



THE
ROYAL
PARKS

Annual Report and Accounts 2013-14



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Presented to the House of Commons pursuant to section 7 of the Government Resources and Accounts Act 2000

Ordered by the House of Commons to be printed on 10 July 2014.

HC 497

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Any enquiries regarding this publication should be sent to us at:

The Old Police House,
Hyde Park,
London, W2 2UH

This document is also available from our website at **www.royalparks.org.uk**.

Print ISBN: 9781474108478

Web ISBN: 9781474108485

Printed in the UK by the Williams Lea Group on behalf of the Controller of the Controller of Her Majesty's Stationery Office.

ID 26061402 07/14 41867 19585

Printed on paper containing 75% recycled fibre content minimum.

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Foreword

When asked, as I frequently am, which is my favourite Royal Park I always reply that it is impossible to choose between them. It is not the diplomat in me speaking but it simply reflects the unparalleled riches that the estate provides: the outstanding quality of the parks, their variety, diverse wildlife and contrasting landscapes.

The popularity of the parks, which extends well beyond this country, means ever increasing numbers of visitors to these amazing open green spaces. Every year they are discovered by new global audiences watching on television some of the ceremonial or high quality cultural and sporting events we host. It is therefore no surprise that images from the parks are being used as part of the *GREAT* campaign that showcases the very best of what Britain has to offer and encourages people from overseas to visit, study and do business with the UK. It is a privilege to be part of the campaign.

The beauty of the parks is not something we should take for granted. A neglected park is a very sad place and many of us have seen examples of once flourishing places that have been allowed to decline because of lack of support. While we are lucky that due to the hard work of our staff, contractors, volunteers, friends and supporters, the Royal Parks continue to flourish, the challenges become greater with each passing year. As our Government grant continues to reduce we must find ways to do more with less and seek out opportunities to increase revenue in ways that do not undermine the intrinsic qualities of the parks.

One such opportunity is events. The wide range of activities that take place in the parks each year are enjoyed by hundreds of thousands of people and generate significant income for reinvestment in the parks. We must however balance this with the need to protect the park environment and minimise the impact that events have on residents and visitors. This year we set out in “Hosting Major Events in the Royal Parks” the guiding principles by which we prioritise events and our approach to hosting them. We also set upper limits on the number of major events that we permit. We hope this will lead to improved understanding by event organisers of the importance we place on effective and consistent planning for events to minimise their impact, and a better understanding from stakeholders of the rationale for our approach to events.

An area of continued concern this year has been the threat to the parks from diseases such as *massaria*, *oak processionary moth*, and *acute oak decline* that can now be found across the estate. We have invested more resource to try and contain the impact of these diseases in the Royal Parks and protect our trees and landscapes.

One of my proudest moments last year was confirmation that The Royal Parks came top out of all Government bodies surveyed in the annual staff engagement survey. It showed that our staff continue to feel high levels of pride, passion and commitment to their roles despite the very real challenges the organisation faces. The survey did however highlight concerns over comparable pay and benefits which in turn impact on our ability to recruit and retain staff. This organisation could not run as effectively without this talented, knowledgeable group of people and I very much appreciate all they do to ensure that our Royal Parks are protected

and preserved for future generations. We need to ensure we remain an employer of choice and that our staff feel sufficiently rewarded and valued.

The development of Future Focus, an internal change programme, is supporting us in delivering our corporate priorities more efficiently and effectively in the face of new challenges. The programme covers a range of priority areas and builds on the skills, knowledge, experience and feedback of staff across The Royal Parks, ensuring ever closer collaboration and continuous incremental improvement.

In conclusion, while this has undoubtedly been a challenging year for The Royal Parks as we have faced diminishing grants, increased visitor numbers and the need to expend more resource on combating diseases and pests, this report does highlight many of our achievements. I now look forward to an equally demanding but no doubt exhilarating year ahead.

A handwritten signature in black ink that reads "Linda Lennon". The script is cursive and fluid.

Linda Lennon CBE
The Royal Parks Chief Executive
27 June 2014

Chairman's statement

I am very pleased to introduce The Royal Parks' Annual Report and Accounts 2013/14.

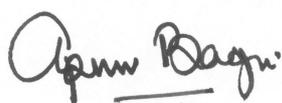
The report sets out the organisation's achievements over the past twelve months, but inevitably this covers only a small part of the wide range of activities that have taken place.

What is remarkable is that The Royal Parks has continued to maintain high quality parks and deliver exceptional services and activities at a time of significantly reduced Government grant. Where once the parks were almost fully funded by the taxpayer, the grant now covers only around 40% of the cost of running the estate.

This year, The Royal Parks has generated a higher proportion of its income than ever before. Without this income the parks could not be maintained to the standard our visitors expect and enjoy. Even with this revenue The Royal Parks still has a maintenance backlog of £38.4 million.

When The Royal Parks was set up as a Government Agency in 1993, I imagine few would have envisaged the transformation to the funding model that we see today. It is very unlikely that we will ever return to the fully taxpayer funded model of the past, so it is important that The Royal Parks has a structure that enables it to get best value from its existing commercial endeavours and is able to explore new opportunities to increase earnings. I therefore very much welcome the recent discussions that we have had with Government about potential new freedoms and flexibilities for The Royal Parks that would support its work, strengthen its funding model and ensure that its intrinsic qualities are maintained for future generations. This is an important initiative and I look forward to progressing this in the year ahead.

I and my Board colleagues are very grateful to The Royal Parks staff, in particular our Chief Executive, Linda Lennon, our contractors, volunteers, friends and other supporters for all they have achieved over the past year to ensure that the parks continue to be the very best in the world.



Apurv Bagri
Chair
27 June 2014

Introduction

The Royal Parks is responsible for managing and preserving over 5,000 acres of historic parkland across London, including valuable conservation areas and important habitats for wildlife.

The Royal Parks are: Bushy Park, The Green Park, Greenwich Park, Hyde Park, Kensington Gardens, The Regent's Park & Primrose Hill, Richmond Park, and St James's Park. The Royal Parks is also responsible for a number of other spaces in London, including Brompton Cemetery, Victoria Tower Gardens, the gardens of 10, 11 and 12 Downing Street, and Grosvenor Square Garden.

The Royal Parks was established on 1 April 1993 as an Executive Agency of the Department of National Heritage, renamed in July 1997 the Department for Culture, Media and Sport (DCMS). The 1993 Framework Document sets out the powers and responsibilities delegated to the Agency. A new Royal Parks Management Agreement was issued by DCMS in 2013.

Highlights from the eight Royal Parks

Bushy Park

Set to the north of Hampton Court Palace, Bushy Park is known for the historic Diana Fountain and the grand approach of Chestnut Avenue, designed by Sir Christopher Wren.

The park is home to more than 300 deer and has a distinctive landscape shaped by its many ponds and streams, at the heart of which lies the restored Upper Lodge Water Gardens.

A number of landscape and habitat improvements were completed in Bushy Park during 2013/14. The clearance of *Rhododendron ponticum* continued at the Woodland Gardens, and the Bog Garden was re-planted to a design conceived by third year apprentice Ben Dispirito. A new nursery area was created near River Lodge, to enable the propagation and growing of plants for the Woodland Gardens and provide opportunities to train volunteers and apprentices in horticultural skills.

Further habitat enhancements included: laying hedges along Dukes Head Passage; new fencing to protect veteran trees and to allow seedling thorns to regenerate; and bracken control to reclaim grassland. Work began on the construction of new iron tree crates, which will protect the trees on Lime Avenue from the deer for generations to come.

There were also a number of improvements to visitor facilities in the park. The Pheasantry Café re-opened in May following a substantial refurbishment, with significantly more space for visitors and excellent new menus.

Funding from the Royal Parks Foundation and Companion Cycling provided replacement facilities at the Stockyard, which will enable better management of visiting special needs groups.

Hampton Hill Cricket Club and the new changing accommodation at the National Physical Laboratory Sports Club were reopened and rebuilding work began at Teddington Town Sports Club. All pedestrian gates across the park have been redecorated this year.

Chestnut Sunday was a great success, as always, with an expanded range of attractions and around 10,000 visitors.

The Green Park and St James's Park

With their Royal and political associations, The Green Park and St James's Park provide the setting for state and ceremonial events. St James's Park is also famous for its pelicans and horticultural displays, while The Green Park offers a more peaceful retreat with areas of mature trees and shaded grasslands.

St James's Park and The Green Park have frequently been at the centre of both sporting and ceremonial events in recent years, and 2013/14 was no different. The parks hosted two days of cycling for the inaugural Prudential RideLondon event, developed by the Mayor of London

and his agencies to be one of the world's leading cycling events and a lasting legacy of the London 2012 Olympic and Paralympic Games. This included the finish of the Classic and Grand Prix races, bringing thousands of people into St James's Park and The Green Park over the two days. The Mall set the scene for the finish of the London Marathon, and St James's Park played host to the inaugural running event, BUPA Westminster Mile, starting on The Mall and finishing in front of Buckingham Palace. In the autumn the Queen's Baton Relay for the 2014 Commonwealth Games set out from the front of Buckingham Palace; and the Metropolitan Police held its Passing Out parade on Horseguards Road – the first time it has been held in this location.

In July we accommodated the world's media at Canada Gate, outside Buckingham Palace, for the birth of Prince George of Cambridge. We also managed a large turn-out from enthusiastic members of the public, many of whom had come to see the notice that was placed on the railings of Buckingham Palace for 24 hours, announcing the new Royal arrival. The media returned in October to catch a glimpse of Prince George on the way to his Christening at the Chapel Royal in St James's Palace.

Improvements to visitor facilities included the reopening of the refurbished Victoria Tower Gardens playground at the end of May, generously supported by the London Marathon Charitable Trust.

Electric street lighting on Birdcage Walk was renewed and resurfacing work was completed on the final section of The Mall. We restored Buckingham Gates and Buckingham Gate Lodge to include ornamental ironwork and gas lamps. We also refurbished the gates and railings at the Guards Division Memorial.

The London Ambassadors returned to the parks in July and August to provide information to the public, as they had done during the London 2012 Olympic and Paralympic Games.

Greenwich Park

Offering iconic views across London and the River Thames, Greenwich Park is part of the Greenwich Maritime World Heritage Site and home to the Prime Meridian Line and The Royal Observatory.

The Queen's Orchard opened to the public in April after careful restoration. The orchard, which dates back to the 17th Century, is planted with heritage fruit trees and has new gates, pathways and ponds. It is now open each Sunday from 1-3pm.

Also in April, the London Marathon once again followed its usual route, starting in Greenwich Park. The event was as busy as ever with thousands of people packing the park to see off the runners.

Award-winning garden designer Chris Beardshaw and gardeners from The Royal Parks started planting a spectacular new herbaceous border – the largest in London – at the front of historic Queen's House in March. Chris Beardshaw was appointed by The Royal Parks to completely redesign the 200 metre border, which dates back to 1925. The finished border will be divided by yew hedges and reflect the shapes of the historic buildings behind.

The ancient Queen Elizabeth Oak was dated by English Heritage this year using dendrochronology – the scientific method of dating trees by analysing growth rings. The tree was dated to 1300, proving that it was indeed around at the time of Elizabeth I. Possibly London's oldest oak tree, legend has it that Queen Elizabeth I dined in its hollow trunk.

The Pavilion Café reopened in the spring following the appointment of new catering concessionaire, Creative Taste. Creative Taste has carried out a complete refurbishment of the café and introduced a new menu, which is proving very popular with park visitors. The café is now open until 8pm in the summer months, and 8.30pm on Fridays for jazz and barbecue evenings.

Hyde Park

Perhaps the best known of all the Royal Parks, Hyde Park is host to large-scale events and concerts, yet also contains numerous quiet places to relax away from the crowds. With boating, tennis, outdoor swimming and ornamental flower gardens all on offer, the park provides a real retreat in the heart of the capital.

In July, Hyde Park hosted the British Summer Time concerts season, with a very exciting line-up including the Rolling Stones. In September the park provided a beautiful backdrop to the BBC Last Night of the Proms and a Radio 2 event that was extremely popular and sold out weeks in advance.

In September we also hosted the return of the final of the World Triathlon championship. Winter Wonderland, held over the Christmas period, was the most successful to date attracting over two million visitors during the six week season.

A host of improvements have been made to both the landscape and visitor facilities this year, including new floating reed beds on the Serpentine and a new spring herbaceous/fern garden at the tool shed shrubbery, east of the Cavalry Memorial. Planting includes a range of ferns, hostas, primulas, grasses, heucheras, liriopes and Japanese acers. A new irrigation system will ensure the ferns are kept moist throughout the summer.

A significant project that started in 2013/14 is the refurbishment of Speaker's Corner. This includes new trees, paving, railings, flower beds and resurfacing works. The flower beds are now protected by railings meaning they should be less susceptible to trampling and anti-social behaviour. This will enable the park team to plant a good display of herbaceous plants and some seasonal planting at the entrance to the park.

The Royal Parks Foundation raised money and support to plant well over 100,000 snowdrops in the park in March. The project received much positive interest from the press and public. Last autumn's daffodil planting project along Serpentine Road produced a stunning display in the spring and the bluebells from last year's planting project will produce a fantastic late-April display.

Kensington Gardens and Brompton Cemetery

Kensington Gardens combines wide open spaces with elegant tree-lined avenues. Home of fictional hero Peter Pan, the park also houses Kensington Palace, the Albert Memorial, and the Serpentine and Sackler Galleries. It is home to the Diana, Princess of Wales Memorial Playground that attracts a million visitors a year.

Work began on the improvements to the Round Pond in January. The Round Pond Project aims to emphasise the Charles Bridgeman Plan of 1734. A return to the original design, with a new kerb around the edge and the removal of the wide tarmac path leading to the pond, will help with sustainable management and maintenance and improve the visitor experience.

Following the improvements to the South Flower Walk at Snobs Crossing, similar works have been implemented to the west. Work started on the area by Snake Path in January and includes an upgrade of surfacing materials, a circular area for seating and improved planting. A final phase of works to the walk has also been planned.

Kensington Palace was a focal point for the world's media in June with the birth of Prince George of Cambridge. The Broad Walk was briefly transformed into a media village, with reporters camped out alongside satellite trucks, waiting for news of the new arrival.

The Diana Memorial Playground has continued to be a hugely popular attraction, with visitor numbers topping one million for the first time this financial year and new equipment installed. The allotment has also continued to attract visitors, thanks to the ongoing efforts of volunteers, staff and contractors.

The Royal Parks has been successful in applying for funding from the Heritage Lottery Fund (HLF) and the Big Lottery Fund (BIG) for the Brompton Cemetery Conservation Project. This funding will enable The Royal Parks to develop the project with local people and, if successful in round two, to implement sustainable improvement plans for the restoration of the built environment, including key buildings, and the conservation of landscape and wildlife. The plans also include improved access, new visitor facilities and the development of visitor activities and resources.

The Regent's Park and Primrose Hill

Celebrated for its rose gardens with more than 30,000 roses of 400 varieties, The Regent's

Park contains central London's largest outdoor sports area and largest wetland area. The park also houses the Open Air Theatre and London Zoo and neighbouring Primrose Hill offers spectacular views across the capital.

Marylebone Green Playground reopened in 2013 after a major transformation supported by the London Marathon Charitable Trust. In addition to some traditional playground equipment, there is now a carefully placed mature fallen tree to play on, a living willow tunnel, a spiral folly tower and many other features designed to engage the imagination as well as offer opportunities for physical activity.

For adults who want to keep fit, plans are progressing for improvements to Primrose Hill trim trail, an outdoor exercise space for people aged 15 years and older. The aim is to expand the existing capacity, with a greater variety of equipment and an improved surface. We have recently consulted with visitors and stakeholders on the proposals.

The Hub continued to flourish during 2013/14, providing more children and adults than ever with sporting opportunities. 2,600 children now play each Saturday in the Camden and Regent's Park League; and membership of the recently formed 'Regent's Park Royals' junior rugby club has grown to over 100 children this year. The clubs based here really help to bring the community into the park by engaging parents and carers, many of whom manage aspects of the clubs' activities or become accredited trainers.

In addition to all the sporting activity, there have been a number of improvements to the landscape of the park this financial year.

Queen Mary's Gardens has benefited from a new irrigation system after the previous system reached the end of its useful life and become too expensive to maintain. The new system will run off the park's own borehole and provide water for a greater area of the gardens.

Construction of a substantial new reed bed on the north western edge of Heron Island began during 2013/14. Covering an area of around 250m², this will be planted with 2,500 reeds in June.

The past year has also seen changes to the restaurants and cafes in Regent's Park. A new catering contract with Benugo began. Benugo also operate in the V&A, the British Museum and Hyde Park's Serpentine Bar & Kitchen. They are making a significant capital investment in the park's catering outlets and serve excellent food and drinks.

Richmond Park

The largest of all the Royal Parks at 2,500 acres, a National Nature Reserve (NNR) and Site of Special Scientific Interest (SSSI), Richmond Park is home to around 650 free-roaming deer as well as a number of protected species such as stag beetles and skylarks. The park has over 1,500 veteran trees and includes the most important area of lowland acid grassland in the Greater London region.

2013/14 has been an important year for improvements to landscape and habitat. A major programme of work continued at the Isabella Plantation, supported by the Heritage Lottery Fund (HLF) and the Big Lottery Fund (BIG). A number of projects in the main phase of improvement works are now complete: pond and stream improvements; installation of new paths; refurbishment of the disabled users' car park; and rebuilding of irrigation systems. Several community engagement events took place and a pilot scheme was launched providing a minibus shuttle to help improve access for people who might not otherwise be able to visit. Work also began on the new toilet block, shelter and interpretation boards.

At Pembroke Lodge, a new rose garden has been designed and built, including a new pergola. Substantial enhancements were carried out in the main car park at Pembroke Lodge. These are designed to resolve conflict between pedestrians and cyclists and provide better facilities

for bike storage. An informal hard surface car park area was created for disabled users. The western terraces at Pembroke Lodge have been repaired, with Yorkstone replacing the crazy paving. A new woodland walk has been planted in the southern part of the garden and the irrigation system has been replaced.

The ponds near Ham Gate were drained and de-silted and a new pond was created near Robin Hood Gate. Substantial areas of bracken were treated with herbicide to reduce encroachment into acid grassland, and work was carried out to protect ground-nesting skylarks in the central area of the park.

A programme of horse ride repairs has continued, supported by funding from the local equestrian community through the Richmond Park Charitable Trust. This work improves access for riders while restoring valuable parkland.

The new golf clubhouse opened to the public in summer 2013 followed by the new driving ranges in March 2014. A shared use footpath linking Chohole Gate to the main park near Robin Hood Gate opened during summer 2013, funded largely by Transport for London. Further details of the funding and accounting policy applicable to the new golf clubhouse are included in note 1.1b

Storms in Autumn-Winter 2013/14

During the autumn and winter of 2013/14, London was affected by three major storms. These caused significant damage to our trees with some 110 trees lost and numerous others losing substantial branches. Our emergency plans were put into action, with temporary park closures where required for public safety, and the undertaking of specialist inspections to identify and deal with damaged trees. Following operations to make trees safe the parks were quickly reopened. Over the next year appropriate replacement planting is being arranged.

Landscape Maintenance Contract re-let

During the course of the year the landscape maintenance contracts for all eight Royal Parks have been re-let through an open competitive tendering process. The landscape maintenance contracts are key to the delivery of the high horticultural standards that The Royal Parks is known for. The work is packaged into six contracts with a cumulative value of between £6.5m and £7m per annum. The tendering exercise was based on detailed specifications that had been the subject of a thorough review over many months. The new specifications sought to harmonise activities across the parks and identify innovation and efficiencies. The new contracts also seek to set stretching targets for areas such as recycling, where contractors will be required to recycle a minimum of 40% of general litter waste by the end of the second year of the contract.

Just under thirty companies registered to tender for the prestigious contracts and following a detailed evaluation of quality and price, the six contracts have been awarded to a total of three companies. The contracts have been awarded for a seven-year term (with the option of up to a three-year extension) and will commence in the summer of 2014. This set of

contracts is the most significant awarded by The Royal Parks and the procurement activity was a significant commitment of its staff time resource over 2013/14.

Events

Our eight Royal Parks have a long and historic tradition of hosting events. We host around 30 major events and hundreds of small events every year, including some of the most prestigious cultural, musical and sporting activities in the country, as well as a multitude of smaller and local community events throughout the parks.

2013/14 saw the launch of our new 10 day award winning Hyde Park event, British Summer Time, offering visitors a diverse range of entertainment in the open space including free health and wellbeing advice, outdoor cinema, cookery demonstrations and musical entertainment plus six ticketed concerts, the highlight of which was The Rolling Stones returning to Hyde Park after 44 years for two sell out nights.

We also held the seventh year of Hyde Park Winter Wonderland, with last year the highest attended and most successful year to date with over two million visitors enjoying the free to access festive destination.

Once again we welcomed the return of the London Marathon; BBC Proms in the Park; Radio 2 Festival; Taste of London, the international restaurant festival; and Frieze London and Frieze Masters Art Fair's in Regents Park.

In 2013 we helped launch the Mayor of London's new, free cycle event Prudential RideLondon. We also hosted the unique Aston Martin global centenary celebrations in Kensington Gardens.

Events provide a vital source of income to The Royal Parks. Without our event income we could not continue to maintain the parks to high standards. The unique settings of our parks are a major attraction to event organisers and managing the demand for events has become increasingly challenging.

As custodians of these unique spaces, we seek to balance the enjoyment and inclusion that events in open spaces can bring to the communities and visitors we serve locally, nationally and internationally, with the provision of spaces for quiet enjoyment and relaxation.

In March 2014 we published a strategy document, *Hosting Major Events in the Royal Parks*, to give clarity to stakeholders and event organisers about why we host events, the guiding principles by which we prioritise events, and our approach to hosting events. We have set upper limits on the number of major events that we host, based on our current funding model.

Our guiding principles reinforce the importance we place on minimising the impact of events on the park fabric and ecology, park users, local residents, park operations and ceremonial activities, as well as full and timely reinstatement. Our park specific criteria recognise that each park has its own distinct features and natural constraints that influence the type and

THE ROYAL PARKS – ANNUAL REPORT AND ACCOUNTS 2013-14

number of events that we will hold. Building on our engagement in 2013/14, we will continue to work with our stakeholders to address any concerns regarding events.

Supporting the Parks

I. The Royal Parks Foundation

The Royal Parks Foundation www.SupportTheRoyalParks.org

The Royal Parks Foundation is the charity for London's eight Royal Parks. The Foundation helps protect and enhance the parks; raises funds for projects focused on heritage, education, wellbeing and nature; and increases understanding of the value of the parks so that more people will wish to support and care for them. This is achieved with the help of wonderful teams of individual and corporate volunteers. The Foundation is very grateful to all of them for their energy and commitment.

Highlights of 2013/14 include:

Council for Learning Outside the Classroom Quality Badge

This year, the Foundation successfully applied for the Learning Outside the Classroom Quality Badge. The team is delighted to receive recognition for the engaging education and community programme it provides at the Isis Education Centre in Hyde Park.

The Royal Parks Foundation is very grateful to Halcyon Gallery who have continued their wonderful support as Principal Education Partner at the Isis Education Centre. Thanks to their generosity, the Foundation has invested more than £300,000 in education this year and reached out to 10,770 people of all ages. Activities have included a primary school education programme; a science programme targeting some of the most disadvantaged secondary schools in London, funded by the Eranda Foundation; the public art initiative Deckchair Dreams, sponsored by Bloomberg; teacher training in partnership with OCR examining board; plus a community programme that features, amongst other things, guided walks and work with special needs groups, supported by the Stavros Niarchos Foundation.

The Royal Parks Foundation Half Marathon and Ultra

Part of the Foundation's health & wellbeing programme, this continues to go from strength to strength and won Best Fundraising Event at the 2013 Third Sector Excellence Awards. Since its launch, the event has raised an estimated £18 million for around 400 charities across the UK, including the Royal Parks Foundation. Amongst other things, this has enabled the Trustees of the Foundation to commit to supporting a new post of Conservation Officer for The Royal Parks for the next three years.

Green Fingers in the Park

The Foundation has contributed to a variety of other projects across all eight parks. Grants have been pledged to support the deer herds, maintain statues, fountains and flowerbeds, and plant 250,000 bluebells, daffodils and snowdrops as part of the pilot programme Green Fingers in the Park, which brings together state, independent and special school children to plant bulbs and learn about the natural world.

2. The Royal Parks Friends, Volunteers and Supporters

The work of The Royal Parks has once again been enhanced by the invaluable, diverse contribution and assistance of its many supporters and volunteers.

The Friends Groups have continued to provide a range of support to each park including walks, talks, managing information points and running membership schemes. They also produce regular newsletters highlighting the work of the parks and some now have their own websites. The Chairs of the Friends Groups meet at least twice yearly with the Chief Executive providing independent advice on a range of issues, and have assisted in particular with the development of key strategies. Friends also had input into the HLF bid for Brompton Cemetery.

The 2013 review of volunteers identified that the numbers of volunteers who were involved either in supporting park-related activities or directly delivering services to the public had increased from 880 volunteers in 2008 to 1752 volunteers in 2013.

This year volunteers have been involved in a Grow your Own programme, with seven of the parks now having dedicated growing spaces. Each allotment is different and teaches both school children and members of the public about initiatives to grow vegetables and about general horticulture. These volunteers have also been instrumental in delivering high class produce, supporting public enquiries and promoting the harvest festival programmes.

Volunteering has also been extended beyond our usual list of biodiversity surveys and wildlife recording to include great crested newt and hedgehog surveys. In addition, volunteers have helped to measure the canopies of trees in Hyde Park and develop horticulture activities in the Queen's Orchard in Greenwich Park.

The Sounds of the Park project at Speakers Corner, Hyde Park involved 20 trained volunteers interviewing those participating in the public debate area. Additional volunteers have also been trained as part of the Isabella project at Richmond Park. In particular the Isabella 60th anniversary community project in August saw the collection of 65 interviews from members of the public who shared their experiences of growing up near the Isabella Plantation. This has added to the collection of oral history experiences.

In addition, volunteers have supported playground community consultation days, working closely with those responsible for the delivery of environmental, education and community engagement in the different parks. These have included Victoria Tower Gardens, South Carriage Drive and Marylebone Green playgrounds.

The Royal Parks Guild, whose membership is made up of people who have worked for or been associated with The Royal Parks, has supported Meet the Expert public engagement days and provided a training support for the volunteers who are working on the garden plots. It has also continued to recognise special achievements through, for example, its highly successful awards programme for apprentices.

Organisations such as Liberty Drives in Hyde Park and Kensington Gardens, Companion Cycling and the Horse Rangers Association in Bushy Park, and the Holly Lodge Centre in

Richmond Park all contribute to improving accessibility for people of all abilities to enjoy the parks.

3. The Royal Parks Education and Community Engagement Partners

The Field Studies Council (FSC), the Isis Education Centre and the Holly Lodge Centre provide environmental and heritage education services across six of the parks. Each of these agencies now has the quality assurance benchmark called LOtC (Learning Outside the Classroom) which assures all external teaching staff that the standard of education delivery attains a certain level. A new communication meeting structure called 'PIE' Partners in Education has been established and this meets four times a year.

There is a full programme of adult education across Regents Park, Greenwich Park and Bushy Park provided by the FSC. This also provides science training opportunities for volunteers who work in the educational facilities. The ISIS education centre also engages in adult learning programmes and the Holly Lodge Centre in Richmond Park specialises in working with people with special needs.

The HLF project at the Isabella Plantation has a PACE Partnership & Community Engagement Officer who reports directly to The Royal Parks and provides support for volunteers, development of community participation and educational resources at Richmond Park.

4. The Royal Parks Apprenticeship Scheme

During the year The Royal Parks Apprenticeship Scheme has continued to attract a lot of interest from both young people at the start of their careers and from career changers. Following a tender exercise in 2013, Warwickshire College was appointed as the new training provider for the scheme. The college commenced training in autumn with the new intake of apprentices. The education and training arrangements are progressing well, with the apprentices now travelling to Pershore in Worcestershire for block release studies. The scheme's annual celebration and prize giving was held in September and the management of the scheme continues to be effectively overseen by the Apprenticeship Board which comprises The Royal Parks, the colleges and the landscape maintenance contractors who run the scheme in partnership, with support from The Royal Parks Guild. There were approximately 16 apprentices employed on average across the year on the old and new schemes. Courses are on a modular basis and can take up to three years to complete.

Behind the Scenes

Better Buildings Programme

The Better Buildings Programme continued to develop and deliver projects that have increased the quality of key property assets as well as providing new public facilities and new income streams.

The historic Magazine building in Kensington Gardens reopened in the summer of 2013 as the new Serpentine Sackler Gallery and features a wonderful new extension by renowned architect Dame Zaha Hadid. Not only does this project deliver a new public service but it has also upgraded the building to modern standards and will supply a valuable income stream.

Four lodge refurbishments were completed during the year. There are now 21 lodges within the portfolio. A total net profit of £780,000 (excluding the cost of refurbishments) was generated through the year and this will increase in 2014/15.

Planning permission was obtained for the conversion of Hyde Park Corner Lodge into a catering outlet and the construction work started in March 2014. Again this is a good example of a Better Building project creating a new use for a previously under-utilised building and in so doing bringing it up to a new quality standard, providing a new public service and generating a valuable income stream.

Half way through the year work started on the feasibility of replacing the temporary buildings in the Roehampton area of Richmond Park. It is hoped that we will be able to upgrade the visitor facilities in this area whilst also providing substantial improvements to the surrounding landscape and habitats. Work also continued on the feasibility of using the Hyde Park Nursery grounds as a new income generating public facility. Work on both these long-term projects will continue through 2014/15.

Health & Safety

The Royal Parks has continued to look for ways to improve its Health and Safety (H&S) Management System, which has recently been upgraded from a HS(G)65 style management system, to one that complies with OHSAS18001 (an internationally recognised H&S management system standard). This new management system will be implemented across all departments over the year 2014/15. A Strategic Health and Safety Plan was developed for the year 2013/14 and has been successfully delivered.

Other projects undertaken by The Royal Parks Health, Safety & Environmental (HSE) Manager, in association with its retained external specialists, include the implementation of a new H&S e-learning system. This will now form the basis of the H&S Training Strategy and Plan for all The Royal Parks employees, complemented by other methods of training to provide a blended approach to H&S learning and staff development.

A new online accident and incident report tool, hosted on The Royal Parks Intranet System since April 2013, has improved both the quality of data collected and the speed at which these reports are actioned.

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The HSE Manager has ensured that a programme of internal audits has been undertaken for all parks and a number of The Royal Parks' suppliers. This aims to ensure that best practice is adopted and an ethos of 'continuous improvement' is embedded across the organisation.

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STRATEGIC REPORT

Section I –The Royal Parks objectives and governance framework

Accounts Direction

The accounts have been prepared under a direction issued by HM Treasury in accordance with section 7(2) of the Government Resources and Accounts Act 2000.

Description of the Business

History of The Royal Parks

On 1 April 1993, The Royal Parks was established as an Executive Agency of the Department of National Heritage, now the Department for Culture, Media and Sport (DCMS), and is accountable to Parliament through the Secretary of State for Culture, Media and Sport who sets its policy framework and key performance targets and determines its level of resource each year. The Mayor of London is responsible for appointing The Royal Parks Board.

Statutory Background

There are eight Royal Parks in London - St James's Park, The Green Park, Hyde Park, The Regent's Park and Primrose Hill, Greenwich Park, Richmond Park, Bushy Park and Hampton Court Parks and Kensington Gardens - managed by the Secretary of State for Culture, Media and Sport on behalf of HM The Queen. The Royal Parks form part of the hereditary lands owned by the Sovereign in right of the Crown. Various monarchs enclosed the parks during the fourteenth to seventeenth centuries, primarily for hunting or as parkland gardens. By virtue of the 1851 Crown Lands Act the Crown transferred the duties and the parks to the Commission of Works and Buildings and the management of the Royal Parks is now the responsibility of DCMS. The Royal Parks has responsibility for the management of all London's Royal Parks except Hampton Court Park, which is the responsibility of Historic Royal Palaces.

The Royal Parks is also responsible for managing Brompton Cemetery, Victoria Tower Gardens, Grosvenor Square Garden, Canning Green, Poets' Green and the Longford River (except in Hampton Court Home Park) and maintaining nos. 10, 11 and 12 Downing Street gardens.

Governance Structure

The Secretary of State for Culture, Media and Sport is the Minister responsible for The Royal Parks, supported by the Minister for Sport Tourism and Equalities. The Secretary of State determines policy objectives, financial framework and allocation of financial resources, including key targets, and also approves The Royal Parks Management Agreement. The Permanent Secretary is Accounting Officer for DCMS and has designated the Chief Executive as Accounting Officer for The Royal Parks.

The Royal Parks' Executive Committee

Executive Committee (ExCom)

The ExCom is responsible for the operational management of The Royal Parks and ensuring that the Senior Management Team is achieving organisational objectives. The names and roles of the ExCom members are shown below. The members of the Executive Committee are:

- Linda Lennon CBE - Chief Executive
- Colin Buttery - Director of Parks and Deputy Chief Executive
- Simon Betts - Director of Estates
- Greg McErlean - Director of Programmes, Projects and Information Services
- John Swainson - Director of Resources
- Liz Mullins – Change Programme Director

ExCom members are paid employees of The Royal Parks, appointed under Civil Service Management Code conditions, and all parks and sections are represented on ExCom.

The Board

The Royal Parks Board meets quarterly and provides a strategic overview, guiding and challenging The Royal Parks to ensure performance is maintained and improved. Appointments to the Board are made by the Mayor of London.

Non Executive Board members are not remunerated. The Board meets quarterly. Further details are also given in the Governance Statement.

The Chief Executive is responsible for the operational and strategic management of The Royal Parks and is directly accountable to the Secretary of State for Culture, Media and Sport and the Permanent Secretary for performance against its key targets and financial management.

Corporate Objectives and Performance Targets

The Royal Parks' objectives and performance targets are set by DCMS and are formally reviewed quarterly by the Executive Committee.

Corporate Objectives and Key Performance Targets 2013-14

1. To conserve and enhance sustainably, for the enjoyment of this and future generations, our world class natural and built historic environment and our biodiversity.
2. To engage with our visitors, stakeholders and partner organisations and understand their views.
3. To manage the Parks efficiently and secure investment in the Parks' assets and services through an appropriate combination of government funding, commercial income and philanthropy.
4. To be a centre of professional excellence where people want to work.

Details of performance targets are noted in section 2 below. Further information on the role of the Board is set out in the Governance Statement on page 40.

Section 2 – Our performance

The Royal Parks has offset grant in aid reductions from DCMS with increased self generated income. Overall costs this year are lower than the preceding year, when expenditure was higher due to hosting 2012 Olympic and Paralympic events. 2013-14 saw income rise mainly due to the success of major events, with the new BST summer concerts run by AEG and further growth in attendances at Winter Wonderland both increasing income to The Royal Parks, and increased catering income. There was a large programme of projects undertaken across the parks, which are referred to in more detail under park highlights. In the year The Royal Parks concessions funded and opened two major buildings, the new Richmond Golf clubhouse (by Glendale Golf plc) and the Serpentine Sackler Magazine Gallery and Restaurant. (by the Serpentine Gallery Trust and its sponsors). These facilities are now open to the public at no cost to the taxpayer.

The Chief Executive’s foreword on page 4 and the review of the year on pages 8 to 20 and pages 28 to 31 of this report, examine activities for the year ended 31 March 2014. Further details of plans are contained in The Royal Parks Corporate Plan.

Key Performance Targets 2013-14

Target	Status at April 2014
1.i Secure ISO 14001 accreditation by March 2014.	MET
1.ii Reduce the Accumulated Works Maintenance Liability (March 2010 - as amended 31st December 2012) by £500k by the end of March 2014.	MET
1.iii Increase the area of habitat under active conservation management by at least two hectares by end of March 2014 and undertake a minimum of four targeted surveys per annum to measure and record change in species richness and habitat quality.	MET
1.iv Complete over 90% of the instructed arboricultural works, relating to Oak Processionary Moth, ahead of the moth emergence in the summer of 2013.	MET
2.i Publish an interim stakeholder strategy by October 2013 tested against market research by March 2014.	MET IN PART. Interim strategy published in December 2013 and final strategy in March 2014.

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<p>3.i Generate commercial income of £16m and additional third party funding of £2m by 31 March 2014.</p> <p>3.ii Complete procurements that deliver future savings of at least £0.5m per annum.</p> <p>3.iii Secure first stage funding from HLF for improvements to Brompton Cemetery.</p>	<p>MET</p> <p>MET</p> <p>MET</p>
<p>4.i Improve the EFQM “People Results” score to a minimum of 51–60% by end March 2014</p> <p>4.ii Achieve an engagement index score of 73% in the Civil Service staff survey 2014 and improve by 10 percentage points the number of staff who state within that survey that they “want to stay working for The Royal Parks for at least the next three years.”</p> <p>4.iii Complete a skills audit of all Royal Park staff by the end of March 2014.</p>	<p>MET</p> <p>NOT MET The results of the survey have been published. The Royal Parks secured an engagement index score of 72%. Those who stated they want to stay working in The Royal Parks for at least the next three years went down by two points to 41%</p> <p>MET</p>

Section 3 - Financial Position of The Royal Parks

The Royal Parks is funded via the DCMS Supply Estimate. The Royal Parks allocation for 2013-14 (including a supplemental £1.3m Capital allocation confirmed in April 2014) was a resource budget of £14.575m (of which £2.3m was non-cash) plus £3.157m capital. £13.251m of grant in aid was actually received in year. It is anticipated that the balance of funding to pay creditors of £8.500m will be received from DCMS in 2014-15 and subsequent years, subject to Parliamentary approval (£7.619m in 2012-13). In 2013-14 £21.833m (£20.819m in 2012-13) was generated as income, including donated assets. Net operating costs in 2013-14 were £13.934m (£17.304m in 2012-13). In 2012-13 costs were higher due to hosting the 2012-13 Olympic and Paralympic events.

Section 4 - Trends and factors likely to impact on future performance

The Royal Parks has seen its grant in aid decline by 40% (allowing for inflation) from 2009-10 to 2015-16. We have been successful in growing self generated income across a range of sources to offset this reduction. We now self generate more than 60% of our expenditure needs. Most of the services provided in the parks are now outsourced, we continue to seek improvements in financial terms through competitive tendering, by entering into long term contractual relationships for many of these over periods typically 5-7 years duration. Increasingly income generating contracts include a fixed fee together with revenue or profit share terms. Cost contracts are mostly based on fixed priced terms, with some ability for The Royal Parks to flex volumes and with inflation clauses built in. As an agency The Royal Parks is unable to hold reserves or have any flexibility over carry over of any unspent funding to future years. The Royal Parks is exploring with DCMS future options for a different status, which might permit greater freedom and flexibility. The Royal Parks continues to seek third party funding of major improvements to our historic estate, a current example being HLF funding provided towards the restoration of Brompton Cemetery. The historic estate requires significant ongoing funding to maintain it in a good state, the current assessment is that there is a backlog of repairs of £43m. Any future reduction in income could see this backlog increasing.

Key Relationships with Partners that may affect The Royal Parks long term position

The Royal Parks Foundation (RPF), a separate legal entity and charity, fundraises for improvements to the parks, particularly for matched funding for major projects. Without continuing support from the Foundation such projects may not proceed. As a registered charity, the RPF can reclaim, from HMRC, an extra 25p for every £1 given by income tax payers under the Gift Aid scheme. The RPF is an independent organisation and does not meet the accounting control criteria for consolidation into The Royal Parks accounts.

Section 5 - Strategic Risks

The aim of risk management is to understand the risks that will impact on our ability to deliver the Corporate Plan and ensure that the necessary mitigating actions are taken to limit risk and optimise our ability to deliver.

The Executive Committee (ExCom) has identified key areas of risk and has in place reports and processes to underpin effective risk management. This is embedded at all levels within the organisation. Our risk management reports contain risk assessment (impact and probability) and highlight mitigation actions and management of residual risk. Long-term strategic risks will be reviewed alongside short-term operational risks, prioritising them appropriately to ensure that risks are captured and managed effectively to reduce their likelihood and, if triggered, to minimise impact. The key corporate risks are contained in The Royal Parks Corporate Plan. The principal risks which caused greatest concern during the financial year are:-

- a) diseases to our trees, such as Massaria, Oak Processionary Moth, where we undertake a programme of monitoring and control measures.
- b) staff retention and pay, due to ongoing pay restraint, we are increasingly reliant on temporary and contract resource to fill gaps in our capability.

- c) short term risks surrounding major procurements, where we have robust procurement processes supported by legal advice over both process, terms and awards.
- d) Financial funding risks associated with reduced government funding, self generated funding streams being uncertain, and without reserves to cushion short term variations in income and expenditure.

Further details of risk management are contained in the Strategic Report on page 26 and the Governance Statement on page 43.

Section 6 - Staff and social and community

Policy and Achievement of Policy on Employees

The Royal Parks’ policy states that all eligible persons shall have an equal opportunity for employment and advancement on the basis of their ability, performance and aptitude for the work. There shall be no discrimination on the grounds of an individual’s nationality, sex, race, colour, ethnic origin, religion, sexual orientation, marital status or disability.

Recruitment

Grade	Appointments (number)	Women (number)	Minorities (number)
I	3	1	
II	3	1	1
III	3	2	
IV and IV Upper	1	1	1
Total	10	5	2

The above posts were recruited in Fair and Open Competition in accordance with The Civil Service Commission Recruitment Principles, which are based on appointment to the Civil Service on merit. In addition, there was one transfer from another government department, two internal promotions and 11 fixed term appointments by way of exception to the Civil Service Recruitment Principles to cover specialist posts and backfill vacancies pending full recruitment campaigns.

In the last year, in line with the Civil Service strategy on Promoting Equality and Valuing Diversity, the Diversity Network reviewed and revised The Royal Parks Diversity Strategy and Implementation Plan. The Network has continued to meet quarterly and has used the meetings to focus on particular themes. One of the focuses for the group has been

accessibility and to understand this better the group visited different parks. We invited a speaker from “Attitude is Everything”, to give a presentation about access at large events. Additionally, some staff voluntarily completed access audits on park facilities. A presentation on social media provided an insight into how The Royal Parks is continuing to communicate with stakeholders and visitors across the world.

Information Technology, Health and Safety and Marketing communications are produced to advise staff of developments and best practice in these areas. Staff are encouraged to contribute articles for these documents.

The Royal Parks considers it very important that employees understand its operations, aims and objectives. ExCom meets formally at least ten times each year, and Directors disseminate key decisions to staff. Staff are encouraged to observe at the meetings. The Chief Executive visits all park locations on a regular basis and there is an annual staff conference. All staff have access to the Management Agreement and have the opportunity to input to the Corporate Plan.

Pensions

Details of pension arrangements are provided in the Remuneration Report.

Policy and Achievement of Policy on Social and Community Issues

The Royal Parks’ policies and activities seek to engage a wide range of communities and social groups. A full range of programmes and activities can be found at www.royalparks.org.uk.

Section 7- Environmental and sustainability

Policy and Achievement regarding Environmental Matters

Excellent environmental practices are at the heart of The Royal Parks’ work and it has achieved ISO 14001. A full range of programmes and activities can be found at www.royalparks.org.uk.

Sustainability

The Green Housekeeping Group was re-established to assist in delivering the renewed focus on sustainability. One of the key performance targets for the year was to secure accreditation to ISO 14001, an internationally recognised environmental management standard, for The Royal Parks for the first time since 2010. This was successfully achieved in March 2014. The Green Housekeeping Group has overseen a number of work streams including litter recycling, green waste composting and water management. There has also been a strong focus on resolving outstanding utility accounts and moving away from estimated accounts.

Collaborative Working

The Royal Parks has actively engaged in initiatives looking at changing behaviours around recycling, for example contributing to the Keep Britain Tidy report Which side of the fence are you on? and discussions with the All Party Parliamentary Group that looks at waste and recycling. Organisers and promoters of events in the Royal Parks have been encouraged to adopt sustainable practices such as the introduction of closed loop systems where there is close control of materials coming on site and waste is streamed into recycling facilities.

Waste

	2010-11	2011-12	2012-13	2013-14
TOTAL Non Hazardous Waste (tonnes)	2,359	2,291	3,309	3,253
Landfill	201	0	830	19
Reused/recycled	91	184	464	1,109**
Composted (percentage)	93.25%*	90+%	90+%	99%
Composted (Tonnage)			563.72	3,985***
Incinerated without energy recovery	0	0	1,583	0
Incinerated with energy recovery	109	114	440	2,125
Hazardous Waste (tonnes)	-	-	-	1
Landfill	-	-	-	-
Reused/recycled	-	-	-	-
Composted	-	-	-	-
Incinerated with energy recovery	-	-	-	-
Incinerated without energy recovery	-	-	-	1

*Non hazardous waste figure excludes composted tonnage

**Recycled figures include 400 tonnes of recycled soil from Regent's Park

***Includes central parks and Regent's Park compost figures

Water Consumption

The switch to greater use of abstracted water has continued. The apparent increase in supplied water consumption is primarily due to reconciliation of outstanding accounts from 2012/13.

	2010-11	2011-12	2012-13	2013-14
Water Consumption (Office Estate & Non-Office)				
Supplied	248,393	268,378	132,133	292,902
Abstracted	600,315	728,949	808,723	763,490

It is not possible with the current metering arrangements to separate office and non-office consumption.

Figures above as reported to DCMS as part of the sustainability monitoring annually.

Energy

The Royal Parks Green Fleet was reaching the end of its life with most vehicles reaching an age of eight years. Fuel efficiency decreased slightly as the number of vehicles with mechanical issues increased. A new vehicle fleet has been secured for delivery in April 2014 with a range of vehicles including electric and diesel cars making use of the latest euro diesel energy efficient engines. (Further information on commitments under operating leases is available in the notes to the accounts note 14.)

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	2010-11	2011-12	2012-13	2013-14
Gross Emissions (1,000 tonnes CO2)				
Electricity: Non-Renewable	0	0	0	0
Electricity: Renewable	1,515	1,528	1,600	1,210
Electricity: Renewable Office	498	473	423	403
Electricity: Renewable Non- Office	1,017	1,055	1,177	807
Gas				
Gas: Total	72	26	37	31
Gas: Office	39	21	27	23
Gas: Non-Office	33	5	10	8
Fleet Fuel (LPG, Diesel and Petrol)*	0.048	0.041	0.036	0.38
Other				

Figures above as reported to DCMS as part of the sustainability monitoring each month.

* Not reported to DCMS in the same way.

Utility and Fuel costs

	2010-11	2011-12	2012-13	2013-14
	£k	£k	£k	£k
Gas	177	145	174	136
Electricity	310	379	502	421
Water	418	416	378	412
Fuel	39	37	42	43
Total	944	977	1,096	1,012

General Waste

In 2013/14 the landscape maintenance contracts were re-let with new specifications with a much tougher regime of recycling targets including a target of recycling 40% of general waste. This target is to be achieved in partnership with the contractors within the first two years of the contract. The target recognises that dog waste, for example, will be excluded as currently there is no recognised recycling option (dog waste primarily being sent for incineration).

We have a waste management hierarchy which seeks to reduce, reuse, recycle, or recover. Although some on site segregation of recyclable material is undertaken by the public, the majority of general waste goes off site for segregation and the small volumes that cannot be separated are used to generate energy rather than go to landfill.

Green Waste

We aim to compost in excess of 90% of green waste where possible and this has been consistently achieved. The green waste that cannot be recycled falls into the category of being mixed with other waste or in rare cases contaminated, meaning it has to go into another waste stream.

Shared Use of Buildings

A number of The Royal Parks buildings are shared with other organisations, such as the Metropolitan Police. In buildings where there are no separate metered supplies, energy consumption figures are split on the basis of proportions of occupancy of the building.

Events

Energy used at events hosted by a Royal Park is provided through the use of mobile generators and bottled gas supplies. Events are managed by third parties and their energy consumption is not included in the tables above. Water consumption of both mains water and grey water is separately metered and is contained within the organisation’s overall water consumption data.

Park Lighting

The energy consumption for electrical lighting on paths and roads is calculated based on hours of operation and the wattage of the lighting units. For gas lighting, supplies are metered.

Metering Variations

As some accounts have been based on estimated readings, the year-to-year metering figures can be misleading where these accounts are in dispute or awaiting resolution. The overall energy consumption during an extended period provides a better indication of energy efficiencies.



Linda Lennon CBE

Chief Executive

27 June 2014

DIRECTORS REPORT

Treatment of Pension Liabilities in the Accounts

The Royal Parks policy for the treatment of pension liabilities in the accounts is explained in the notes to the accounts note 1.1.e.

Further details of Civil Service pension arrangements are contained within the remuneration report.

The Board

The current Board members are:

- The Hon Apurv Bagri (Chair) - Group Managing Director, Metdist Ltd
- Ruth Anderson - Non-Executive Director, Ocado Group PLC
- Roger Bright CB - Former Chief Executive of The Crown Estate
- Andrew Fenwick - Vice Chairman, Brunswick Group LLP
- Sir Andrew Ford KCVO - Comptroller, Lord Chamberlain's Office
- Councillor Sarah Hayward - Leader of the Borough of Camden
- Wesley Kerr – Broadcaster and Writer (from August 2013)
- Sue Moore - Marketing Consultant (until June 2013)
- Councillor Chris Roberts - Leader of the Borough of Greenwich (Until 11 June 2014)
- Councillor Philippa Roe - Leader of Westminster City Council
- Lord True - Leader of the Borough of Richmond
- Linda Lennon CBE - Chief Executive, The Royal Parks
- John Swainson - Director of Resources, The Royal Parks

Further information on directors and changes during the year is set out between pages 40 to 42.

Further information on related party transactions is available in the notes to the accounts note 15.

Register of Interests

Registers of Interest are maintained for the Board, ExCom and the Audit Committee.

Sickness and Absence

We operate a sickness absence policy with similar provisions to those offered in the Civil Service.

Employees who are absent due to sickness are paid for a defined period providing they have complied with our sickness reporting and notification rules. Staff are paid at their normal rate of pay for periods of sickness absence up to a maximum of six months in aggregate in any calendar year and thereafter half normal pay for six months' sickness absence provided that they have not had more than 12 months sickness absence on half-pay in any four-year period. For the year ending 31 March 2014 there were five long term sick absence cases within The Royal Parks (2012-13 five cases). The average rate of sick absence for The Royal Parks staff is three and half days per member of staff excluding the long term sickness (2012-13 four days).

Personal Data Related Incidents

Information security risk is managed through the Information Assurance Policy, which all staff must comply with. During the year we reassessed our data security and adopted a prioritised action plan to ensure procedures were compliant with Cabinet Office mandatory requirements. Information Assurance training was provided to all staff. Our policies and processes were measured against the annual Security Policy Framework and Information Risk return which was completed and reported compliance with Cabinet Office requirements.

No data losses were formally reported by The Royal Parks to the Information Commissioner's Office in 2013-14.

Payment of Creditors

The Royal Parks aimed to settle all valid invoices within 30 days of receipt (as specified in the CBI code) until December 2008 when the Cabinet Office issued instructions for the payment target to be set at 10 days, excluding disputed invoices. The Royal Parks achieved an average payment target of 14 days (2012-13 15 days) which includes disputed invoices, which cannot be separated in the statistics.

External Auditor

The accounts are audited by the Comptroller and Auditor General in accordance with the Government Resources and Accounts Act 2000.

No non audit work was carried out by the auditors during the year.

Disclosure of Information to Auditors

(a) So far as I, the Accounting Officer, am aware, there is no relevant audit information of which the entity's auditors are unaware, and

(b) I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information. 'Relevant audit information' means information needed by the entity's auditor in connection with preparing the audit report.



Linda Lennon CBE

Chief Executive

27 June 2014

REMUNERATION REPORT

The Royal Parks does not have a Remuneration Committee. Pay for the Chief Executive and Deputy Chief Executive is determined by the arrangements for Senior Civil Service (SCS), whilst other senior managers' (including Non SCS directors) pay and bonuses are determined as part of the annual pay remit process. Settlement of the latter is negotiated with the Trade Unions.

The Chairman of the Board and the Chief Executive meet annually to discuss the performance of Directors.

DCMS is responsible for the recruitment and employment of the Chief Executive and Deputy Chief Executive, taking advice from the Mayor of London and Chair of the Board as appropriate. All matters relating to their salaries are dealt with in accordance with DCMS policies and procedures. The Chief Executive's and Deputy Chief Executive's bonuses are determined by DCMS.

Other senior managers, below SCS, are paid employees of The Royal Parks, under the Civil Service Management Code conditions. The Director of Marketing Communications and Commercial was appointed on a fixed term contract from 7 November 2011 to 30 June 2013.

Contracts of appointment are open-ended and the notice period is between one and three months. There are no special terms for early termination of contracts, although the terms and conditions of the Principal Civil Service Pension Scheme (PCSPS) apply in respect of early retirement and severance. Details can be found at www.civilservice-pensions.gov.uk.

The performance appraisal system, called the Appraisal Development Report, is based on the assessment of individual achievements against current objectives. Appraisals are carried out at six monthly intervals with other meetings as required, and an annual performance assessment is used as a basis for awarding performance-related pay.

The Royal Parks is subject to public sector pay policy and takes into account the directives on pay and related matters issued by HM Treasury. We currently set aside approx 1.1% of total salary for non-consolidated awards.

With effect from 1 September 2013, a pay award averaging 1% was implemented, the maximum allowed by HM Treasury.

The following sections provide details of the remuneration and pension interests of the Chief Executive, Executive Board members and ExCom members of The Royal Parks.

The figures in this Remuneration Report have been audited.

Remuneration of Senior Managers

Single total figure of remuneration								
	Salary £000		Bonus Payments £000		Pension Benefits to nearest £000*		Total £000	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Linda Lennon <i>Chief Executive</i>	80-85	80-85	5-10	–	-2,000	60,000	85-90	140-145
Colin BATTERY <i>Deputy Chief Executive and Director of Parks</i>	70-75	75-80	–	–	13,000	45,000	85-90	120-125
Simon Betts <i>Director of Estates</i>	65-70	60-65	0-5	0-5	9,000	11,000	75-80	75-80
Greg McErlean <i>Director of Programmes, Projects and IS</i>	65-70	65-70	0-5	0-5	17,000	24,000	80-85	90-95
John Swainson <i>Director of Resources</i>	55-60	55-60	0-5	0-5	18,000	23,000	75-80	75-80
Margaret Harper <i>Director of Communications and Commercial (to 30th June 2013)</i>	15-20 (full year equivalent 65-70)	60-65	–	–	5,000	26,000	20-25 (full year equivalent 70-75)	85-90
Liz Mullins <i>Change Programme Director</i>	60-65	65-70	0-5	0-5	17,000	30,000	80-85	100-105

*The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights

Remuneration

Salary includes gross salary, overtime, reserved rights to London weighting or London allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by The Royal Parks and thus recorded in these accounts. Bonuses relate to the year in which they become payable.

None of the above staff received benefits in kind.

Pay Ratio

	2013-14	2012-13
	Remuneration £000	Remuneration £000
<i>Band of Highest Paid Director's Total Remuneration £000</i>	85-90	80-85
<i>Median Total Remuneration £000</i>	31	31
<i>Ratio</i>	2.86	2.63

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

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The banded remuneration of the highest-paid director in The Royal Parks in the financial year 2013-14 was £85,000-90,000 (2012-13, £80,000-85,000). This was 2.86 times (2012-13, 2.63) the median remuneration of the workforce, which was £30,542, (2012-13, £31,161).

No employees received remuneration in excess of the highest-paid director during 2013-14 or 2012-13.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The ratio is calculated by dividing the midpoint of the highest paid director's remuneration band by the median of the total annualised March 2014 remuneration of all staff (permanently employed and others). The latter is reported to the nearest £1,000 although the calculation of the ratio uses the exact number.

Pension benefits

	Accrued Pension at pension age at 31-3-14 and related lump sum £000	Real increase in Pension and related lump sum at pension age £000	CETV at 31-3-14 £000	CETV at 31-3-13 £000	Real increase in CETV £000	Employer contribution to partnership pension account Nearest £100
Linda Lennon <i>Chief Executive</i>	30 – 35 lump sum 95 – 100	0 – 2.5 lump sum 0 – 2.5	573	539	(2)	–
Colin Buttery <i>Deputy Chief Executive and Director of Parks</i>	35 – 40 lump sum –	0 – 2.5 lump sum –	607	560	9	–
Simon Betts <i>Director of Estates</i>	10 – 15 lump sum 40 – 45	0 – 2.5 lump sum 0 – 2.5	297	283	8	–
Greg McErlean <i>Director of Major Projects</i>	10 – 15 lump sum –	0 – 2.5 lump sum –	179	152	12	–
Margaret Harper <i>Director of Communications and Commercial</i>	5 – 10 lump sum –	0 – 2.5 lump sum –	78	73	2	–
John Swainson <i>Director of Resources</i>	35 – 40 lump sum –	0 – 2.5 lump sum –	586	542	16	–
Liz Mullins <i>Change Programme Director</i>	10 – 15 lump sum –	0 – 2.5 lump sum –	162	140	9	–

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for **classic** and 3.5% and 8.25% for premium, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2014. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from

the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

**Reporting of Civil Service and other compensation schemes – exit packages
(This information has been audited)**

There were no exit packages paid or agreed in 2013-14.

2012-13

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£10,000 - £25,000	1	1	2
£25,000 -£50,000	–		1
Total number of exit packages	1	2	3
Total cost /£	20,782	43,791	64,573

Linda Lennon

Linda Lennon CBE

Accounting Officer
27 June 2014

STATEMENT OF CHIEF EXECUTIVE'S RESPONSIBILITIES

Under Section 7(2) of the Government Resources and Accounts Act 2000, the Secretary of State for Culture, Media and Sport with the consent of HM Treasury has directed The Royal Parks to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of The Royal Parks and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that The Royal Parks will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive of The Royal Parks as the Accounting Officer for the organisation. Her relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding The Royal Parks' assets, are as set out in Managing Public Money published by HM Treasury.



Linda Lennon CBE

Chief Executive

27 June 2014

Governance Statement

Scope of Responsibility

As Accounting Officer for The Royal Parks, I am responsible to the Secretary of State for Culture, Media and Sport and accountable to Parliament for The Royal Parks' operations and performance. I have responsibility for the development, implementation, and maintenance of a sound system of internal control, and for reviewing its effectiveness. This supports the achievement of DCMS and The Royal Parks policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

Governance Structure

The Royal Parks is managed by the Executive Committee, which I chair. The Board is appointed by the Mayor of London and is responsible to the Greater London Authority. Board appointments are made by the Mayor. The membership constitution of the Board was agreed between DCMS and the Mayor of London.

The Board consists of a non executive chair, nine other non executives and two executive directors, including the Chief Executive. Three non executives are appointed by the London Councils, and are leaders of their respective councils. One member is appointed by The Royal Household, and six members are appointed through a selection process. The Deputy Chief Executive is invited to Board meetings as a non-voting attendee. Other expert attendees are called upon when required to provide information and to aid policy making. Appointments are normally for a term of four years with a maximum of two terms.

The Board is consulted on and helps develop The Royal Parks' overall strategies and policies.

Formal Board meetings were held during 2013-14 on the following dates: 18 June 2013, 12 September 2013, 28 November 2013, and 4 March 2014. A Board strategy event took place on 6 February 2014.

Attendance at The Royal Parks Board Meetings: 2013/14

The Hon Apurv Bagri	4/4
Ruth Anderson	4/4
Sue Moore (until June 2013)	1/1
Andrew Fenwick	4/4
Lt Col Sir Andrew Ford KCVO	3/4
Cllr Sarah Hayward	1/4
Cllr Philippa Roe	2/4
Cllr Chris Roberts	2/4
Roger Bright CB	4/4
Lord True	3/4
Wesley Kerr (from September 2013)	3/3
Linda Lennon CBE	4/4
John Swainson	4/4

The non executive Board roles are unremunerated but reasonable expenses are paid.

Board's Performance

Earlier this year the Board reviewed its performance and considered the changes that had been made since its last formal review. The Board concluded that it was continuing to meet its terms of reference by providing strategic oversight of The Royal Parks. Wesley Kerr's appointment has helped enhance the range of skills and experience amongst the membership, particularly in relation to the build heritage and environment. The Board also welcomed the introduction of a dashboard setting out the progress in meeting the annual key performance targets. Given part of its remit is to ensure that the Board takes into account a full range of stakeholder views, the Board strongly endorsed The Royal Parks' new Stakeholder Engagement Strategy. The Board recognised that in areas such as procurement and communications there may be an opportunity for the Board to inject more value and expertise to assist the executive team.

Highlights of Board Committee Meetings

Key issues for the Board during 2013-14 included overseeing the options to dilute the ongoing impact of the reduction in grant in aid and minimise the impact on the fabric of the parks.

The Board saw at first hand in Richmond Park the impact of the growing number of environmental diseases on the park environment. They discussed with park arboriculturalists the serious risks to park landscapes and biodiversity and the measures that were being taken by The Royal Parks and others to help mitigate the worst effects of the diseases.

The Board actively engaged with the production of the Royal Parks Stakeholder Engagement Strategy which seeks to develop the structures that The Royal Parks has in place to ensure that it considers a wide range of views. The Board also took a key role in overseeing the publication of Hosting Major Events in the Royal Parks, a publication that clarifies why events are held in the parks and sets upper limits on the numbers of major events that we will accommodate.

The Board is supported by two sub committees - The Audit and Risk Committee (ARC) and the Better Building Programme Board (BBPB). Both committees are chaired by non executive members of the Board. The Audit and Risk Committee, which met four times in the year, comprises four non executive members with financial and business expertise and the chair is also a non executive director.

Attendance and membership of the Audit and Risk Committee was as follows:

Andrew Fenwick, Chair, Non Exec	4/4
Emir Feisal, Non Exec	4/4
John Collier, Non Exec	4/4
Roger Bright, Non Exec	4/4

The ARC reviews the effectiveness of the systems of internal control. The ARC reviewed regular reports from Internal Audit provided by XDIAS, reviewed the progress of actions

taken to implement recommended changes, reviewed the annual report and accounts, and the reports from External Audit. They also reviewed and challenged management upon the matters reported within the corporate risk register and the mitigations taken by management to reduce risk.

Internal Audit provides a total of 50 days resource for the Audit and Risk Committee. The Head of Internal Audit provides the Accounting Officer with an annual report on internal audit activity and an opinion on the adequacy and effectiveness of the systems of internal control. The Head of Internal Audit reported that “Based on the work we have completed this year, I am able to give a substantial assurance (Amber/Green) that The Royal Parks’ risk management, control and governance arrangements have been found to be working effectively with some minor weaknesses. This opinion is derived from the findings and conclusions from the programme of XDIAS’ audits and other assurance work. It also shows the business is consolidating and building on the previous year’s performance in some areas. However there are some new issues to address for example in contract management, as well as with the need to address the implementation of agreed actions, where the length of time taken to implement some high and medium priority rated actions is a cause for some concern. During the course of the financial year we have not become aware of any other issues that we believe could, or have had, a significant impact upon The Royal Parks’ system of internal control. Consequently, there are no significant internal control issues which I will be recommending the Accounting Officer should include in her Governance Statement, as at the date of my report.”

The National Audit Office representatives attend the ARC meetings and examine The Royal Parks’ financial accounts and financial procedures at the end of each financial year.

The Better Buildings Programme Board is composed of the CEO, three directors and two non executive directors, one of whom is the Chair. The aim of the Better Buildings Programme is to increase the quality of key property assets in order to produce an additional net income from these assets of £1m per annum by the end of the 2014/2015 financial year and £2.5m by the end of 2019/20. The Better Buildings Programme Board oversees all of the projects which comprise the programme. Its purpose is to provide challenge, support and oversight in order that the desired outcomes and planned benefits of the programme may be achieved.

Attendance and membership of the BBPB was as follows:

Ruth Anderson, Chair, Non Exec	2/2
Linda Lennon, The Royal Parks	2/2
Colin Buttery, The Royal Parks	2/2
John Swainson, The Royal Parks	2/2
Greg McErlean, The Royal Parks	2/2
Roger Bright, Non Exec	2/2

Board’s assessment of compliance with the Corporate Governance Code

The Board aims to ensure that its governance arrangements follow best practice and follow the Corporate Governance Code to the extent that its size and status allows. The only material departure from the provisions of the Code is that the Board has not established a

nominations and governance committee as it was considered that the size of the organisation did not warrant it.

Localism

The Board is locally accountable through appointments made by the Mayor of London. In addition London Councils nominates three Council Leaders to sit on The Royal Parks' Board. Stakeholder groups are well established, cover all of the parks and focus on policy and operational issues. They include a wide range of organisations including elected representatives, visitor groups, concessionaires, the police and others. The Royal Parks' new Stakeholder Engagement Strategy seeks to further strengthen its performance in this area.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental and The Royal Parks' policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in The Royal Parks for the year ended 31 March 2014 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to Handle Risk

The Board approves the risk management policy, which clearly states that responsibility for adequate risk management arrangements rests with the Board and the Chief Executive. All 'business units' (i.e. Parks and HQ sections) are required to produce and monitor risk registers as part of the annual business planning process and throughout the year. The Royal Parks has a Business Continuity Plan in conjunction with DCMS. This will ensure that if IT systems fail or there are other major incidents, The Royal Parks will be in a position to continue to operate effectively.

The Risk and Control Framework

The risk management framework is aligned to the corporate aims, objectives and priorities as outlined above. For 2013-14 there were four corporate objectives and eleven key performance targets. Risk analysis forms part of the strategic planning, business planning and investment/project appraisal procedures. Managers and staff at all levels have a responsibility to identify, evaluate and manage risks, and are equipped to do so through ongoing risk training and relevant guidance.

Based on an analysis of the identified risks, a summary risk register is produced, which is monitored and reviewed by the Board. A broad range of risks are identified including financial and business risks and those which are caused by natural events in the environment such as global warming, diseases to wildlife and fauna and flora. During the year a risk appetite statement was produced in consultation with the Audit and Risk Committee, ExCom and Board, linked to the corporate risk register, and approved.

We have clear financial delegations in place covering all staff at The Royal Parks.

Business Critical Models

The Royal Parks does not use any business critical models to make key decisions or determine policy.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control, including the risk management framework.

My review is also informed by the work of the internal auditors and the executive managers within The Royal Parks who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. The Board and the Audit and Risk Committee have advised me on the implications of the result of my review and a plan to ensure continuous improvement of the system is in place. Training was given to all staff on information assurance.

Each Director and Budget Holder has completed an Assurance Report confirming that they have carried out a range of responsibilities, which provides comfort that policies and procedures are being adhered to. These reports cover risk management and controls, actions on audit reports and effective management of financial and non-financial resources, incorporating specific guidelines issued by Finance, Personnel, Procurement, Health and Safety, IT and Policy and Strategy (including Records Management). Performance against Corporate Plan targets is measured and reviewed quarterly by the Board. In addition I have regular meetings with each Director to review progress in their areas of responsibility against their business plan targets, and following Internal Audit recommendations, additional assurance will be included in Directors' reports.

The Annual Civil Service wide employee engagement survey provides assurance on our leadership, management and communication with staff. In 2013-14 we were ranked 1st out of all public sector organisations surveyed.

I am satisfied from the results of my review of the effectiveness of the system of internal control that systems are in place to give me reasonable assurance of their effectiveness. There are no significant internal control issues to report.



Linda Lennon CBE

Accounting Officer

27 June 2014

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF

I certify that I have audited the financial statements of the Royal Parks Agency for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Chief Executive's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Royal Parks Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Royal Parks Agency and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of The Royal Parks Agency's affairs as at 31 March 2014 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Strategic and Director's Reports (including details of directors, progress against key performance indicators and the sustainability report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

8 July 2014

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2014

	Note	Staff Costs	Other Cost	2013-14 £000 Income	2012-13 £000
Administration costs:					
Staff Costs	2	1,842			1,749
Other Administrative Costs	3		1,744		1,447
Operating Income	4			(1,089)	(978)
Programme costs:					
Staff Costs	2	3,409			4,180
Programme Costs	3		28,772		30,747
Income	4			(20,744)	(19,841)
Totals		5,251	30,516	(21,833)	17,304
Net Operating Cost				13,934	17,304

OTHER COMPREHENSIVE EXPENDITURE

	Note	2013-14 £000	2012-13 £000
Net gain on revaluation of Heritage Assets & Property, Plant & Equipment	5, 6	277	1,288
Total Comprehensive Expenditure for the year ended 31 March 2014		13,657	16,016

The notes on pages 51 to 69 form part of these accounts

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	2014 £000	2013 £000
Note		
Non-current assets:		
Tangible Assets:		
Heritage assets	5,6 26,176	26,174
Property, plant and equipment	5 24,813	23,951
	5 50,989	50,125
Intangible Assets	7 164	205
Total non-current assets	51,153	50,330
Current assets:		
Trade and other receivables	9 2,163	2,147
Cash and cash equivalents	10 511	2,350
Total current assets	2,674	4,497
Total assets	53,827	54,827
Current Liabilities:		
Trade and other payables	11 (12,794)	(13,454)
Current Provisions	12 (355)	(320)
Total current liabilities	(13,149)	(13,774)
Total assets less current liabilities	40,678	41,053
Non-current liabilities:		
Provisions	12 (122)	(132)
Total non-current liabilities	(122)	(132)
Assets less liabilities	40,556	40,921
Taxpayers' equity		
General fund	25,187	25,256
Revaluation reserve	15,369	15,665
Total taxpayers' equity	40,556	40,921

The notes on pages 51 to 69 form part of these accounts

Linda Lennon

Linda Lennon CBE
Accounting Officer
27 June 2014

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

		2013-14 £000	2012-13 £000
	Note		
Cash flows from operating activities			
Net operating cost		(13,934)	(17,304)
Adjustments for non-cash transactions	3	2,507	2,304
(Increase)/Decrease in trade and other receivables	9	(16)	430
Increase/(Decrease) in trade payables	11	(660)	4,725
Use of provisions	12	(366)	(88)
Net cash outflow from operating activities		(12,469)	(9,933)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(2,621)	(1,807)
Purchase of Intangibles	7	-	(27)
Proceeds of disposal of property, plant and equipment		-	22
Net cash outflow from investing activities		(2,621)	(1,812)
Cash flows from financing activities			
Net Parliamentary cash funding received		13,251	14,411
Net financing		13,251	14,411
Net Increase/(Decrease) in cash and cash equivalents in the period		(1,839)	2,666
Cash and cash equivalents at the beginning of the period	10	2,350	(316)
Cash and cash equivalents at the end of the period	10	511	2,350

The notes on pages 51 to 69 form part of these accounts

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2012		28,477	14,008	42,485
Net Parliamentary Funding – drawn down from DCMS		14,411	-	14,411
Comprehensive expenditure for the year		(17,304)	-	(17,304)
<u>Non cash adjustments</u>				
Non-cash charges – auditors remuneration	3	41	-	41
<u>Movements in reserves</u>				
Net gain on revaluation of property, plant & equipment		-	1,288	1,288
Transfers between reserves, in relation to depreciation		461	(461)	-
Inter-reserve transfer – Non-current assets		(830)	830	-
Balance at 31 March 2013		25,256	15,665	40,921
Net Parliamentary Funding – drawn down from DCMS		13,251		13,251
Comprehensive expenditure for the year		(13,934)		(13,934)
<u>Non cash adjustments</u>				
Non-cash charges – auditors remuneration	3	41		41
<u>Movements in reserves</u>				
Net gain on revaluation of property, plant & equipment			277	277
Transfers between reserves, in relation to depreciation		481	(481)	-
Inter-reserve transfer – Non-current assets		92	(92)	-
Balance at 31 March 2014		25,187	15,369	40,556

The notes on pages 51 to 69 form part of these accounts

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

I. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2013-14 Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of The Royal Parks for the purpose of giving a true and fair view has been selected. The particular policies adopted by The Royal Parks are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

I.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets.

I.1a Administration and Programme Expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme. This classification of expenditure and income as administration or programme follows the definitions set out in the 2013-14 Financial Reporting Manual (FReM) provided by HM Treasury.

I.1b Non-current Assets

Recognition

Land and buildings owned by, or in the guardianship of, The Royal Parks are treated as Non-Current Assets in accordance with the FReM.

Expenditure on assets, which became an integral part of the land, is written off in the year of expenditure. However, buildings, the legal title of which remains with the Sovereign, are treated as owned by The Royal Parks and are included in non-current assets. Lodges within the Parks, which are used as dwelling places, are valued based on the terms of occupation, or replacement cost, if this is lower.

Some of The Royal Parks' properties were acquired subsequent to the 1851 Act and are held in the name of the Secretary of State for Culture, Media and Sport. These properties are included in the Accounts at their 'open market value for existing use'.

Further details of the 1851 Crown Lands Act are included in the Statutory Background on page 22.

Classification

The land and buildings are classified under the FReM as either:

- Pure heritage assets (non-operational heritage assets);
- Operational heritage assets;
- Operational (non-heritage) assets.

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations and include listed buildings or buildings which directors consider have special significance in the landscape and will be required to be kept substantially in their current form due to planning restrictions.

In accordance with the FReM which follows the principles FRS30 in accounting for heritage assets, pure heritage land and buildings held by The Royal Parks in pursuit of its overall objectives, are included as Non Current Assets in the Statement of Financial Position where a reliable valuation is possible, otherwise they are held at nil value. The directors consider that the costs of ascertaining current values of these unique and varied assets cannot be justified.

Pure heritage assets include monuments, statues, fountains, bridges, walls, band stands and historic gates and both historic and recent monuments such as the Albert Memorial in Kensington Gardens and the 7-7 Memorial in Hyde Park. The Royal Parks has 114 of such assets which have not been included in the Statement of Financial Position, excluding bridges and walls, which are not individually recorded. Most of The Royal Parks' land and heritage assets, other than buildings, are not valued. Expenditure on creating new heritage assets is capitalised at cost, expenditure on maintaining them is expensed.

Examples of the pure heritage assets, which are not included in the Statement of Financial Position, are given in the appendices. Further examples appear on The Royal Parks website as factsheets – Monument facts. A more detailed study of these and buildings in the Royal Parks is published by The Royal Parks entitled “Buildings & Monuments in the Royal Parks” ISBN 1-898506-09-04.

Transactions and Policies of Acquisition and Disposal of off Statement of Financial Position Heritage Assets

The Royal Parks has no disposal policy, its heritage assets being inalienable, nor has it disposed of any heritage assets since it was formed in 1993. Where third parties seek to erect a new monument or heritage asset upon land under The Royal Parks guardianship, assurances of funding for such asset are sought, including full provision for future maintenance liabilities. Some monuments of note erected within the parks, which have been funded by third parties, remain in their ownership. There was no other acquisition of off balance sheet heritage assets in the past two years.

Maintenance and Preservation Policies of Heritage Assets

The Royal Parks has a programme of maintenance works undertaken which is informed by the Quadrennial Conservation report of all listed buildings and structures and condition surveys. We have adopted the “Protocol for the Care of the Historic Estate” appointed a Conservation Officer and use specialist consultants and contractors where appropriate. Priorities are assessed each year, and the cost is expensed through the Statement of Comprehensive Net Expenditure. A schedule of backlog maintenance requirements is maintained and this is used to assess priorities. The work undertaken each year will include repair and preventative maintenance.

Operational heritage land and buildings, comprising of buildings in use by The Royal Parks, tenants or concessionaires which, in addition to being held in pursuit of its overall objectives, are also used for revenue generating or other non-heritage purposes. They are professionally valued and held on the Statement of Financial Position. The valuation method used depends upon the type of the building and its use.

Operational (non-heritage) land and buildings are professionally valued and held on the Statement of Financial Position.

Property, plant and equipment

Buildings are subject to revaluation under a rolling 5-year programme, the values are the lower of depreciated replacement cost and recoverable amount, which for The Royal Parks is the value in use based on actual rents, rather than market rents.

Assets are capitalised at and above the threshold of £5,000 on an individual value basis. Plant & Machinery, IT and Fixtures & Fittings are not re-valued as management consider any adjustment to be immaterial.

Assets in the course of construction are included in the Statement of Financial Position at cost to The Royal Parks. On completion of works assets are transferred to the appropriate category on the Statement of Financial Position and reflected at fair value.

Intangible assets

Intangible assets comprise IT software which is amortised in line with other IT assets.

Donated assets (including those funded by capital grants)

Assets donated by third parties, either by gift of the asset or by way of funds to buy the asset are capitalised at current value on receipt. Donated assets are re-valued, depreciated and subject to impairment in the same way as other assets.

Depreciation

Depreciation is provided on all non-current assets, other than freehold land and non operational heritage assets, at rates calculated to write-off the cost or valuation, to the estimated residual value, of each asset on a straight line method over its estimated useful life. Lives are normally as follows:

- Buildings including dwellings - up to 100 years
- Plant and machinery - 5 to 10 years
- Fixtures, Fittings - 3 to 20 years
- IT - up to 5 years

Contractor's assets

Property, plant and equipment excludes vehicles and equipment provided by the contractor responsible for grounds maintenance in the Royal Parks. The service contracts do not specify the assets required and the Board considers the value to be not material to the total contract value.

Off Balance Sheet Assets

During the year two major projects were completed and fully funded by licencees:- the new golf clubhouse at Richmond Park built and operated by Glendale Golf Plc, and the

Serpentine Sackler Gallery and restaurant housed in The Magazine building in Kensington Gardens built and managed by the Serpentine Gallery Trust. Neither of these asset constructions have been capitalised in The Royal Parks' books, as The Royal Parks contributed no finance to them and has limited control over the services provided during the period of the licences. In the opinion of directors these projects do not meet the criteria to be considered as assets under IFRIC 12. The risks and rewards of the investments lie with the operator.

Had these assets been included in the accounts at 31 March 2014 using The Royal Parks' valuation methodology, the estimated net current replacement cost of the Magazine complex would have been £5.4m and the golf club house £2.45m.

1.1c Inventory

Publication costs are expensed as we cannot provide a guarantee of sale. Stocks held for resale are valued at the lower of cost or net realisable value.

1.1d Income

All Income is shown net of VAT. All income is accounted for in the period(s) to which it relates.

1.1e Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non contributory except in respect of dependants' benefits. The Royal Parks recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, The Royal Parks recognises the contributions payable for the year.

1.1f Provisions

Early Departure Costs

The Royal Parks is required to meet the additional cost of benefits beyond the normal Principal Civil Service Pension Scheme benefits in respect of employees who retire early or are made redundant. The Royal Parks provides in full for these costs when the early retirement or redundancy programme has been announced and is binding on the organisation.

Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, The Royal Parks discloses for parliamentary reporting and accountability purposes certain statutory and non statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.1g Value Added Tax

Where VAT is irrecoverable then costs include VAT. The Royal Parks elected to waive the exemption from charging VAT in respect of a right or interest in land or a licence to occupy land with effect from 1 October 2008.

1.1h Financing and Grants

Cash received through the Estimate process is treated as financing and credited to the General Fund.

Grants used to acquire specific capital items are credited to income in the Statement of Comprehensive Net Expenditure.

1.1i Use of Estimate

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent liabilities at 31 March each year. Actual outcomes could differ from those estimates. Estimates have been made in arriving at impairment provisions for bad and doubtful debts based on the age of debt. Estimates have been made against injury claims made against The Royal Parks based on legal advice, but often incomplete information is available of the extent and cause of injury.

1.1j Impact of new International Financial Reporting Standards

Early Application of IFRS before Compulsory Introduction

No IFRS was adopted early.

There are no other standards and interpretations in issue but not yet adopted that The Royal Parks anticipate will have a material effect on its reported income or net assets.

1.1k Segmental Reporting- IFRS 8

The Royal Parks is managed as a single entity by the Board and ExCom and as such financial and management reports are produced upon one segment.

2. STAFF NUMBERS AND RELATED COSTS

2.1 Staff costs comprise:

		2013-14 £000		2012-13 £000	
	Note	Permanently employed staff	Others	Total	Total
Wages and salaries		3,427	845	4,272	4,772
Social security costs		279	51	330	396
Other pension costs		632	17	649	703
Early departure costs	1.1f	0	0	0	58
Total net costs		4,338	913	5,251	5,929

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but The Royal Parks is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be

found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

The below pension contribution figures include contributions relating to The Royal Parks staff seconded to other organisations. These values are not included in the pension costs reported in the above table.

For 2013-14 employer's contributions of £645,652 were payable to the PCSPS (2012-13 £710,110) at one of four rates in the range 16.7 to 24.3 per cent (2012-13 16.7 to 24.3 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2013-14, the rates are in the range 16.7 per cent to 24.3 per cent. The contribution rates are set to meet the cost of benefits accruing during 2013-14 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £8,979 (2012-13 £8,244) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3.0 to 12.5 per cent (2012-13 3.0 to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £509 (0.8 per cent; 2012-13; £455, 0.8 per cent) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £1,042 (2012-13 £845). Contributions prepaid at that date were £0 (2012-13 £0).

2.2 Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows.

	2013-14 Total	Permanently employed staff	Others	2012-13 Total
Directly employed	104	92	12	119
Other	11	0	11	8
Total	115	92	23	127

2.3.a Salary and pension entitlements

Details of the remuneration and pension interests of the Chief Executive, Executive Board members and Executive Committee members of The Royal Parks are contained in the Remuneration Report.

2.3.b The Board

Board members expenses are borne by The Royal Parks.

2.3.c Exit Packages

Exit Packages are disclosed in the Remuneration Report.

3. OTHER ADMINISTRATIVE AND PROGRAMME COSTS

		2013-14 £000	2012-13 £000
	Note		
Grounds Maintenance	3.a	8,664	10,142
Works Maintenance	3.b	9,143	9,517
Landscape Development	3.c	2,124	1,057
Programme Management		125	63
Nursery	3.d	1,016	1,018
Utilities	3.e	969	1,054
Cleaning Contracts		1,009	1,101
Service Contracts	3.f	875	824
Advisory Consultancy		48	45
Implementation Support	3.g	977	648
Trees	3.h	696	619
Marketing & Communications	3.i	216	96
IT Equipment & Consumables	3.j	297	166
Furniture & Equipment		247	267
Telecommunications	3.k	181	168
Entertainment & Licences	3.l	64	420
Horticulture		293	241
Rentals under operating lease		121	125
Training		46	55
Animal Feed & Welfare		75	80
Other Programme costs	3.m	823	2,186
Programme cash costs		28,009	29,892
Non Cash Items			
Depreciation and Amortisation	5, 6, 7	1,963	1,730
Loss on disposal of non-current assets	5, 6, 7	0	59
Fixed Asset impairment	5, 6, 7	112	532
Auditors remuneration & expenses	3.n	41	41
Increase/(Decrease) in provisions	12	391	(60)
Total		30,516	32,194
Administrative/Programme Analysis:			
Administrative element of above costs		1,744	1,447
Programme element of above costs		28,772	30,747
Total		30,516	32,194

3.a Grounds Maintenance

The reduction is due to the higher level of reinstatement works in 2012/13, funded by Event Organisers, that were required following the hosting of several major events. These included the London 2012 Games, HM The Queen's Diamond Jubilee celebrations and our summer concerts.

3.b Works Maintenance

The reduction is due the higher level of road maintenance in 2012/13, including reinstatement required following the London 2012 Games. This was partly offset by a higher spend on footpath repairs in 2013/14.

3.c Landscape Development

Significant increase on last year and includes TFL funded cycling projects, playground development works, Kensington Gardens Round Pond and South Flower Walk works, and the Hyde Park Speaker's Corner improvement project.

3.d Nursery

No major changes to nursery expenditure, therefore expenditure has remained stable.

3.e Utilities

Higher water costs were more than offset by lower electricity and gas costs.

3.f Service Contracts

Higher apprentices charges include disputed costs from the previous year and increased gate locking costs have together resulted in the increase in service contracts.

3.g Implementation Support

Relates to professional fees incurred in supporting the delivery of our detailed business objectives. Costs which are advisory in nature (e.g. appraisal of project options) are included in advisory consultancy. The increase over last year is due to the large amount of project work carried out in 2013-14. This included TFL funded cycling projects, playground improvement projects, the Isabella Plantation Access improvement project and various landscape development projects.

3.h Trees

Safety inspections are based on zoned risk assessment leading to a prioritised programme for each year. Annual expenditure is based on strategic and cyclical work requirements. A significant and increasing cost has been incurred in removing Oak Processionary Moth nests from Richmond and Bushy Parks. Additionally, we have also had increased costs associated with Massaria and its impact on London Plane trees.

3.i Marketing & Communications

Increase due to support costs for our website upgrade and visitor research.

3.j IT Equipment & Consumables

Greater IT Technical Support costs have led to the overall increase. This includes a new subscription to the Huddle professional package for a 100 users.

3.k Telecommunications

Continued use of voice over internet protocol technology has embedded lower costs, including free calls between parks.

3.l Entertainment & Licences

2012-13 included significant costs in respect of the HM The Queen's Diamond Jubilee celebrations, although this was offset by sponsorship income.

3.m Other Programme costs

These include costs such as legal advice, recruitment, external printing, bad debts, office rates and compensation payments. The majority of the decrease related to compensation payable to concessionaires and licencees as a result of The Royal Parks hosting 11 Olympic and Paralympic events during London 2012. The compensation was offset by funding from LOCOG (see note 4.g below).

3.n Auditors' Remuneration

This represents external audit fee only.

4. INCOME

		2013-14 £000	2012-13 £000
	Note		
Concessions: Catering	4.a	3,626	2,804
Car parking		1,585	1,239
Other		391	548
Licences and rents	4.b	3,279	3,065
Fees from events	4.c	7,207	6,687
Other fees and permits	4.d	1,046	882
Lottery and other grants	4.e	1,441	384
Services		103	58
Fundraising	4.f	1	50
Contributions to Works Costs		9	122
Bonds utilised for reinstatement	4.g	1,354	656
Other	4.h	1,791	4,324
Total		21,833	20,819

4.a Concessions

Both catering and car parking concession income are up on last year as 2012-13 was adversely affected by closures required as a result of the 11 Olympic and Paralympic events held in The Royal Parks.

4.b Licences and rents

Licences and rents are up in total. An increase in income resulting from additional properties becoming available for rental under our Better Buildings programme and increased income from commercial licences was only partly offset by a reduction in revenue from ad-hoc licences.

4.c Fees from Events

The increase from last year is due to improved income from the Winter Wonderland event and higher fees from the series of summer concerts in Hyde Park. Non repeating income from one off events held in 2012-13 reduced the overall increase.

4.d Other Fees and Permits

Filming & Broadcasting, still photography and other permits are up on last year as 2012-13 was adversely affected by closures required as a result of the 11 Olympic and Paralympic events held in The Royal Parks. Internment Fees were also up for the year.

4.e Lottery and other grants

Lottery funding was higher than last year, with monies being received from the Heritage Lottery Fund for the Isabella Plantation Access improvement project. Grants were considerably higher than last year, with funding for various playground and cycling projects.

4.f Fundraising

Monies drawn down from the Royal Parks Foundation in 2013-14 were insignificant.

4.g Bonds utilised for reinstatement

The increase is due to income received for reinstatement following the 2012 summer concerts where works were deferred until 2013-14.

4.h Other

The main reason for the large reduction is the funding received to pay for repairs and reinstatement resulting from hosting of the London 2012 Games and HM The Queen's Diamond Jubilee celebrations in 2012-13.

5. PROPERTY, PLANT AND EQUIPMENT (including Heritage Assets)

	Land & Buildings excluding Dwellings £000	Dwellings £000	Heritage £000	Info Tech £000	Plant & Machinery £000	Furn & Fittings £000	Pmts on Account & Assets under construction £000	Total £000
Cost or valuation								
At 1 April 2012	41,580	3,819	52,849	196	2,468	4,280	570	105,762
Additions	55	83	380	5	73	45	1,166	1,807
Disposals	(555)	-	-	-	(143)	(204)	-	(902)
Reclassifications	310	-	-	-	-	194	(519)	(15)
Revaluation	(1,709)	(13)	(5,447)	-	-	-	-	(7,169)
At 31 March 2013	39,681	3,889	47,782	201	2,398	4,315	1,217	99,483
Depreciation								
At 1 April 2012	22,492	2,495	27,747	60	470	3,186	-	56,450
Charged in year	870	44	317	35	160	228	-	1,654
Disposals	(547)	-	-	-	(80)	(194)	-	(821)
Reclassifications	-	-	-	-	-	-	-	-
Revaluation	(1,410)	(59)	(6,456)	-	-	-	-	(7,925)
At 31 March 2013	21,405	2,480	21,608	95	550	3,220	-	49,358
Net book value at 31 March 2013	18,276	1,409	26,174	106	1,848	1,095	1,217	50,125
Cost or valuation								
At 1 April 2013	39,681	3,889	47,782	201	2,398	4,315	1,217	99,483
Additions	54	-	583	-	925	214	845	2,621
Disposals	(364)	-	-	-	-	(279)	-	(643)
Reclassifications	1,019	1	-	38	300	181	(1584)	(45)
Revaluation	(127)	(722)	(489)	-	-	-	-	(1,338)
At 31 March 2014	40,263	3,168	47,876	239	3,623	4,431	478	100,078
Depreciation								
At 1 April 2013	21,405	2,480	21,608	95	550	3,220	-	49,358
Charged in year	992	50	350	38	188	259	-	1,877
Disposals	(364)	-	-	-	-	(279)	-	(643)
Reclassifications	-	-	-	-	-	-	-	-
Revaluation	(250)	(995)	(258)	-	-	-	-	(1,503)
At 31 March 2014	21,783	1,535	21,700	133	738	3,200	-	49,089
Net book value at 31 March 2014	18,480	1,633	26,176	106	2,885	1,231	478	50,989

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Land and buildings are valued in accordance with the accounting policy described at Note 1.1b. Deloitte LLP, a member of the Royal Institute of Chartered Surveyors, undertook the professional valuation of property for 2013-14 as at 31 March 2014. Property usage dictates whether VAT should be included in the valuation of a property. The Royal Parks has reviewed property usage and taken the valuation accordingly.

Depreciation has not been charged on freehold land, which is stated at its 1999 valuation of £20,000 plus £3,000 for land purchased in 1999-2000. The table above includes Freehold buildings as shown below:

During the year £0.2m of donated assets were capitalised.

Freehold Buildings	2013-14	2012-13
	£000	£000
Opening valuation		
At 1 April	2,365	2,608
Revaluation decrease		(243)
At 31 March	<u>2,365</u>	<u>2,365</u>
Depreciation		
At 1 April	1,635	1,955
Charged in year	11	9
Revaluation		(329)
At 31 March	<u>1,646</u>	<u>1,635</u>
Net book value at 31 March	<u>719</u>	<u>730</u>

Depreciation is not charged on pure heritage non operational assets.

Pembroke Lodge in Richmond Park is leased out to a concessionaire on a 97 year lease of which 77 years remained unexpired at 31 March 2014. The property is included in heritage assets at a gross current replacement cost of £3.614m (2012-13 £3.614m).

During 2013-14 the five-year rolling revaluation programme, for buildings, was continued with 20 per cent of properties subject to physical revaluation, in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The net result of this was a decrease in Gross Current Replacement Cost of £1.338m and an increase in Net Current Replacement Cost of £0.166m of which £0.112m was charged through the SOCNE, and £0.277m was accounted for through reserves. In the prior year the proportion of the net revaluation (2012-13 £0.532m) which took net current replacement cost below historic net book value was charged to the SOCNE while the remainder (2012-13 £1.288m) was accounted for through the reserves.

Dwellings and heritage assets include residential lodges which are being refurbished under the Better Buildings Programme (see page 19 and page 42). Assets under construction include costs of refurbishment of some residential dwellings.

6. Heritage Assets

Details of Heritage Assets and asset movements over the current and previous year are set out below.

	Non operational £000	Operational £000	Total Heritage Assets £000
Cost or valuation			
At 1 April 2012	6,258	46,591	52,849
Additions	-	380	380
Revaluation	-	(5,447)	(5,447)
At 31 March 2013	6,258	41,524	47,782
Depreciation			
At 1 April 2012	70	27,677	27,747
Charged in year	-	317	317
Revaluation	-	(6,456)	(6,456)
At 31 March 2013	70	21,538	21,608
Net book value at 31 March 2013	6,188	19,986	26,174
Cost or valuation			
At 1 April 2013	6,258	41,524	47,782
Additions	-	583	583
Revaluation	1,218	(1,707)	(489)
At 31 March 2014	7,476	40,400	47,876
Depreciation			
At 1 April 2013	70	21,538	21,608
Charged in year	-	350	350
Revaluation	1,488	(1,746)	(258)
At 31 March 2014	1,558	20,142	21,700
Net book value at 31 March 2014	5,918	20,258	26,176

The non operational heritage assets include one asset at valuation having a net book value of £3.05m. All of the operational heritage assets are land and buildings at valuation being subject to the rolling 5-year revaluation program described in note 1.1b.

The table below sets out a breakdown of off balance sheet heritage assets by number:

Monuments	32	Band stands	4
Statues	31	Fountains	15
Other	32		

7. INTANGIBLE ASSETS

Intangible assets comprise software.

	2013-14 £000	2012-13 £000
Cost or valuation		
At 1 April	540	498
Additions	-	27
Disposals	-	-
Reclassifications	45	15
At 31 March	585	540
Depreciation		
At 1 April	335	259
Charged in year	86	76
Disposals	-	-
At 31 March	421	335
Net book value at 31 March	164	205

8. FINANCIAL INSTRUMENTS

As the cash requirements of The Royal Parks are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with The Royal Parks' expected purchase and usage requirements and the organisation is therefore exposed to little credit, liquidity or market risk.

Funding from DCMS is taken directly to Reserves (See Statement of Changes in Taxpayers' Equity). Given that 38% (2012-13: 41%, 2011-12: 55%) of income is from the Estimates process The Royal Parks is not subject to a material liquidity risk.

The Royal Parks has a Government Banking Service bank account and does not hold any other significant cash balances. It does not have any finance leases or loans, and as a result it is not subject to interest rate risk. The Royal Parks has no dealings with foreign currency and is not subject to currency fluctuation risk.

Provision has been made against certain specific receivables where the collectability is uncertain, having regard to the payment history of the receivable and specific knowledge of any dispute of the amount owed.

9. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2013-14 £000	2012-13 £000
Amounts falling due within one year:		
Trade receivables	761	986
Impairment of Receivables	(96)	(117)
Other receivables	150	354
Value Added Tax	276	505
Prepayments & accrued income	1,072	419
	<u>2,163</u>	<u>2,147</u>

Contained within Trade receivables are amounts due from Other Central Government Departments (£0.280m) and Local Authorities (£0.374m). The Royal Parks is not materially exposed to concentrations of credit risk to a single trade receivable or group of receivables.

10. CASH AND CASH EQUIVALENTS

	2013-14 £000	2012-13 £000
Balance at 1 April	2,350	(316)
Net change in cash and cash equivalent balances	(1,839)	2,666
Balance at 31 March	<u>511</u>	<u>2,350</u>

The following balances at 31 March were held at:

Government Banking Service	510	2,350
Commercial banks and cash in hand	1	-
Balance at 31 March	<u>511</u>	<u>2,350</u>

The Royal Parks forms part of the Department for Culture, Media and Sport cash management group

11. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2013-14 £000	2012-13 £000
Amounts falling due within one year:		
Trade payables	583	780
Other taxation and social security	163	184
Accruals	7,853	9,429
Deferred Income	4,195	3,061
	<u>12,794</u>	<u>13,454</u>

Contained within Trade payables are amounts payable to Other Central Government Departments (£0.190m), Public Corporations and Trading Funds (£0.169m) and Local Authorities (£0.082m). The Royal Parks is not materially exposed to concentrations of liquidity risk to a single trade creditors or group of creditors.

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Early departure costs £000	Outstanding claims £000	Total £000
Balance at 31 March 2013	149	303	452
Provided in the year	-	467	467
Provisions not required written back	-	(76)	(76)
Provisions utilised in the year	(17)	(349)	(366)
Balance at 31 March 2014	132	345	477

Analysis of expected timing of discounted flows

	Early departure costs £000	Outstanding claims £000	Total £000
In the year to 2015	10	345	355
Between 2016 and 2020	19	-	19
Between 2021 and 2025	19	-	19
Thereafter	84	-	84
Balance at 31 March 2014	132	345	477

12.1 Early departure costs

The Royal Parks meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits in respect of employees who retire early by paying the required amounts monthly to the PCSPS over the period between early departure and normal retirement date. The Royal Parks provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments. Where material discount rates provided by HM Treasury are used when arriving at the provision included in the statement of financial position.

12.2 Outstanding Claims

The Royal Parks has a number of outstanding claims for compensation for personal injury. Where management judge that there is likely to be a settlement a provision has been made, but no provision has been made where the outcomes are unlikely or uncertain. Management judge that the claims included in the provision will be settled within the next year.

13. CAPITAL COMMITMENTS

	2013-14 £000	2012-13 £000
Contracted capital commitments at 31 March 2014 for which no provision has been made:		
Property, plant and equipment	367	374

14. COMMITMENTS UNDER OPERATING LEASES

Total commitments under operating leases to pay rentals during the years following the year of these accounts are given in the table below, analysed according to the period in which Payments fall due. The leases are for vehicles and printers.

	2013-14 £000	2012-13 £000
Obligations under operating leases comprise:		
Other:		
Not later than 1 year	82	38
Later than 1 year and not later than five years	309	-
Later than 5 years	-	-
	391	38

15. RELATED PARTY TRANSACTIONS

The Royal Parks is an Executive Agency of DCMS. DCMS is regarded as a related party. During the year, The Royal Parks has had a significant number of material transactions with the DCMS and with another entity for which the DCMS is regarded as the parent Department: the Heritage Lottery Fund.

In addition, The Royal Parks has had various material transactions with the RPF. The Royal Parks Non-Executive Director, Andrew Fenwick is a trustee of the Foundation and also one of the directors of the Royal Parks Foundation Trading Company Limited, a wholly owned subsidiary of the Foundation.

The RPF has responsibility for the LookOut Education Centre and delivery of education in Hyde Park and Kensington Gardens. In 2012/13 an agreement was entered into for a licence of 20 years duration, with an option to extend for a further 5 years, at a peppercorn rent. Under the agreement the Foundation provides education and community engagement programmes to schools and the public and occupies the LookOut, with a team of education volunteers. The Royal Parks contributed £100,000 in the year towards the setting up costs incurred.

The Foundation has raised and is holding restricted reserves amounting to £1.068m, including £0.447m towards the restoration of the Italian Gardens, installation of a new fountain in St James's Park and drinking fountains across the estate. During the year The Royal Parks received £0.001m from the Foundation (2012-13 £0.112m, 2011-12 £1.806m).

During the year, no Board member, key manager or other related parties has undertaken any material transactions with The Royal Parks.

16. EVENTS AFTER REPORTING DATE

The Accounting Officer authorised these financial statements for issue on the Comptroller and Auditor General certification date. There were no events after the reporting date.

Appendices – Heritage assets – examples of Monuments not included in the Statement of Financial Position

Name of monument	Albert Memorial – Kensington Gardens
Description	One of London’s most ornate monuments. Includes: a gilded statue of Prince Albert, husband of Queen Victoria; groups of sculptures representing industrial arts and sciences and the continents of Europe, Asia, African and America; and a frieze of 169 leading musicians, poets, painters, sculptors and architects.
Location	Albert Memorial Road, opposite the Royal Albert Hall.
History\background	Commemorates the death of Prince Albert in 1861 from typhoid.
Designer	George Gilbert Scott
Dates	Unveiled 1872
Name of monument	Diana Fountain – Bushy Park
Description	Bronze statue of goddess (sometimes described as Arethusa) on a marble and stone fountain, surrounded by bronzes of four boys, four water nymphs and four shells.
Location	Centre of the round basin at the junction of Chestnut and Lime Avenues.
History\background	Designed for Henrietta Maria, wife of King Charles I and originally set in her garden at Somerset House. It was moved to the Privy Garden of Hampton Court in 1656. In 1712 the fountain and statue were moved to Bushy Park to the middle of Chestnut Avenue, designed by Sir Christopher Wren. The fountain was restored in 2009 as part of the Bushy Park Restoration Project.
Designer	Hubert Le Sueur
Dates	Statue designed in 1637
Name of monument	Duke of York statue – St James’s Park
Description	Bronze statue of the Duke of York on a 124ft column.
Location	At the top of the Duke of York Steps, on the north side of The Mall.
History\background	Installed in memory of Frederick William (1763-1827), Commander in Chief of the British Army and second son of King George III. He is probably <i>The Grand Old Duke of York</i> of the nursery rhyme.
Designer	Statue by Sir Richard Westmacott; column by Benjamin Wyatt.
Dates	1834

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Name of monument	Hylas and the Nymph statue – Regent’s Park
Description	Grade II listed bronze statue of a boy and a mermaid on a stone pedestal, set in a stone-rimmed pond.
Location	St John’s Lodge Garden, north east of Inner Circle.
History\background	Donated by the Royal Academy of Arts.
Designer	Henry Pegram
Dates	1933
Name of monument	Queen Victoria Memorial – Green Park
Description	Comprises the Dominion Gates, Memorial Gardens and the vast central monument to Queen Victoria. The monument is 25m (82ft) high and uses 2,300 tonnes of white Carrara marble. As well as Victoria, there are statues representing courage, constancy, victory, charity, truth and motherhood.
Location	At the south west end of The Mall, opposite Buckingham Palace.
History\background	Commemorates the death of Queen Victoria in 1901.
Designer	Central monument by Sir Thomas Brock; overall design by Sir Aston Webb.
Dates	Assembled 1906-24. Formal unveiling in 1911 by King George V.
Name of monument	General James Wolfe (1727-1759) – Greenwich Park
Description	
Location	Viewpoint near the Royal Observatory Greenwich, overlooking the north section of Greenwich Park.
History\background	The statue commemorates Wolfe’s victory against the French at Quebec which secured Canada for the British. Wolfe, whose parents lived in Macartney House on the edge of the park, died in the battle. The monument, a Grade II listed structure, was a gift of the Canadian people.
Designer	Dr Tait Mackenzie
Dates	1930

ISBN 978-1-4741-0847-8



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