

# City of London Corporation Committee Report

<b>Committee(s):</b> Natural Environment Board	<b>Dated:</b> 11/12/2025
<b>Subject:</b> Operational Finance Progress Report - Quarter 2 (September 2025) 2025/26 – Natural Environment Division	<b>Public report:</b>  For Information
<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>	Chamberlain
<b>Report author:</b>	Clem Harcourt, Chamberlain's Department

## Summary

This report provides an update on the operational finance position for Quarter 2 for 2025/26 for the Natural Environment Division's (including City Gardens) revenue budget to date to the end of September 2025 and projected year-end outturn position, current live capital projects and outstanding debt position. It also provides additional information on the various reserve funds held and other relevant finance information for the Natural Environment Division services and Charities which fall within the remit of your Board.

As part of the ongoing Charity Review, future training sessions will be designed for both Members and Officers on key aspects of charity finance.

## Recommendation(s)

Members are asked to:

- Note the content of this report and its appendices.

## Main Report

### Background

1. For additional context, various financial appendices and commentary have been produced to enable greater clarity of revenue budgets and other financial information needed to allow greater scrutiny of the financial performance of the Natural Environment Division and City Gardens as well as to provide assurance that the Executive Director Environment remains within her local risk resources for 2025/26.
2. To ensure your Board is kept informed, an update on progress made against budgets as well as other financial matters will be reported to you on a periodic (quarterly) basis. This approach will allow Members to ask questions and have a timely input into areas of particular importance to them.
3. Members should also note that detailed information regarding the financial position of individual Natural Environment charities will be reported separately to the relevant service committees.
4. Please be advised that in the report below, income and favourable variances are represented by brackets, whereas figures without brackets indicate expenditure or adverse variances.

### Revenue Operating Budget – 2025/26

5. The budget for the Natural Environment Division (including City Gardens) for 2025/26 amounts to £27.284m net expenditure. Actual net expenditure as at September 2025 amounted to £12.163m with a current forecast outturn for 2025/26 of £27.575m net expenditure. This amounts to a projected net overspend for 2025/26 of £291k, equivalent to 1.07% of the total net expenditure budget.
6. A summary of the revenue budget position for 2025/26 is shown in Table 1 below, with further detailed information provided in Appendix 1, including reasons for significant budget variances. Information has also been presented in a way that distinguishes between expenditure and income budgets in line with best practice for the financial reporting of charities. Please note that the information presented below comprises operating revenue budgets (local and central risk) as well as budgets for recharges and support services and repairs and maintenance budgets managed by the City Surveyor.

**Table 1 – Revenue Operating Budget Summary – 2025/26**

	<b>Budget</b>	<b>Actual –</b>	<b>Forecast</b>	<b>Budget</b>	<b>Variance</b>
	<b>£'000s</b>	<b>Sep 2025</b>	<b>Outturn</b>	<b>Variance</b>	<b>%</b>
		<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	
<b>Gross Expenditure</b>	40,586	17,522	41,456	870	2.14
<b>Gross Income</b>	(13,302)	(5,359)	(13,881)	(579)	(4.35)
<b>Net Expenditure</b>	27,284	12,163	27,575	291	1.07

7. As can be seen from the table above, the Natural Environment Division and City Gardens are currently forecasting a total net overspend of £291k compared with the total net expenditure budget for 2025/26. Members should note that this represents an improvement of £115k compared with the projected overspend of £406k as at June 2025 reported previously to your Board. The budgetary position for the Environment Department as a whole will be kept under review for the remainder of the current financial year to ensure that the Executive Director Environment remains within her local risk resources for 2025/26.
8. The primary reasons for the projected overspend are set out below:
- £160k projected net overspend for The Monument which is attributable to income from admissions having not yet returned to pre-pandemic levels. Members should note however that this represents an improvement of £35k compared with the position reported to the end of June 2025. Additional income is now forecast as a result of an increase in visitor numbers at The Monument which will help to offset the overspend currently forecast for 2025/26. Please also be aware the Natural Environment Division are currently exploring future options to address the existing budget shortfall with discussions ongoing regarding the potential transfer of The Monument to another department.
  - £153k forecasted overspend at City Gardens largely explained by an overspend on employment budgets following a staffing budget adjustment accumulated from previous years.
  - £122k additional expenditure projected on the Cyclical Works Programme (CWP) managed by the City Surveyor comprising £87k at City Gardens following the rephasing of works at sites including St. Bride's Churchyard and Portsoken Street and £35k at Keats House for rephasing of CWP projects including for roof works. Please note that the CWP does not form part of the City Surveyor's local risk budget, and any variances will be carried over to 2026/27. Variances on budgets are adjusted for the life of the programme to allow for the completion of works which can span multiple financial years.
  - £65k overspend on budgets managed by the Highways Division relating to the cyclical cleaning, safety checks and maintenance of irrigation sites and ornamental fountains at the City's Open Spaces.
9. The projected overspend for 2025/26 is partly mitigated by a (£198k) underspend currently forecast at Hampstead Heath which can be explained by additional income generated from filming and car parking as well as savings in employment costs arising from vacant posts.

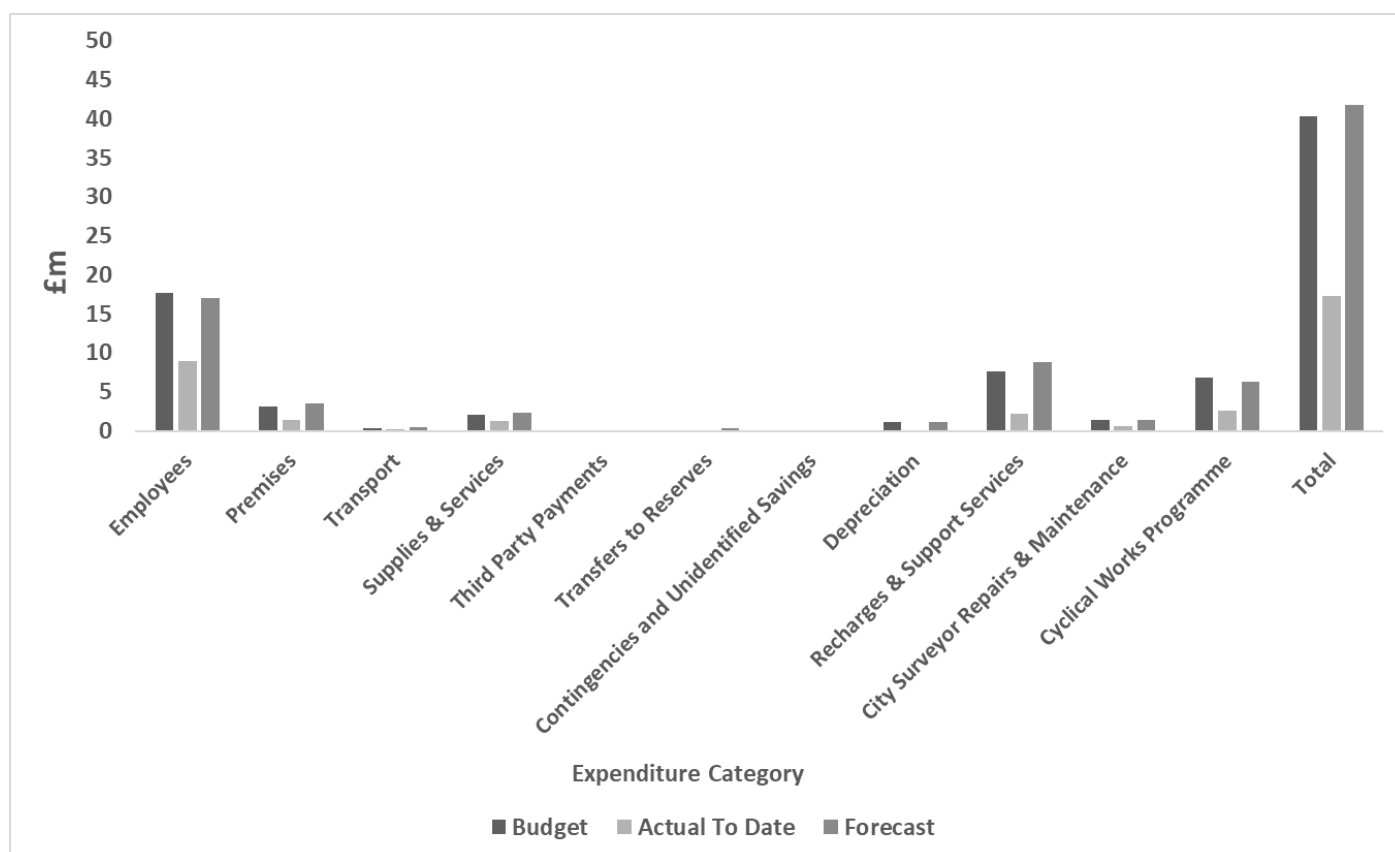
## **Expenditure**

10. As at September 2025, total gross expenditure for the Natural Environment Division and City Gardens amounted to £17.522m. This represents 43.17% of the total gross expenditure budget for 2025/26 of £40.586m.

11. For 2025/26, the Natural Environment Division are currently forecasting total gross expenditure of £41.456m amounting to an overspend of £870k, 2.14%, compared with the total gross expenditure budget for 2025/26 of £40.586m.

12. Graph 1 below provides a summary of the different categories of expenditure incurred to September 2025 along with current forecasts for 2025/26.

**Graph 1 – Expenditure Categories – Natural Environment Division – 2025/26**



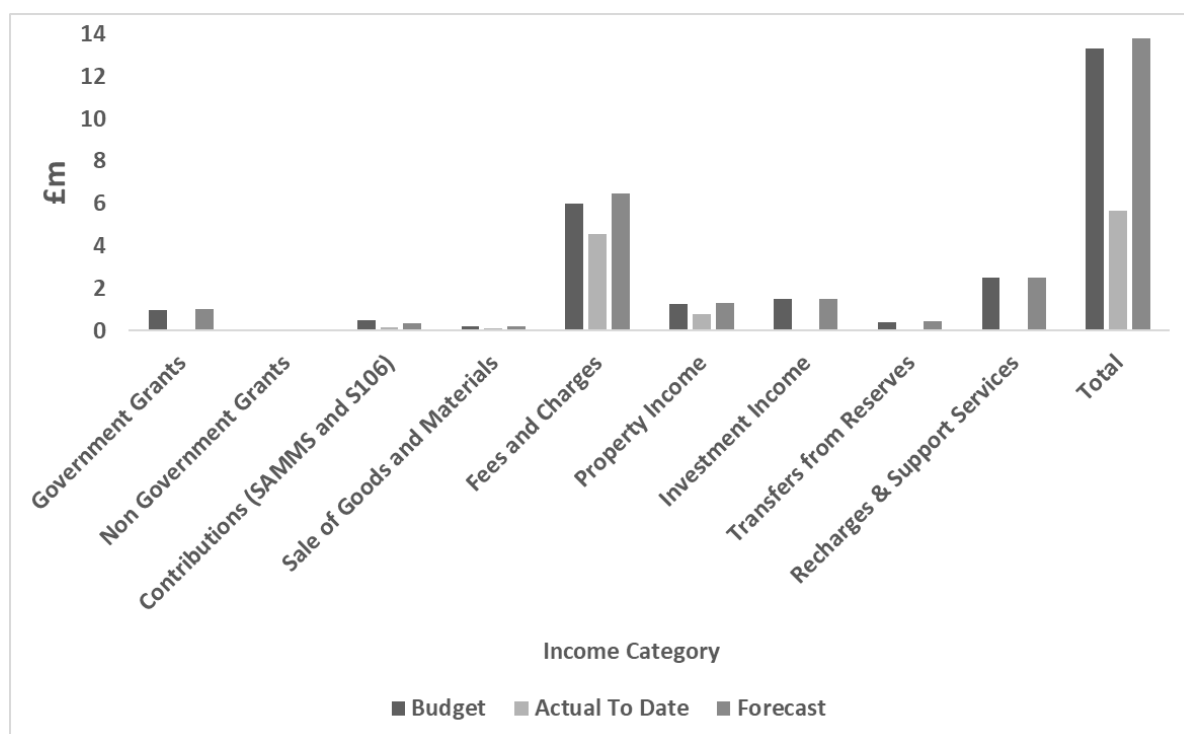
## Income

13. As at September 2025, total gross income for the Natural Environment Division and City Gardens amounted to (£5.359m). This represents 40.29% of the division's total gross income budget for 2025/26 of (£13.302m).

14. For 2025/26, the Natural Environment Division are currently forecasting total gross income of (£13.881m), amounting to an increase in gross income of (£579k), (4.35%), compared with the latest gross income budget of (£13.302m).

15. Graph 2 below provides a summary of the different categories of income received to September 2025 along with current forecasts for 2025/26.

**Graph 2 – Income Categories – Natural Environment Division – 2025/26**



## Capital Projects

16. Appendix 2 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 Committee 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.
17. Out of a current approved budget of £13.373m, £9.612m has been spent or committed to date, leaving a remaining budget of £3.761m to progress the various projects to the next project gateway, release of further capital funds or completion.

## Outstanding Debts

18. At the end of September 2025, total outstanding debts for the Natural Environment Division and City Gardens was £107,431. 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 division’s outstanding debts over 120 days over the previous six-month period. As can be seen from the graph, debts over 120 days amounted to £22,568 in September 2025, a reduction of £3,321 (12.83%) compared with

August 2025 and a total decrease of £13,400 (37.26%) over the previous six-month period. The reduction in debts over 120 days compared with April 2025 can largely be attributed to a reduction in amounts owed by customers at Keats House, Hampstead Heath and City Gardens.

**Graph 3 – Outstanding Debts Over 120 Days – April to September 2025**



19. Table 2 below also provides a breakdown of outstanding debts over 120 days according to each section of the division.

**Table 2 – Natural Environment Outstanding Debts Over 120 Days – September 2025**

<b>Section</b>	<b>Outstanding Debts Over 120 Days</b>	<b>% of Total Debt Outstanding Over 120 Days</b>
Burnham Beeches	£5,210	23.09
City Gardens	£220	0.97
Epping Forest	£3,635	16.11
Hampstead Heath	£11,104	49.20
Highgate Wood	(£3)	(0.01)
Keats House	£228	1.00
Learning Team	£1,485	6.58
Queen's Park	£419	1.86
West Ham Park	£367	1.63
West Wickham & Coulsdon Commons	(£97)	(0.43)
<b>Total Outstanding Debts Over 120 Days</b>	<b>£22,568</b>	<b>100.00%</b>

20. As can be seen from the table above, debts over 120 days include £11k owed from debtors at Hampstead Heath. This predominantly relates to amounts owed from utility providers with such debts currently being chased.
21. Meanwhile, outstanding debts over 120 days of £5k at Burnham Beeches and £4k at Epping Forest largely consist of historical wayleave debts such as motorgates which are currently being reviewed. Please also note that provisions for these debts are currently held in the event that there is a requirement for such debts to be written off.

### **Charity Funds (Restricted, Unrestricted, Designated and Endowments)**

22. Appendix 3 (Epping Forest and Commons Committee) and Appendix 4 (Hampstead Heath, Highgate Wood & Queens Park Committee; West Ham Park; and Keats House) lists the various restricted, unrestricted, designated and endowment funds held by each charity. It details the opening balance for 2025/26 and any movements in the current financial year to date. Appendix 3 and Appendix 4 also provide a definition for each type of charity reserve fund.
23. A summary of the current balances held by each Natural Environment charity for each type of reserve fund is shown below in Table 3:

**Table 3 – Natural Environment Charities Reserve Funds Summary – September 2025**

	<b>Restricted</b>	<b>Unrestricted</b>	<b>Designated</b>	<b>Endowments</b>	<b>Total</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Ashtead Common	£411	£0	£23	£0	£434
Burnham Beeches	£1,517	£4	£953	£0	£2,474
Epping Forest	£1,558	£572	£7,652	£0	£9,782
Hampstead Heath (inc. Hampstead Heath Trust)	£81	£11	£22,493	£40,459	£63,044
Highgate Wood and Queen's Park	£0	£200	£297	£0	£497
Keats House	£137	£157	£44	£0	£338
West Ham Park	£0	£0	£800	£0	£800
West Wickham and Coulsdon Commons	£54	£4	£672	£0	£730
<b>Total</b>	<b>£3,758</b>	<b>£948</b>	<b>£32,934</b>	<b>£40,459</b>	<b>£78,099</b>

24. Members should be aware that funds held by an individual charity cannot be consolidated or utilised by a separate charity. It is key that individual charity funds are not viewed as being available to be 'offset' against each other, bearing in mind the different objects held by each charity.

25. It should also be noted that the external audit of the 2024/25 accounts for the Natural Environment charities is still taking place and the opening balances shown for reserve funds in Appendix 3 and Appendix 4 may be subject to revision.

### **Contributions from City's Estate**

26. The existing funding model is for each charity's total net expenditure to be fully funded from City's Estate. This includes the cost of any capital expenditure incurred during the year as well any works managed by the City Surveyor under the CWP carried out over the year. It should be noted that any changes to the amount of expenditure incurred or income generated over the course of the year by an individual charity will have an impact on the overall contribution required by the charity at year end. The total contribution for each charity is therefore



calculated based on its **actual total net running costs for the year** in addition to any capital expenditure and CWP costs incurred.

27. Members should note that for 2025/26, both Epping Forest and West Ham Park have moved to a grant funded model with all other Natural Environment charities except for Keats House becoming grant funded from 2026/27. It is assumed that each charity will receive a grant for its operational (local risk) activity with other elements of the charity's budgets continuing to be deficit funded for the time being. A request for recommendation of approval of the principles is being presented to the relevant committees in November and December 2025 alongside reports requesting recommendation for approval of the 2026/27 budget estimates.

28. The table below details the actual level of contribution provided from City's Estate to each of the individual Natural Environment charities for the previous four financial years along with the current forecast projected for 2025/26. Please note that funding provided by City's Estate is unique to each individual charity and cannot be used to offset the level of funding provided to a separate charity. Please also be aware that the figures shown in Table 4 for 2024/25 are currently provisional as the external audit for the Natural Environment charities has not yet been completed.

**Table 4 – Contributions from City's Estate – 2021/22 to 2025/26**

	2021/22	2022/23	2023/24	2024/25 (Prov.)	2025/26 (Est.)
	£'000s	£'000s	£'000s	£'000s	£'000s
Ashted Common	471	524	609	730	1,030
Burnham Beeches and Stoke Common	896	1,051	949	1,138	1,401
Epping Forest	4,527	4,879	6,573	8,400	10,220
Hampstead Heath	5,356	4,842	8,591	6,236	6,776
Highgate Wood and Queen's Park Kilburn	1,033	1,255	1,533	2,601	2,027
Keats House	292	394	324	572	386
West Ham Park	1,250	1,933	1,234	1,414	1,504
West Wickham Common and Spring Park Wood, Coulsdon and Other Commons	1,046	1,249	1,010	1,770	2,371
<b>Total Contribution from City's Estate</b>	<b>14,871</b>	<b>16,127</b>	<b>20,823</b>	<b>22,861</b>	<b>25,715</b>

29. As seen from the table above, there was an increase for 2024/25 in the total contribution from City's Estate to the Natural Environment charities. This amounted to additional contributions totalling £2.038m (9.79%) compared with the previous financial year. This increase can be attributed to increased expenditure on CWP projects across all charities to meet the backlog of works for projects falling under the CWP. This was on top of contributions to fund increased expenditure such as additional employment costs following cost of living pay rises to staff. Please note that the reduced contribution provided to Hampstead Heath compared with 2023/24 can be largely explained by one-off funding being provided to the charity in 2023/24 for capital expenditure incurred on the Parliament Hill Athletics Track Resurfacing project.

30. Table 4 also illustrates the increased contribution projected to be provided from City's Estate for 2025/26. Total contributions to the Natural Environment charities are forecast to increase by £2.854m (12.48%) compared with the provisional total contribution for 2024/25. This increase is explained by additional expenditure on works falling under CWP projects managed by the City Surveyor as part of the backlog of works as well as inflationary increases projected to be incurred on other expenditure headings such as staffing. The increase is also explained by extra capital expenditure forecast for Epping Forest in 2025/26 relating to capital projects including the Baldwins & Birch Hall Park Ponds project.

## **Corporate & Strategic Implications**

Strategic implications – none

Financial implications – none

Resource implications – none

Legal implications – none

Risk implications – none

Equalities implications – none

Climate implications – none

Security implications – none

## **Conclusion**

31. This report provides an update on the operational finance position for Quarter 2 for 2025/26 for the Natural Environment Division (including City Gardens) on a range of financial related matters to the end of September 2025.

## **Appendices**

Appendix 1 – Natural Environment Division and City Gardens Revenue Budget – 2025/26

Appendix 2 – Natural Environment Capital Projects 2025/26 – Quarter 2

Appendix 3 – Charity Funds (Restricted, Unrestricted and Designated) - Epping Forest & Commons Committee

Appendix 4 - Charity Funds (Restricted, Unrestricted, Designated and Endowments) - Hampstead Heath, Highgate Wood and Queen's Park Committee; West Ham Park Committee; and Keats House

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