

# City of London Corporation Committee Report

<b>Committee(s):</b> Epping Forest and Commons	<b>Dated:</b> 27/11/2025
<b>Subject:</b> Revenue and Capital Budgets – 2026/27 – Epping Forest	<b>Public report:</b> For Decision
<b>This proposal:</b> <ul style="list-style-type: none"><li>• <b>delivers Corporate Plan 2024-29 outcomes</b></li><li>• <b>provides statutory duties</b></li></ul>	Providing Excellent Services Flourishing Public Spaces
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	£0
<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>	Executive Director Environment Chamberlain
<b>Report author:</b>	Clem Harcourt, Chamberlain's Department

## Summary

This report presents for approval the revenue and capital budgets for Epping Forest charity (charity registration no: 232990) for 2026/27, for subsequent submission to Finance Committee.

The proposed draft revenue budgets for 2026/27 for Epping Forest amounts to £10.040m net expenditure. This represents an increase of £1.254m compared with the original budget for 2025/26 of £8.786m

The proposed budget for 2026/27 has been prepared within the resource envelope (core grant) allocated to each Chief Officer by Resource Allocation Sub-Committee, including an inflationary increase of 3% as well as contingency funding provided relating to the pay award effective from July 2024 and increases in employer's national insurance. The charity's core grant for 2026/27 also includes funding for the transfer of support services staff at Epping Forest whose costs were previously met by the Directorate.

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.

The report also reframes the proposed budget to show net expenditure as grant funding from City's Estate for 2026/27 which is broken down according to the individual elements of the grant (Core Grant, City Surveyor Works, Corporate Recharges and Support Services and Central Risk Expenditure). In addition, the

appendices include a summarised version of the budget for the charity set out in the format of the Statement of Financial Activities (SOFA) in line with best practice for the financial reporting of charities. Further details on proposed Grant Funding Model principles and arrangements are presented to Members for discussion and endorsement in the Natural Environment Charities Review – Grant Funding Model Principles paper.

## Recommendation(s)

Members are asked to:

- i) note the latest revenue budget for Epping Forest charity for 2025/26;
- ii) review and approve the proposed draft revenue budget for 2026/27 for Epping Forest charity for submission for approval by the Finance Committee;
- iii) review and approve capital and supplementary revenue project budgets for Epping Forest for 2026/27 for submission for approval by the Finance Committee;
- iv) authorise the Chamberlain, in consultation with the Executive Director, Environment to approve amendments for 2025/26 and 2026/27 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 depreciation during budget setting.

## 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 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 are currently funded principally by the City, together with donations, sponsorship, grants and trading income.
2. This report sets out the latest budget for 2025/26 and the proposed revenue budget for 2026/27 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 and include budgets managed by the Executive Director Environment as well as by the City Surveyor specifically for repairs and maintenance and the Cyclical Works Programme (CWP);
  - **Central Risk Budgets** – these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outcome can be strongly influenced by external factors outside of his/her control or are budgets of a corporate nature; 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.

3. Please note that City Corporation reporting convention (see Table 1) uses brackets to denote income, decreases in expenditure, or increases in income. However, where charity style reporting has been introduced in this paper (Table 2 and appendices), the convention is to show both income and expenditure without brackets, which are instead used to denote deficits or adverse variances. Only significant variances (generally those greater than £50k) have been commented on and are referenced in Appendix 1.
4. For 2026/27, budgets include:
  - a 3% uplift for inflation as a cash limit to charity budgets;
  - contingency funding to cover increased costs associated with the pay award to staff effective from July 2024 and increases in national insurance;
  - transfer of staffing budgets;
  - a clear distinction between local risk, central risk, and recharge budgets; and
  - responsibility for budgetary control placed on departmental Chief Officers.
5. 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.
6. 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 2024/25 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.
7. Members should note that for 2026/27, the format of the budgets for the charity has been reviewed. The proposed draft budget for 2026/27 has been set out in the format of a summarised Statement of Financial Activities (SOFA) to enable Epping Forest to comply with the best practice for the financial reporting of charities, reframing the City's funding as grant funding (subject to formal approval of the grant funding principles and arrangements). A copy of the SOFA can be found in Appendix 1.
8. The overall proposed 2026/27 draft budget for Epping Forest, which includes the charity'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 £10.040m net expenditure. This is an increase of £1.254m when compared with the 2025/26 original budget of £8.786m net expenditure.

9. The latest budget for 2025/26 and provisional draft budget for 2026/27 for the charity is summarised in Table 1 below and further analysed in the charity's SOFA in Appendix 1.

<b>Table 1 - Epping Forest (City / deficit funding report style)</b>	Original (OR) Total Budget 2025/26 £000	Latest Total Budget 2025/26 £000	Original (OR) Total Budget 2026/27 £000	Movement 2025/26 OR to 2026/27 OR £000
Local Risk	3,620	3,924	4,100	480
City Surveyors - Repairs & Maintenance	451	451	467	16
Cyclical Works Programme (CWP)	1,769	1,395	2,808	1,039
Central Risk (inc. Depreciation / Investment income)	589	589	539	(50)
Recharges & Support Services	2,357	2,357	2,116	(241)
Capital and Projects	0	0	10	10
<b>Total Net Expenditure</b>	<b>8,786</b>	<b>8,716</b>	<b>10,040</b>	<b>1,254</b>
Depreciation (shown as Funds movement)	(607)	(607)	(541)	66
Investment income (shown as Self-Generated Income)	18	18	22	4
<b>Total Grant Funding</b>	<b>8,197</b>	<b>8,127</b>	<b>9,521</b>	<b>1,324</b>

<b>Table 2 - Epping Forest (Charity / grant funding report style)</b>	Original (OR) Total Budget 2025/26 £000	Original (OR) Total Budget 2026/27 £000	Original (OR) Unrestricted Budget 2026/27 £000	Restricted Budget 2026/27 £000	Variance F/(A) 2025/26 OR to 2026/27 £000
Core Grant (Local Risk)	3,620	4,100	4,100		480
Additional Grant	4,577	5,411	5,411		834
Capital / Projects	0	10		10	10
<b>Total Grant Funding</b>	<b>8,197</b>	<b>9,521</b>	<b>9,511</b>	<b>10</b>	<b>1,324</b>
Self-Generated Income	2,838	1,976	1,976		(862)
<b>Total Income</b>	<b>11,035</b>	<b>11,497</b>	<b>11,487</b>	<b>10</b>	<b>462</b>
Local Risk Expenditure	6,800	6,283	6,238	45	517
Central Risk Expenditure (excl. Depreciation)	0	20	20		(20)
City Surveyors - Repairs & Maintenance	451	467	467		(16)
Cyclical Works Programme (CWP)	1,769	2,808	2,808		(1,039)
Recharges & Support Services	2,357	2,116	2,116		241
<b>Total Expenditure</b>	<b>11,377</b>	<b>11,694</b>	<b>11,649</b>	<b>45</b>	<b>317</b>
<b>Surplus / (Deficit)</b>	<b>(342)</b>	<b>(197)</b>	<b>(162)</b>	<b>(35)</b>	<b>145</b>

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

10. Overall, the 2025/26 latest budget for Epping Forest is net expenditure of £8.716m, a net reduction of (£70k) compared to the 2025/26 original budget of £8.786m. The reasons for this increase are:

- (£374k) re-phasing of projects falling under the CWP;
- £191k transfer of budgets for support services staff from the Directorate; and
- £113k contingency funding relating to additional costs from the July 2024 pay award and increases in employer's national insurance.

## **Proposed Draft Revenue budget for 2026/27**

11. The proposed 2026/27 draft budget is net expenditure of £10.040m an increase of £1.254m compared to the 2025/26 original budget for the charity of £8.786m.

12. Appendix 1 provides details on budget movements between the 2025/26 original budget and the 2026/27 proposed draft budget. Overall, there is an increase in net expenditure of £1.254m. The main reasons for this net expenditure increase are:

- £1.039m increase in budgets for CWP projects managed by the City Surveyor relating to the agreed programme for the CWP backlog of works;
- £268k additional staffing costs. This is explained by additional costs budgeted for 2026/27 relating to the transfer of support services staff who were previously charged to the Directorate;
- £116k less income budgeted for trading activities following a review of the budget for rental income. The reduction compared with 2025/26 is attributed to one-off income for pipeline works of approximately £200k during the previous financial year with the shortfall partly offset by approximately £80k generated from additional rental income and other savings;
- £50k extra expenditure budgeted for indirect employment costs relating to the increased need for staff training and recruitment;
- (£241k) net reduction in recharges and support services which is attributable to a decrease in recharges from the Directorate following a transfer of support services staffing costs to Epping Forest's local risk budget;
- (£162k) projected transfer from the charity's unrestricted free reserves to help fund the charity's increased expenditure during 2026/27 and to ensure that the charity remains within its overall local risk core grant of £4.1m. The amount required from the reserve will be kept under review throughout the year and may end being less than budgeted should the charity be underspent on its core grant for 2026/27. There is concern from the budget holder that there has been historical underfunding of core operations and it is increasingly difficult to stay within the charity's local risk budget. As part of the Natural Environment Charities Review, work will continue to be undertaken to identify opportunities for income generation and cost savings. This remains a risk area for Epping Forest. Members should note that as at 31 March 2025, the charity had £572k available in its unrestricted reserve;

- (£90k) decrease in premises related costs. This can partly be explained by a reduction in locally managed repairs and maintenance costs being budgeted for works not falling under the management of the City Surveyor;
- (£77k) reduction in expenditure for costs related to conservation and ecology with additional expenditure currently planned to be funded by the charity's grazing account, a designated reserve of the charity in order for the charity to stay within its local risk core grant; and
- (£66k) lower depreciation expenses which is met through the charity's central risk budget with lower costs forecast in 2026/27 for the depreciation of infrastructure assets and vehicles and plant.

13. Please also note that a number of other priorities for 2026/27 have been identified by Officers which have not been included within the draft proposed budget for 2026/27. These include priorities which are either deemed essential in order to meet business needs at Epping Forest or relate to initiatives required to generate additional income (spend to save). The relevant funding will be sought where possible to enable these priorities to be carried out:

- £270k for the replacement of a number of vehicles at Epping Forest;
- £50k in repairs and maintenance costs required to get buildings up to the required standard following the completion of works from the City Surveyor;
- £50k costs associated with work around Biodiversity Net Gain (BNG);
- £40k ecological species monitoring to cover specialised surveys to monitor the condition of species and habitats; and
- £30k eDNA kit and analysis costs used to survey ten ponds annually as well as work for the restoration of ten ponds.

14. Members should also be aware that a further report will be provided to your Committee's January 2026 meeting with an update on officers' progress in assessing the impact and addressing the current shortfall in the charity's proposed draft revenue budget for 2026/27. This will include assessment of potential funding sources such as Transformation Funding and/or a request for additional capital funding (for essential one-off equipment and/or motor vehicle purchases) to mitigate the shortfall, with a view to adjusting the charity's grant from City's Estate in time for the 2027/28 budget setting process. In addition, where it is assessed that the shortfall cannot be fully met, a request may be formalised to Finance Committee to increase the budget envelope for local risk elements (i.e. the core unrestricted revenue grant).

### **Staffing Statement**

15. Analysis of the movement in staff related costs are shown in Table 3 below:

**Table 3 – Staffing Statement**

<b>Original Budget 2025/26</b>		<b>Latest Budget 2025/26</b>		<b>Original Budget 2026/27</b>	
<b>Staffing Full-time Equivalent</b>	<b>Estimated Cost £000</b>	<b>Staffing Full-time Equivalent</b>	<b>Estimated Cost £000</b>	<b>Staffing Full-time Equivalent</b>	<b>Estimated Cost £000</b>
<b>88.10</b>	<b>4,682</b>	<b>94.10</b>	<b>4,751</b>	<b>95.27</b>	<b>5,000</b>

**Cyclical Works Programme**

16. Table 4 below details the budgets held and proposed for the City Surveyor's CWP and building repairs & maintenance:

**Table 4 – CWP & City Surveyor Local Risk  
Epping Forest**

	<b>Original Budget 2025/26 £'000s</b>	<b>Latest Budget 2025/26 £000's</b>	<b>Original Budget 2026/27 £'000</b>
Cyclical Works Programme (CWP)	1,769	1,395	2,808
Planned & Reactive Work – Breakdown & Servicing (City Surveyor Local Risk)	384	384	397
Cleaning (City Surveyor Local Risk)	67	67	70
<b>Total CWP and City Surveyor</b>	<b>2,220</b>	<b>1,846</b>	<b>3,275</b>

**Grant Funding from City's Estate**

17. Please note that as part of the move to the Grant Funding model, the charity's total proposed grant funding from City's Estate amounts to £9.521m for 2026/27, an increase of £1.324m (16.15%) compared with the 2025/26 original budget. A reconciliation setting out how the grant has been calculated for 2026/27 can be found in Appendix 2. The grant from City's Estate is comprised of the following elements:

- Core Grant (Local Risk) - £4.100m – an increase of £480k (13.26%)
- Additional Grant (City Surveyor Works) - £3.275m – an increase of £1.055m (47.52%)
- Additional Grant – Recharges and Support Services - £2.116m, a reduction of £241k (10.22%)
- Additional Grant (Central Risk) - £20k – an increase of £20k
- Climate Action Strategy funding for leaky dam installations and vegetation clearance and thinning - £10k – an increase of £10k.

18. Please note that the grant does not include funding for depreciation as funding for any capital expenditure has previously been provided to the charity relating to the total purchase price of assets in the year that the expenditure took place. Depreciation is however funded from the charity's designated reserve held for tangible fixed assets with the £541k depreciation budgeted for 2026/27 as shown in Appendix 1 being funded from this reserve.

### **Draft Capital and Supplementary Revenue Project budgets for 2026/27**

19. The latest estimated costs of the current approved Capital and Supplementary Revenue Projects are summarised below in Table 5:

**Table 5 – Epping Forest Draft Capital and Supplementary Revenue Project budgets - 2026/27**

Service	Project	Exp. Pre 01/04/25 £'000	2025/26 £'000	2026/27 £'000	2027/ 28 £'000	Later Years £'000	Total £'000
Epping Forest	Baldwins & Birch Hall Pond	239	202			-	441
Epping Forest	Epping Forest H & V Works		325				325
Epping Forest	CAS Carbon Removals	209	541				750
Epping Forest	Epping Forest Various Sites - BEMS Upgrade Phase 2	20	119				139
Epping Forest	Epping Forest Roof Works		758		-	-	758
<b>TOTAL EPPING FOREST</b>		<b>468</b>	<b>1,945</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,413</b>

20. 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 2026.

### **Corporate & Strategic Implications**

Strategic implications – none

Financial implications – none

Resource implications – none

Legal implications – none

Risk implications – the net local risk budget (core unrestricted grant) has been set at a level which will make it challenging to breakeven in 2026/27 (and in future years) without calling on reserves. This may therefore negatively impact delivery of core operations where additional cost savings and/or additional income are not achieved.

Equalities implications – none



Climate implications – none

Security implications – none

## **Conclusion**

21. This report presents the proposed draft revenue and capital budgets for 2026/27 for Epping Forest charity for Members to consider and approve.

## **Appendices**

- Appendix 1 – Statement of Financial Activities (SOFA) – Epping Forest
- Appendix 2 – Movement between 2025/26 and 2026/27 City's Estate Grant – Epping Forest

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