

<b>Committee(s):</b> West Ham Park Committee	<b>Dated:</b> 06/02/2024
<b>Subject:</b> Operational Finance Progress Report 2024/25 (Quarter 3 April - December) – West Ham Park 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>	<b>No</b>
<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> 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 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 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 West Ham Park charity for 2024/25 currently amounts to (£1.151m) net expenditure. As at December 2024, actual net expenditure amounted to (£656k), with a current forecast outturn for 2024/25 of (£1.290m) net expenditure. This amounts to a projected net overspend of £139k, equivalent to 12.08% of total budget.
- 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</b>	<b>Actual - December 2024</b>	<b>Forecast Outturn</b>	<b>Budget Variance</b>	<b>Percentage Variance</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>%</b>
<b>Gross Expenditure</b>	(1,469)	(888)	(1,619)	(150)	10.21%
<b>Gross Income</b>	318	232	329	11	3.46%
<b>Net Expenditure</b>	(1,151)	(656)	(1,290)	(139)	12.08%

### Expenditure

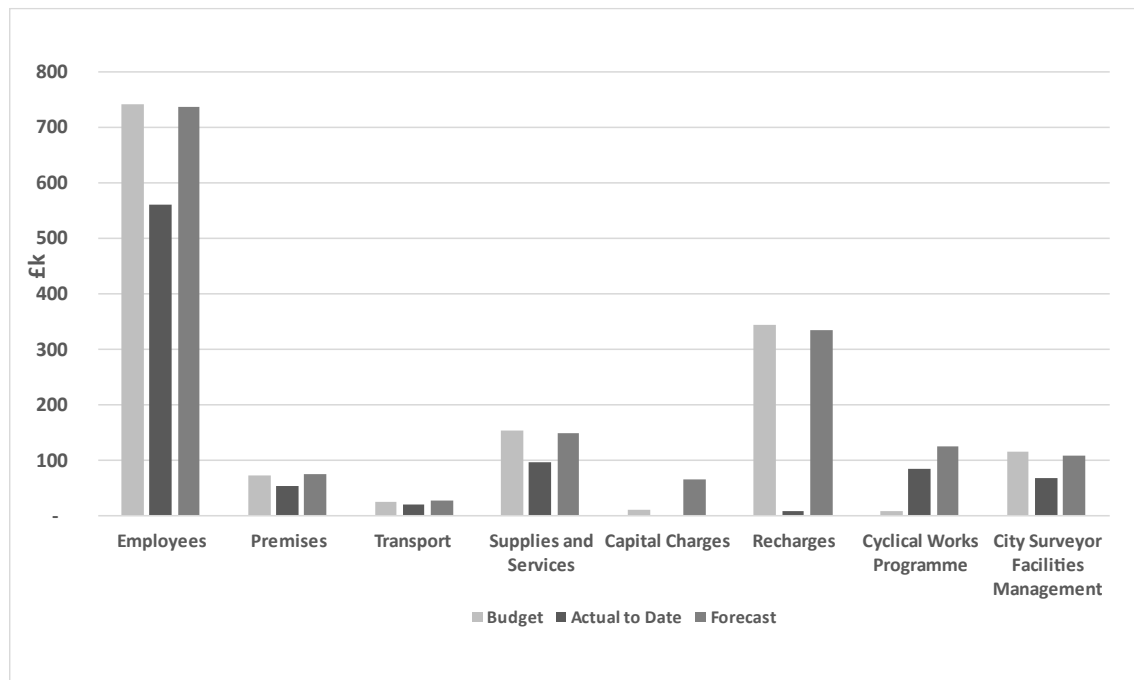
- A breakdown and analysis of the latest gross expenditure position for 2024/25 is set out in Table 2 below:

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

	<b>Latest Budget</b>	<b>Actual - December 2024</b>	<b>Forecast Outturn</b>	<b>Budget Variance</b>	<b>Percentage Variance</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	
<b>Direct Operating Budgets</b>	(1,001)	(729)	(1,053)	(52)	5.19%
<b>Recharges and Support Services</b>	(344)	(9)	(333)	11	3.20%
<b>City Surveyor Repairs and Maintenance</b>	(124)	(150)	(233)	(109)	87.90%
<b>Total Gross Expenditure</b>	(1,469)	(888)	(1,619)	(150)	10.21%

7. As shown in Table 2, total gross expenditure to the end of December 2024 amounted to (£888k), amounting to 60.45% of the total gross expenditure budget for 2024/25 of (£1.469m). 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 (£1.619m), a projected overspend of £150k (10.21%) compared with a total gross expenditure budget of (£1.469m). This overspend is primarily explained by the following:

- (£117k) projected overspend in CWP Repairs and Maintenance
- (£56k) increase in capital charges due to depreciation of the WHP Playground;
- (£10k) increase in consultancy costs to support the WHP management plans and user analysis ;
- (£8k) overspend as a result of increases in council tax for 2024/25;
- £5k underspend due to vacancy of Head of Business Development role currently being recruited;
- £8k projected underspend in relation to the Building, Repairs and Maintenance contract overseen by City Surveyor's;
- £11k reduced Directorate recharge f due to lower than expected Natural Environment Directorate spend;
- £15k saving in third party payments not required. Nothing will be budgeted for in 2025/26.

### Income

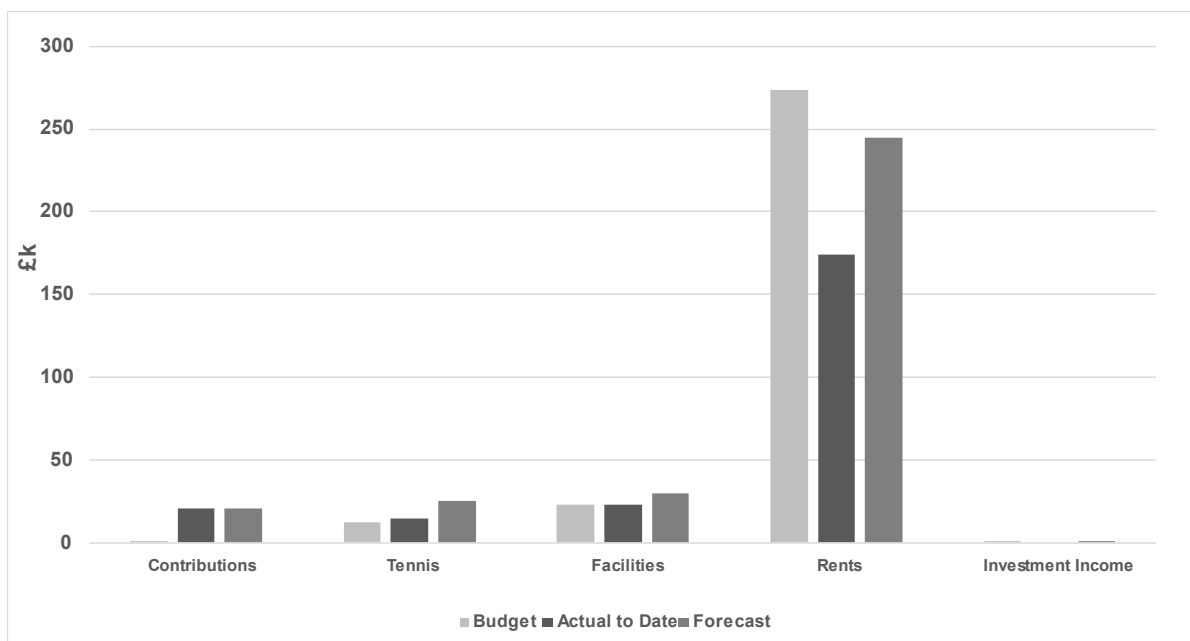
9. A breakdown and analysis of the latest gross income position for 2024/25 is set out in Table 3 below:

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

	<b>Latest Budget</b>	<b>Actual - December 2024</b>	<b>Forecast Outturn</b>	<b>Budget Variance</b>	<b>Percentage Variance</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>%</b>
<b>Direct Operating Budgets</b>	311	232	322	11	3.54%
<b>Recharges and Support Services</b>	7	0	7	0	0.00%
<b>Total Gross Income</b>	318	232	329	11	3.46%

10. As shown in Table 3, total income to the end of December 2024 amounted to £232k, amounting to 72.96% of the total gross income budget to be achieved for 2024/25 of £318k. 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 £329k, amounting to £11k in extra income (3.46%) compared with a total gross income budget of £318k for the current financial year. This is largely explained by the following:

- £20k additional grant funding for WHP 150<sup>th</sup> celebration;
- £13k extra income for tennis income due to increase in fees charged;
- £7k additional income achieved from school sports and filming;
- (£29k) reduction in rental income which is expected to match with income achieved in 2023/24.

### **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.

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.

**Table 4 – Live Capital Projects**

<b>Capital Projects - West Ham Park</b>	<b>Total Estimated Cost of Project</b>	<b>Current Approved Budget</b>	<b>Prior Year Actual Spend</b>	<b>In Year Actual Expenditure</b>	<b>In Year Committed Expenditure</b>	<b>Current Approved Budget Unspent</b>
	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>
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
<b>TOTAL WEST HAM PARK</b>	<b>1,258,575</b>	<b>1,344,554</b>	<b>1,148,314</b>	<b>0</b>	<b>0</b>	<b>196,240</b>

14. Whilst Table 4 shows there is currently an available balance of £110k remaining in the West Ham Park Nursery Capital project, the overall West Ham Park Nursery project has an available balance of £35k remaining. This is a result of an overspend of £75k from funds of £258k received from the Operational Property reserve (OPR) that was made available to the Nursery project.

**Outstanding Invoiced Debts**

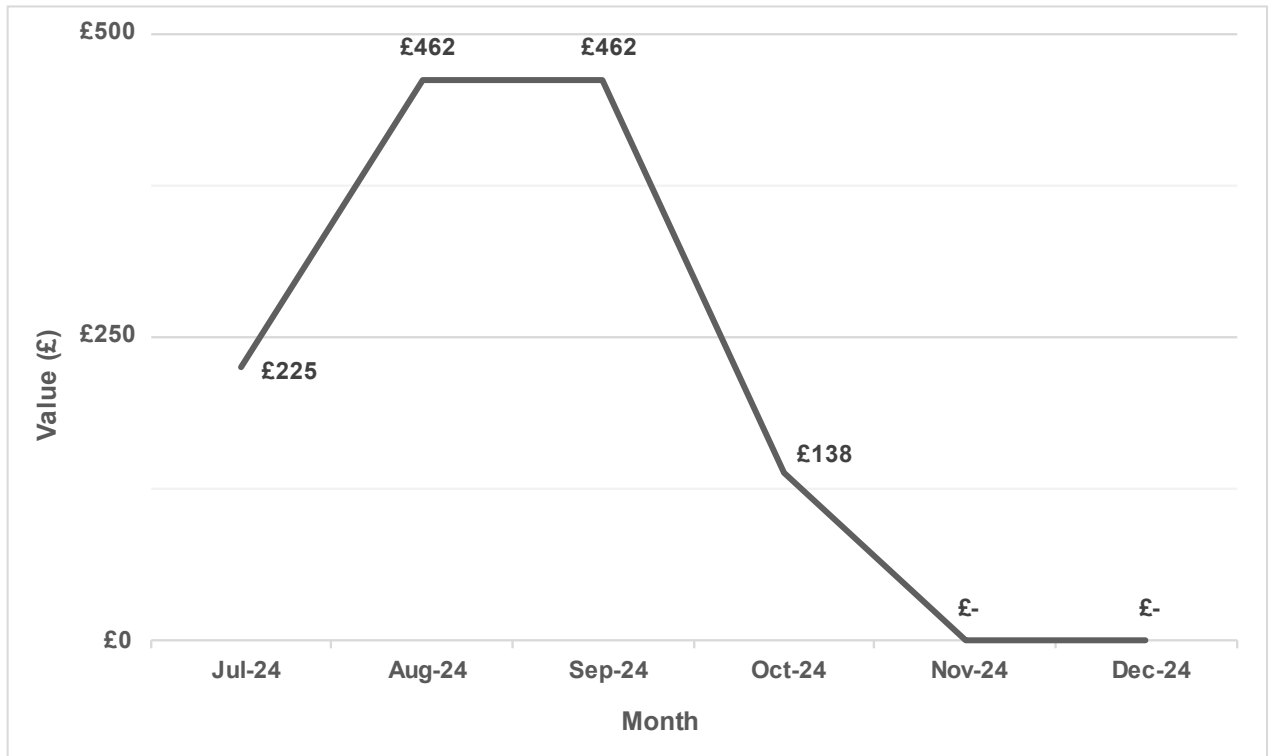
15. At the end of December 2024, total outstanding invoiced debt was £360, with no current outstanding debts over 120 days.

16. 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**

<b>Age of Debt</b>	<b>Outstanding Debts</b>	<b>% of Total Debt Outstanding</b>
0-30 Days	£360	100.00%
31-60 Days	£0	0.00%
61-90 Days	£0	0.00%
91-120 Days	£0	0.00%
121-365 Days	£0	0.00%
Over 365 Days	£0	0.00%
<b>Total Outstanding Debts</b>	<b>£360</b>	<b>100.00%</b>

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



17. Current outstanding debts over 120 days amount to £Nil.

### Charity Reserve Funds

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

19. 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.

**Table 6 - Reserve Funds Summary – December 2024**

	Opening Balance 2024/25	Income	Expenditure	Current Balance
<b>Restricted Funds</b>	£0	£0	£0	£0
<b>Unrestricted Funds</b>	£0	£0	£0	£0
<b>Designated Funds</b>	£935,025	£0	£0	£935,025
<b>Total</b>	<b>£935,025</b>	<b>£0</b>	<b>£0</b>	<b>£935,025</b>

## 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 as 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**

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)	(1,428)
Cyclical Works Expenditure	(90)	(65)	(110)	(31)	(125)
Capital Expenditure		(148)	(792)	(7)	(195)
Gross Income	324	290	286	323	322
<b>Total Contribution from City of London - West Ham Park</b>	<b>(1,288)</b>	<b>(1,259)</b>	<b>(1,959)</b>	<b>(1,234)</b>	<b>(1,427)</b>

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 2022/23. This is largely due to 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 for that financial year only. Additionally, CWP expenditure reduced in 2023/24 due to the profiling of the programme. These reductions were partly offset by increases in expenditure mainly due to an increase in gross expenditure driven by significant increases in premise cost such as energy, water and equipment for grounds maintenance.
23. Table 7 indicates an increase in the forecasted contribution required from City's Estate for 2024/25 compared with the previous financial year 2023/24 due to an increase in capital expenditure and cyclical works expenditure planned by the City Surveyor.
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.

### **Other Relevant Financial Issues**

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

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

### **Contact**

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