in energy costs and additional cleaning materials and refuse collection/waste disposal costs.
- (£63k) employee overspend due to increase in casual staff spend and recruitment costs. This is partly offset due to vacancy of Head of Business Development role currently being recruited;
- (£146k) forecasted increase in professional and consultant fees such as XN Leisure relating to building a new leisure management system for the swimming facilities and additional costs for uniforms/livestock/hospitality.

## Income

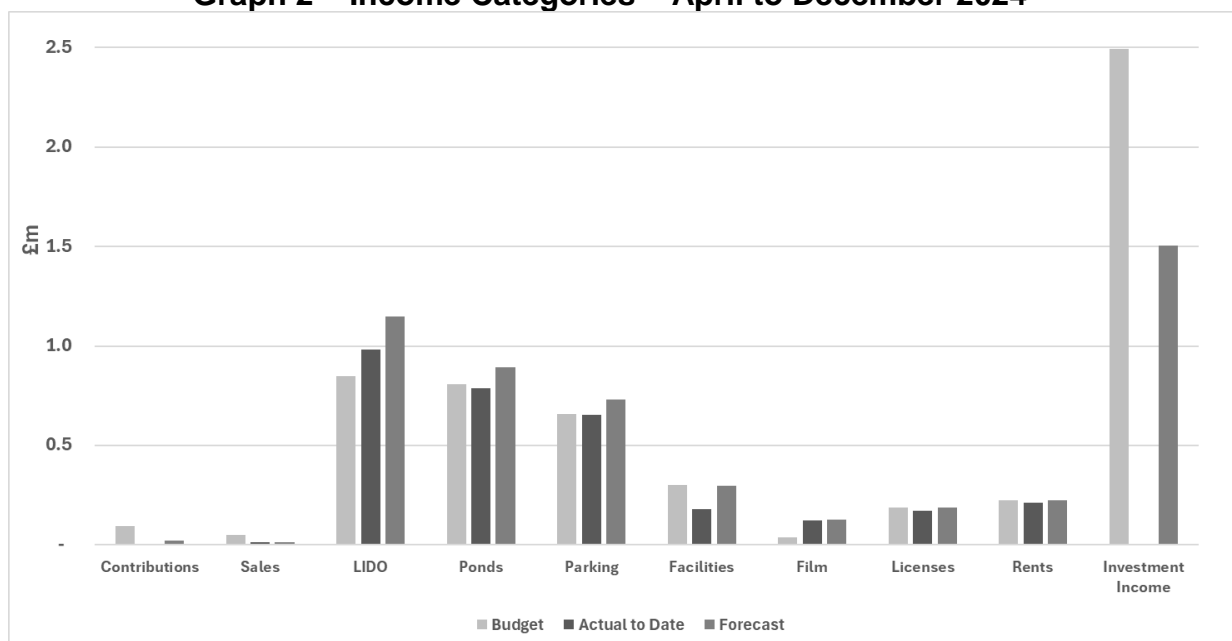
9. A breakdown and analysis of the latest gross income position for 2024/25 is set out in Table 3 below:

**Table 3 – Income Summary — December 2024**

	<b>Latest Budget</b>	<b>Actual - December 2024</b>	<b>Forecast Outturn</b>	<b>Budget Variance</b>	<b>Variance</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>%</b>
<b>Direct Operating Budgets</b>	5,713	3,127	5,158	(555)	(9.71%)
<b>Recharges and Support Services</b>	160	0	160	0	0.00%
<b>Total Gross Income</b>	5,873	3,127	5,318	(555)	(9.45%)

10. As shown in Table 3, total income to the end of December 2024 amounted to £3.127m, amounting to 53.24% of the total gross income budget to be achieved for 2024/25 of £5.873m. Graph 2 below also provides a graphical summary of the categories of income generated by the charity for April to December 2024.

**Graph 2 – Income Categories – April to December 2024**



11. The charity is currently forecasting gross income for 2024/25 of £5.318m, amounting to (£555k) in reduced income (9.45%) compared with a total gross income budget of £5.873m for the current financial year. This is largely explained by the following:

- (£988k) decrease in the central risk investment income budget from £2.493m to £1.505m due to the basis used for calculating the maximum allowable contribution to the running costs of Hampstead Heath from the Hampstead Heath Trust. This revised projection provides a more realistic level of expected income to be achieved in line with actual income returns achieved for 2023/24 of £1.175m. 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. To help arrive at a more appropriate income budget target going forward, the process for the setting of the 2025/26 budget estimates also 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 eventually applied as the formula calculated a sum more realistic in terms of previous years actual performance achieved.
- (£71k) reduction in donations and contributions income as it is expected to be no more than was achieved in 2023/24
- (£35k) reduction in sales (mostly from metal recycling). Future years budget will be corrected to reflect this;
- Partly offset by £385k increase in LIDO and ponds revenue expected due to additional usage in the spring and summer periods;
- £70k increase in parking fees with the new parking enforcement ANPR system expected to yield 10% more income than budgeted, and;
- £87k extra filming income as a result of filming Bridget Jones in the Heath

## 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 officers request further release of capital funds to progress the scheme and may not equal the total estimated cost of the project to finalisation.
13. Out of a current approved budget of £1.304m, £1,042m has been spent or committed to date, leaving a remaining budget of £262k to progress the various projects to the next project gateway, release of further capital funds or completion.

**Table 4 – Live Capital Projects**

Capital Projects - Hampstead Heath	Total Estimated Cost of Project £'s	Current Approved Budget £'s	Prior Year Actual Spend £'s	In Year Actual Expenditure £'s	In Year Committed Expenditure £'s	Current Approved Budget Unspent £'s
HH Swimming Facilities - Safety, Access & Security Improvements	1,010,654	1,010,654	715,487	131,008	76,306	87,853
Parliament Hill Lido Photovoltaic Panels (Climate Action Strategy)	293,530	293,530	0	6,640	112,999	173,891
<b>TOTAL HAMPSTEAD HEATH</b>	<b>1,304,184</b>	<b>1,304,184</b>	<b>715,487</b>	<b>137,648</b>	<b>189,305</b>	<b>261,744</b>

## Outstanding Invoiced Debts

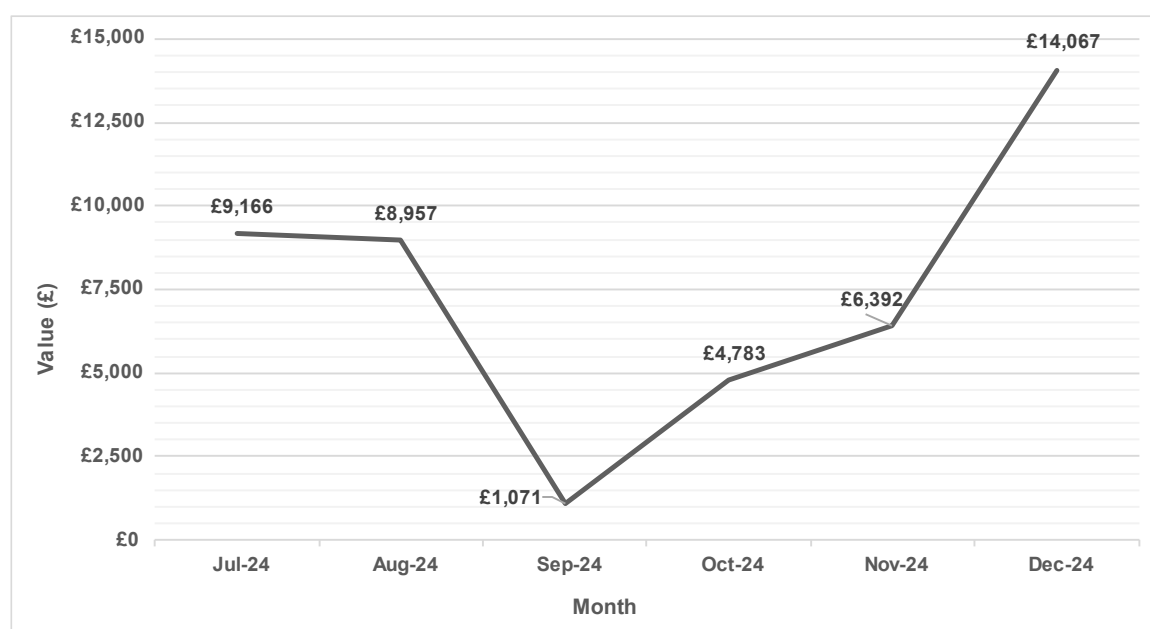
14. At the end of December 2024, total outstanding invoiced debt was £69,467. Table 5 analyses the current level of outstanding debt for the charity according to the age of the debt:

**Table 5 – Analysis of Outstanding Invoiced Debts – December 2024**

Age of Debt	Outstanding Debts	% of Total Debt Outstanding
0-30 Days	£47,095	67.80%
31-60 Days	£3,022	4.35%
61-90 Days	£3,392	4.88%
91-120 Days	£1,892	2.72%
121-365 Days	£6,028	8.68%
Over 365 Days	£8,039	11.57%
<b>Total Outstanding Debts</b>	<b>£69,467</b>	<b>100.00%</b>

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 £14,067 in December 2024, an increase of £7,675 compared with November 2024.
16. The debts over 120 days relates mainly due to £13,723 owed in outstanding rent and wayleave invoices and is mostly specific to one debtor. Letters have been issued for immediate payment.

**Graph 3 – Outstanding Debts Over 120 Days – March to December 2024**



### Charity Reserve Funds

17. Table 6 below provides a summary of the different reserves held by Hampstead Heath charity as at the end of December 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 Hampstead Heath charity and Hampstead Heath Trust Fund. 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 – December 2024**

<b>Hampstead Heath</b>	<b>Opening Balance 2024/25</b>	<b>Income</b>	<b>Expenditure</b>	<b>Current Balance</b>
<b>Restricted Funds</b>	£33,820	£1,979	£0	£35,799
<b>Unrestricted Funds</b>	£7,312	£151	£0	£7,463
<b>Designated Funds</b>	£22,485,136	£0	£0	£22,485,136
<b>Total</b>	<b>£22,526,268</b>	<b>£2,130</b>	<b>£0</b>	<b>£22,528,398</b>

<b>Hampstead Heath Trust Fund</b>	<b>Opening Balance 2024/25</b>	<b>Income</b>	<b>Expenditure</b>	<b>Current Balance</b>
<b>Permanent Endowment</b>	£36,025,459	£0	£0	£36,025,459
<b>Expendable Endowment</b>	£827,434	£0	£0	£827,434
<b>Unrestricted Funds</b>	£902,261	£0	£0	£902,261
<b>Total</b>	<b>£37,755,154</b>	<b>£0</b>	<b>£0</b>	<b>£37,755,154</b>

19. The funds received during 2024/25 are made up as follows:

- £1,979 in Restricted Donations received towards the Golders Hill Park Zoo
- £151 received in Unrestricted Donations to be used against any of the charity's objects.

### **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.

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

Hampstead Heath	2020/21	2021/22	2022/23	2023/24	2024/25 (Est.)
	£'000s	£'000s	£'000s	£'000s	£'000s
Gross Expenditure	(8,732)	(8,772)	(8,963)	(9,459)	(8,727)
Cyclical Works Expenditure	(738)	(540)	(569)	(565)	(406)
Capital Expenditure	(152)	(429)	(62)	(3,233)	(473)
Gross Income	3,009	4,533	4,605	4,666	5,158
<b>Total Contribution from City of London</b>	<b>(6,613)</b>	<b>(5,208)</b>	<b>(4,989)</b>	<b>(8,591)</b>	<b>(4,448)</b>

22. As can be seen from the Table 7, 2023/24 saw a significant increase in the contribution from City's Estate to Hampstead Heath charity compared with the previous year. This was mainly driven by an increase in capital expenditure on the Parliament Hill Athletics Track Resurfacing project as well as an increase in gross expenditure relating to staff and premise costs which required an increase in the level of deficit funding provided by City's Estate.
23. The forecasted contribution required from City's Estate for 2024/25 compared with the previous financial year 2023/24 shows a significant reduction in capital expenditure as a result in the completion of the resurfacing of the athletics track, reductions in gross expenditure due to removal of administrative support staff budgets as well as reductions in premise and professional fees. Also there are forecast increases in gross income as a result of more filming expected and greater lido/ponds activity generating additional receipts.

### **Other Relevant Financial Issues**

24. Members should note that alternatives to the charity's current funding model proposed by the Corporation's Natural Environment Charity Review are being implemented. We will move to a grant on Local Risk budgets for West Ham Park and Epping Forest from 1st April 2025 and use 2025/26 to undergo further work to understand what this level of grant looks like across Local Risk, Central Risk and Recharges, as well as capital and CWP. This will also be the case for the remaining six charities from 1st April 2026, with 2026/27 used to finalise the model.
25. Members may wish to note that the current recharges reallocation process from the Learning Team is no longer to be recharged to the charities for either 2024/25 and 2025/26. This will have no impact on the overall financial position of City's Estate as the reduction in the charities net expenditure and required deficit funding will be offset by the costs shown directly within the Learning Team.
26. 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 report was originally presented to Finance Committee in September 2024 providing Members with a range of options on changes proposed to recharges for 2024/25 and future years. Finance Committee requested this report to be revised and to be re-presented at a future Committee meeting. Further details will be provided to Members in due course once available, following agreement by Finance Committee.

## **Appendices**

Appendix 1 – Hampstead Heath Charity – Revenue Operating Budget – 2024/25

Appendix 2 – Hampstead Heath Charity - Reserve Funds – December 2024

## **Contact**

Niranjana Shanmuganathan, Finance Business Partner (Natural Environment),  
Chamberlain's Department

E: [niranjana.shanmuganathan@cityoflondon.gov.uk](mailto:niranjana.shanmuganathan@cityoflondon.gov.uk)