

<b>Committee(s)</b>	<b>Dated:</b>
Natural Environment Board	06/02/2025
<b>Subject:</b> Revenue and Capital Budgets 2025/26	<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> The Chamberlain Executive Director Environment	<b>For Decision</b>
<b>Report Author:</b> Clem Harcourt, Chamberlain's Department	

### Summary

This report presents for approval the revenue and capital budgets for the Natural Environment Board for 2025/26, for subsequent submission to Finance Committee. The Natural Environment Board is the strategic overarching committee for all of the Open Spaces and whilst this report details the 2025/26 budgets for the Natural Environment Directorate, Learning Team, City Gardens and Bunhill Fields, summary estimates for all of the other open spaces (excluding Keats House and The Monument which are reported to the Culture, Heritage and Libraries Committee) are also provided in Appendix 3.

Overall, the proposed revenue budget for 2025/26 totals (£2.476m) net expenditure, a decrease in net expenditure of £11k compared to the 2024/25 original budget of (£2.487m) net expenditure.

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

The 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.

### Recommendation

Members are asked to:

- i) note the latest revenue budget for your Board for 2024/25;
- ii) review and approve the proposed revenue budget for 2025/26 for your Board for submission for approval by the Finance Committee;
- iii) review and approve the City Gardens capital and supplementary revenue budgets for 2025/26 for submission for approval by the Finance Committee;

- iv) agree that amendments for 2024/25 and 2025/26 budgets arising from changes to recharges 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; and
- v) note the provisional 2025/26 revenue budget estimates for the services overseen by the other Natural Environment Committees (Appendix 3).

## **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 City Gardens which is funded from City Fund as part of the City's local authority functions. Bunhill Fields, the Learning Team and the Natural Environment Directorate, which co-ordinates the management of the Natural Environment Division and works in co-operation with other departments on cross service projects and corporate initiatives are funded through City's Estate.
2. This report sets out the latest budget for 2024/25 and the proposed revenue and capital budgets for 2025/26 for these areas 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** – 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 and Capital Charges** - 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. As the strategic lead board for Natural Environment, the proposed budgets for Epping Forest, The Commons, West Ham Park, Hampstead Heath, Highgate Wood and Queens Park are summarised in Appendix 3 for information so that this Board has an overview of the full financial position of the Natural Environment Division within the Environment Department.
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 your Board, is summarised in Table 1 below and further analysed by risk and Chief Officer in Appendix 1.

6. The overall 2025/26 proposed budget for your Board 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 (£2.476m) net expenditure, this is a net reduction of £11k when compared with the 2024/25 original budget of (£2.487m) net expenditure agreed previously by your Board.

<b>Table 1 - Natural Environment Board</b>	<b>Original Budget</b>	<b>Latest Budget</b>	<b>Original Budget</b>	<b>Movement</b>
	<b>2024/25</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2024/25 OR</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>to</b>
				<b>2025/26 OR</b>
				<b>£000</b>
Local Risk	(3,447)	(3,412)	(3,476)	(29)
City Surveyor Repairs & Mte	(44)	(44)	(45)	(1)
Cyclical Works Programme (CWP)	(262)	(506)	(122)	140
Central Risk	(20)	(22)	(20)	0
Recharges & Support Services	1,286	1,298	1,187	(99)
<b>Total Net Expenditure</b>	<b>(2,487)</b>	<b>(2,686)</b>	<b>(2,476)</b>	<b>11</b>

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

7. Overall, the 2024/25 latest budget for your Board is net expenditure of (£2,686m), an increase of (£199k) compared to the 2024/25 original budget of (£2.487m) net expenditure agreed previously by your Board. The reasons for this budget increase are:

- (£244k) changes to the newly agreed CWP managed by the City Surveyor comprising (£148k) at City Gardens and (£96k) at Bunhill Fields;
- (£2k) central risk carry forward funding for unspent Transformation Fund monies relating to the IT Transformation project at City Gardens;
- £35k funding provided from the Natural Environment Directorate to help fund the 150<sup>th</sup> anniversary events at West Ham Park; and
- £12k addition in net income from recharges and support services largely explained by a reduction in gross expenditure incurred by City Gardens in relation to recharges from the Cleansing section. This has resulted in an increase in the overall level of net income generated from recharges and support services relating to your Board

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

8. The proposed 2025/26 budget is net expenditure of (£2.476m), a reduction of £11k compared to the 2024/25 original budget. Detail of the movement between the 2024/25 original budget and the 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 assumptions:
  - 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; and
  - The budget envelope for your Board also incorporates one-off funding of £40k being provided in 2025/26 from the Natural Environment Directorate to fund additional grounds maintenance costs at West Wickham & Coulsdon Commons.
12. Appendix 1 provides details on budget movements between the 2024/25 original budget and the 2025/26 proposed budget. Overall, there is a net decrease in net expenditure of £11k. The main reasons for this net expenditure decrease are:

### **Budget Decreases:**

- £240k transfers from reserves relating to funding from the On Street Parking Reserve (OSPR) to fund ongoing maintenance costs at City Gardens including establishment maintenance costs at Aldgate Square;
- £140k rephasing of projects falling under the CWP managed by the City Surveyor comprising £110k at City Gardens and £30k at Bunhill Fields; and
- £112k reduced contingency budget managed by the Natural Environment Directorate to fund cost increases including an additional post in the business services section of the Natural Environment Division as well as extra grounds maintenance costs at West Wickham and Coulsdon Commons.

### Budget Increases:

- (£193k) reduced income from grants and contributions attributable to a decrease in income generated from self-funded posts in the Natural Environment Division following implementation of a recent staffing restructure;
- (£144k) increased employment costs as a result of cost of living and incremental pay rises to staff as well as additional staffing posts having been budgeted at City Gardens which are being funded from an annual contribution from the OSPR (see above);
- (£99k) net reduction in recharges and support services net income. This is explained by (£192k) additional gross expenditure on recharges from the Environment Department Directorate and Cleansing sections following an increase in costs as well as additional Full Time Equivalent (FTE) posts budgeted at City Gardens which has resulted in a reduction in the overall level of net income generated from recharges. This is partly offset by £70k reduced expenditure on recharges from corporate departments and capital charges following a review of recharges in 2023/24. This is on top of £23k additional income in recharges from the Natural Environment Directorate to other sections of the Natural Environment Division; and
- (£30k) unidentified savings from 2024/25 achieved from reduced electricity costs managed by the Highways Division at City Gardens.

### Staffing Statement

13. 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 Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000
Directorate/ Learning	28.40	(1,739)	28.40	(1,739)	28.80	(1,654)
City Gardens/ Bunhill Fields	34.00	(1,743)	43.00	(1,932)	43.00	(1,972)
<b>TOTAL</b>	<b>62.40</b>	<b>(3,482)</b>	<b>71.40</b>	<b>(3,671)</b>	<b>71.80</b>	<b>(3,626)</b>

14. Please note that the increase in FTE posts in the proposed 2025/26 original budget for City Gardens shown in the table above is explained by additional posts which are being funded from a contribution from the OSPR as well as apprenticeship positions which are being centrally funded.

### Cyclical Works Programme

15. 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</b>		<b>Original Budget 2024/25</b>	<b>Latest Budget 2024/25</b>	<b>Original Budget 2025/26</b>
<b>Repairs and Maintenance</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cyclical Works Programme</b>				
Bunhill Fields		(45)	(141)	(15)
City Gardens		(217)	(365)	(107)
		<b>(262)</b>	<b>(506)</b>	<b>(122)</b>
<b>Planned &amp; Reactive Works (Breakdown &amp; Servicing)</b>				
City Gardens		(44)	(44)	(45)
		<b>(44)</b>	<b>(44)</b>	<b>(45)</b>
<b>Total CWP &amp; City Surveyor</b>		<b>(306)</b>	<b>(550)</b>	<b>(167)</b>

### Draft Capital and Supplementary Revenue Budgets

16. The latest estimated costs for your Board's current approved capital and supplementary revenue projects are summarised in Table 4 below:

<b>Table 4</b>							
<b>Service</b>	<b>Project</b>	<b>Exp. Pre 01/04/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Later Years</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
City Gardens	Finsbury Circus Reinstatement	790	4,586	407			5,783
City Gardens	St Botolph Ball Court Improvements	86	29	15			130
City Gardens	St Mary At Hill Churchyard	136	101	234			471
City Gardens	Tower Hill Play Area Replacement Project	1	35		-		36
<b>TOTAL City Gardens</b>		<b>1,013</b>	<b>4,751</b>	<b>656</b>	<b>0</b>	<b>0</b>	<b>6,420</b>

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

### Total Estimates Summary for Natural Environment Division and City Gardens

18. The table shown in Appendix 3 gives a summary overview of all the Natural Environment Division's budgets which will be reported to their respective committees excluding Keats House and The Monument which are reported to the Culture, Heritage and Libraries Committee. As can be seen from Appendix 3, the proposed 2025/26 original budget for the Natural Environment Division and City Gardens amounts to (£26.234m) net expenditure, an increase of (£8.105m) net expenditure compared with the 2024/25 original budget of (£18.129m) net expenditure.

## **Conclusion**

19. This report presents the proposed Revenue and Capital budgets for 2025/26 for your Board for Members to consider and approve.

## **Appendices**

- Appendix 1 – Board Summary Budget – by Risk and Chief Officer
- Appendix 2 – Movement Between 2024/25 Original Budget to 2025/26 Original Budget
- Appendix 3 – Estimates Summary for Natural Environment Division and City Gardens

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