



Finance Committee

Date: TUESDAY, 9 DECEMBER 2014
Time: 1.45 pm
Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

8. **REVENUE AND CAPITAL BUDGETS FOR FINANCE COMMITTEE OPERATIONAL SERVICES 2015/16**

For Decision
(Pages 1 - 18)

9. **TREASURY'S AUTUMN STATEMENT**

For Information
(Pages 19 - 22)

10. **FINANCING OF CAPITAL AND SUPPLEMENTARY REVENUE PROJECTS**

For Information
(Pages 23 - 34)

11. **ENERGY TARGETS 2014-2018**

For Decision
(Pages 35 - 42)

27. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

For Decision
(Pages 43 - 54)

Item received too late for circulation in conjunction with the Agenda.

John Barradell
Town Clerk and Chief Executive

This page is intentionally left blank

Agenda Item 8

| | |
|---|---------------------|
| Committee: | Date: |
| Finance Committee | 9 December 2014 |
| Subject: Revenue and Capital Budgets for Operational Services – 2015/16 | Public |
| Report of: The Chamberlain | For Decision |

Summary

1. This report seeks approval to the provisional revenue budget for 2015/16 in relation to the operational services directly overseen by your Committee. The budgets are summarised in the following table. They have been prepared within the resources allocated to each Chief Officer and take account of the first tranche of savings/increased incomes required for the Service Based Review.

| Analysis by Division of Service | Latest Budget 2014/15 £'000 | Original Budget 2015/16 £'000 | Movement £'000 |
|--|------------------------------------|--------------------------------------|-----------------------|
| Cost of Collection | 1,684 | 669 | (1,015) |
| Chamberlain's Court | 249 | 137 | (112) |
| Gresham | 103 | 116 | 13 |
| Chamberlain's – General | 10,267 | 10,498 | 231 |
| Chamberlain's – City Procurement | 2,418 | 2,467 | 49 |
| Chamberlain's – Insurance | 10,202 | 10,661 | 459 |
| Chamberlain's – IS | 8,663 | 8,147 | (516) |
| Central Criminal Court | 4,671 | 4,578 | (93) |
| Corporate Services – Town Clerk | 475 | 476 | 1 |
| Secondary's Office | 398 | 404 | 6 |
| Mayor's Court | 135 | 155 | 20 |
| Walbrook Wharf | 739 | 770 | 31 |
| Guildhall Complex – City Surveyor | 11,541 | 12,269 | 728 |
| Corporate Services – Remembrancer | 293 | 266 | (27) |
| Guildhall Complex - Remembrancer | (448) | (471) | (23) |
| Mansion House Premises – Private Secretary | 1,635 | 1,467 | (168) |
| Total Net Expenditure | 53,025 | 52,609 | (416) |

2. Overall, the 2015/16 revenue budget totals £52.609m, a decrease of £416,000 (0.8%) compared with the latest budget for 2014/15. Although the overall movement is relatively small, the table does indicate a number of largely compensating increases and decreases and the reasons for the main variations are outlined in the body of the report.

3. For the current year, the forecast outturn for the Chamberlain's local risk (cash limited) budget is an overspend of £135,000 (0.6%). This is due to pressures in the IS Division relating to the increase in the number and complexity of corporate projects being undertaken, and to bonus payments due at the end of the Liberata contract being higher than anticipated. All budgets are being reviewed to identify less essential spend in an effort to improve the position, but any overspend at year end will be carried forward.
4. The report also provides a summary of the Committee's draft capital and supplementary revenue budgets, totalling some £248m which includes the £200m contribution to Crossrail from City Fund. The annual progress report on the provision of funding for the Crossrail contribution will be presented in February 2015.

Recommendations

5. The Committee is recommend to:
 - note the forecast overspend of £135,000 at 31 March 2015 against the Chamberlain's local risk budget and that any overspend at year end will be carried forward to be met from the Chamberlain's 2015/16 resources;
 - review the provisional 2015/16 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget;
 - note the draft capital and supplementary revenue budgets; and
 - authorise the Chamberlain to revise these budgets to allow for any necessary realignment of funds, including those set out in paragraph 27.

Main Report

Introduction

6. The variety and volume of services overseen by the Finance Committee contain a considerable amount of information and some complexity of presentation. The report endeavours to present the information as succinctly and clearly as possible and additional financial details on individual items can be provided on request.
7. The budgets cover expenditure and incomes attributable to the following areas;
 - Chamberlain's Department - the operational services including Cost of Collection (business rates and council tax), Chamberlain's Court, Chamberlain's 'General' (Financial Services and Business Support incorporating City Procurement), IS and Insurance;
 - Director of Community Services – operation of the Gresham Almshouses;
 - The Town Clerk – the Central Criminal Court, the Secondary's Office and Corporate Services (including catering for Committee lunches);
 - The City Surveyor – the Mayor's Court, Walbrook Wharf and the Guildhall Complex;

- The Remembrancer – Corporate Services (including the cost of catering in respect of Committee Hospitality) and Guildhall Administration (the letting of Guildhall areas for private functions and events); and
- Private Secretary to the Lord Mayor – the maintenance and running expenses of Mansion House.

8. An overview of the services provided can be found at Annex A.

9. The Committee's corporate budgets, relating primarily to non-property investment incomes, capital charges and financing, contingencies and grants, will be considered with the annual report on the overall City Corporation budgets for its three main funds to be submitted to the Committee in February 2015.

Business Planning Priorities

10. The strategic aims of the Chamberlain's Department are to:

- (i) Sustain and, where possible, enhance the City's financial resources so as to ensure that they are sufficient to meet its strategic objectives and future service requirements.
- (ii) Implement appropriate and innovative technology and business processes and changes in the way the City Corporation works to support every Department, in the delivery of more efficient and effective services and the achievement of better value for money.
- (iii) Support and develop staff to ensure that each person achieves their full potential.
- (iv) Adopt a partnership approach in everything the department does to ensure that all services are delivered, first and foremost, with the needs of customers in mind.

Proposed Revenue Budget for 2015/16

11. The provisional 2015/16 budgets, have been prepared in accordance with the guidelines agreed by your Committee and the Policy and Resources Committee. They have been reduced for the first tranche of Service Based Review savings/increased incomes but increased for the agreed allowance of 2% towards any potential pay and price rises.

12. The 2014/15 and 2015/16 budgets are set out in the following table. Income and favourable variances are presented in brackets. Overall there is a decrease of £416,000 between the 2014/15 and 2015/16 budgets.

| FINANCE COMMITTEE SUMMARY - ALL FUNDS | | | | |
|--|-----------------|-----------------|--------------|---------------------|
| Analysis of Service Expenditure | Latest | Original | Movement | Paragraph Reference |
| | Budget | Budget | 2014-15 | |
| | 2014-15 | 2015-16 | to | |
| | £'000 | £'000 | 2015-16 | |
| EXPENDITURE | | | | |
| Employees | 22,802 | 23,690 | 888 | 16 |
| Premises Related Expenses (note i) | 20,870 | 21,482 | 612 | 17 |
| Transport Related Expenses (note ii) | 145 | 146 | 1 | |
| Supplies & Services (note iii) | 10,536 | 9,404 | (1,132) | 18 |
| Council Tax Reduction Scheme | 256 | 256 | 0 | |
| NNDR and Council Tax Contract | 979 | 0 | (979) | 19 |
| Surveyors Repairs & Maintenance Programme | 3,068 | 3,553 | 485 | 20 |
| Total Expenditure | 58,656 | 58,531 | (125) | |
| INCOME | | | | |
| Other Grants, Reimbursements & Contributions (note iv) | (4,958) | (5,055) | (97) | |
| Government Grants - Collection of NNDR | (1,729) | (1,729) | 0 | |
| Customer, Client Receipts (note v) | (5,556) | (5,841) | (285) | |
| Total Income | (12,243) | (12,625) | (382) | 21 |
| TOTAL EXPENDITURE BEFORE SUPPORT SERVICES AND CAPITAL CHARGES | 46,413 | 45,906 | (507) | |
| SUPPORT SERVICES AND CAPITAL CHARGES | | | | |
| Support Services | 5,191 | 5,248 | 57 | |
| Capital Charges | 3,272 | 3,318 | 46 | |
| Recharges Within Fund | (2,235) | (2,247) | (12) | |
| Recharges Across Funds | 384 | 384 | 0 | |
| Total Support Services and Capital Charges | 6,612 | 6,703 | 91 | |
| TOTAL NET EXPENDITURE | 53,025 | 52,609 | (416) | |

Notes

- (i) Premises Related Expenses – premises insurance premiums together with the operational costs of the Guildhall Complex, Central Criminal Court and Mansion House.
- (ii) Transport Related Expenses – primarily vehicle insurance.
- (iii) Supplies and Services – equipment, furniture, materials, printing, professional fees, grants, subscriptions, communications and computing, the Agilisys contract, and non-property insurances.
- (iv) Other Grants, Reimbursements and Contributions – primarily funding for the Central Criminal Court and the Mayor's Court from Her Majesty's Courts and Tribunals Service.
- (v) Customer, Client Receipts – letting of Guildhall function areas, Gresham Estate rent income, recovery of court costs, insurance commission and other charges for services.

| | Latest | Original | Movement |
|---|---------------|---------------|--------------|
| | Budget | Budget | 2014-15 to |
| | 2014-15 | 2015-16 | 2015-16 |
| | £'000 | £'000 | £'000 |
| By Chief Officer | | | |
| The Chamberlain | 33,536 | 32,644 | (892) |
| The Town Clerk | 5,544 | 5,458 | (86) |
| The City Surveyor | 12,415 | 13,194 | 779 |
| The Remembrancer | (155) | (205) | (50) |
| The Private Secretary to the Lord Mayor | 1,635 | 1,467 | (168) |
| Director of Community & Children's Services | 50 | 51 | 1 |
| | | | |
| TOTAL NET EXPENDITURE | 53,025 | 52,609 | (416) |

13. Service Based Review

Your Committee agreed savings proposals totalling £2.843m for the Chamberlain's Department and the first tranche of these savings, £1.215m, are included in the budgets before you today. Part of the savings/increased incomes agreed for the City Surveyor and Private Secretary also relate to the services overseen by the Finance Committee. These are £90,000 and £100,000 respectively. The 2015/16 budgets have been reduced for both of these sums.

14. The first tranche of Service Based Review reductions totalling £1.405m are somewhat obscured by other net increases totalling £989,000 so that the overall movement between the 2014/15 and 2015/16 budgets is a reduction of £416,000. A table setting out this position is included at Annex C.

15. Main variations

The main movements between the 2014/15 and 2015/16 budgets are set out in the following paragraphs.

16. There is an increase in employee costs of £888,000 mainly due to;

- a net increase of £514,000 as a result of bringing the Revenue Collection service back in house;
- an increase of £342,000 for potential pay awards;
- an increase in the IS budget of £217,000 to allow for a number of vacant posts to be filled;
- an increase in the Guildhall Complex (City Surveyor) budget of £168,000 due to the growing dependency on non-contracted overtime and associated costs relating to the number of Guildhall events. These costs will be taken into account as part of a wider consideration of charges for use of Guildhall; partly offset by
- savings relating to the Service Based Review of £358,000.

17. The increase in premises related expenditure of £612,000 largely relates to insurance premiums as a result of an uplift of 5% in the declared value of properties following consultation with the City Surveyor. These costs are initially

routed through the Finance Committee's budgets before being reallocated to services with approximately 75% being recovered through charges to tenants.

18. The most significant movements contributing to the net reduction in supplies and services costs are:

- the removal of 'one-off' implementation costs of £627,000 included in 2014/15 for the migration of the revenue collection service back in house following the end of the contract with Liberata;
- a reduction of £579,000 on the IS Division's standard managed service contract with Agilisys in accordance with the phasing in the original tender. Of this sum, £307,000 contributes to the Service Based Review requirements;
- a reduction of £140,000 in expenditure by the IS Division relating to changes in IS infrastructure suppliers. This forms part of the Service Based Review requirements;
- a reduction of £50,000 in non-premises insurance premiums – again part of the Service Based Review requirements;

partly offset by

- the removal of a 'one-off' reduction of £346,000 included in 2014/15 to recover the overspend in 2013/14.

19. The removal of the budget of £979,000 for the National Non-Domestic Rates (NNDR) and Council Tax Contract reflects the decision to bring the revenue collection function back in house following the expiry of the contract with Liberata. The net saving in 2015/16, after allowing for employee costs and other operating expenditure, is estimated to be £437,000. Of this sum £240,000 is included in the first tranche of Service Based Review savings. The balance of £197,000 is the first repayment towards the 'one-off' implementation cost of £627,000 indicated in paragraph 18. On this basis, the simple pay back will be a little over 3 years.

20. There is an overall net increase in Additional Works Programme expenditure of £485,000, mainly comprising of an increase of £653,000 relating to the Guildhall Complex and a decrease of £132,000 at Central Criminal Court. Budgets have provisionally been included for the 2015/16 Additional Works Programme based on the bids considered by the Corporate Asset Sub Committee in June 2014. However, a decision on the funding of the programme is still to be made by the Resource Allocation Sub Committee. It may therefore be necessary to adjust the budgets to reflect the Resource Allocation Sub Committee's decision.

21. The increase in income of £382,000 relates to:

- the Service Based Review proposal to raise charges for Freedom Ceremonies (£120,000) – a particular risk to the budget if not subsequently agreed;
- rent income of £90,000 following the letting of 65A Basinghall Street (a City Surveyor Service Based Review item);
- concession income of £100,000 from the Mansion House catering contract (a Private Secretary Service Based Review item); and
- the balance relates to a number of smaller variations including income from the Gresham Estate and insurance commissions.

22.A summary manpower statement is set out in the following table. The increase of £888,000 from £22.802m to £23.690 is explained in paragraph 16 above.

| Manpower statement | Latest Budget 2014/15 | | Original Budget 2015/16 | |
|---|-------------------------------------|----------------------------|-------------------------------------|----------------------------|
| | Manpower Full-time equivalent | Estimated cost £'000 | Manpower Full-time equivalent | Estimated cost £'000 |
| Cost of Collection* | 28.8 | 1,065 | 41.5 | 1,626 |
| Chamberlain's Court | 5.0 | 170 | 5.0 | 176 |
| Chamberlain's – General | 155.6 | 7,852 | 150.1 | 7,626 |
| Chamberlain's – City Procurement | 57.0 | 2,375 | 57.4 | 2,422 |
| Chamberlain's – Insurance | 5.0 | 266 | 5.0 | 269 |
| Chamberlain's – IS | 49.2 | 3,125 | 54.2 | 3,389 |
| TOTAL CHAMBERLAIN'S (local risk) | 300.6 | 14,853 | 313.2 | 15,508 |
| Central Criminal Court – City Fund | 96.3 | 3,029 | 96.3 | 3,045 |
| Central Criminal Court – City's Cash | 2.0 | 343 | 2.0 | 343 |
| Secondary's Office | 8.0 | 353 | 8.0 | 356 |
| TOTAL TOWN CLERK (local risk) | 106.3 | 3,725 | 106.3 | 3,744 |
| Walbrook Wharf | 3.0 | 159 | 3.0 | 140 |
| Guildhall Complex | 90.0 | 3,326 | 90.0 | 3,561 |
| TOTAL SURVEYOR (local risk) | 93.0 | 3,485 | 93.0 | 3,701 |
| Corporate Services (central risk) | 1.0 | 40 | 1.0 | 40 |
| Guildhall Complex (local risk) | 10.5 | 679 | 10.5 | 676 |
| TOTAL REMEMBRANCER | 11.5 | 719 | 11.5 | 716 |
| Gresham | 0.6 | 20 | 0.6 | 21 |
| TOTAL COMMUNITY & CHILDREN'S SERVICES (central risk) | 0.6 | 20 | 0.6 | 21 |
| TOTAL FINANCE COMMITTEE | 512.0 | 22,802 | 524.6 | 23,690 |

* The full time equivalent includes 25.3 posts transferred from Liberata as at 4th October 2014. The estimated cost for 2014/15 is therefore only for 6 months (October to March), compared to the 2015/16 estimated cost which is based on a full establishment for a full year.

23. Annex B analyses the revenue budget between local and central risk categories and also between funds.

24. As of 1st December 2014 the management/operation of the City of London Police IS service will transfer to the Chamberlain's Department and form part of the Corporation's IS Division. However, the cost of delivering the service will still be met by the City of London Police. Consequently there will be no net impact on the IS Division budget overall. The costs and associated income are currently being finalised and are not included in the budget before you today.

Revenue Budget 2014/15

25. The forecast outturn for the Chamberlain's local risk (cash limited) budget for the current year is an overspend of £135,000 (0.6%). This is due to pressures in the IS Division relating to the increase in the number and complexity of corporate projects being undertaken, and to bonus payments due at the end of the Liberata contract being higher than anticipated.

26. All budgets are being reviewed to identify less essential spend in an effort to mitigate the shortfall but any overspend at year end will be carried forward.

Potential Further Budget Adjustments

27. The provisional nature of the revenue budgets recognises that further revisions may be required to realign funds for;

- the on-going Service Based Reviews and other corporate efficiency projects;
- central and departmental support service apportionments; and
- decisions of the Resource Allocation Sub Committee in relation to the Additional Works Programme.

Draft Capital and Supplementary Revenue Budgets

28. The Committee's draft capital and supplementary revenue project budgets summarised in the tables below total some £248m and include the £200m contribution towards Crossrail from City Fund. The annual progress report on the provision of funding for the Crossrail contribution will be provided in February 2015.

| City Fund - Capital & Supplementary Revenue projects - latest estimated costs | | | | | | | | | |
|--|------------------------------|----------------|----------------|----------------|----------------|----------------|------------------------|----------------|--|
| | Exp. Pre 01/04/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | Later Years | Total | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| CITY FUND | | | | | | | | | |
| Contribution to City's Cash re corporate capital schemes | 17,375 | 1,048 | 18 | | | | | 18,441 | |
| Central Criminal Court | 188 | 3,677 | 4,420 | 3,762 | 3,762 | 3,762 | 17,429 | 37,000 | |
| Council Tax & Business Rates system | 562 | 43 | | | | | | 605 | |
| Crossrail contribution | | | 200,000 | | | | | 200,000 | |
| Museum of London contribution | | 1,500 | 1,500 | 1,000 | 1,000 | | | 5,000 | |
| Guildhall area strategy, options appraisal for Pond Area and Green Spaces | 25 | 15 | | | | | | 40 | |
| TOTAL CITY FUND | 18,150 | 6,283 | 205,938 | 4,762 | 4,762 | 3,762 | 17,429 | 261,086 | |

| City's Cash - Capital & Supplementary Revenue projects - latest estimated costs | | | | | | | | |
|--|------------------------------|----------------|----------------|----------------|----------------|----------------|------------------------|----------------|
| | Exp. Pre 01/04/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | Later Years | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| CITY'S CASH | | | | | | | | |
| Contribution from other Funds re corporate capital schemes | -18,168 | -1,083 | -20 | | | | | -19,271 |
| Guildhall Complex schemes: | | | | | | | | |
| - Guildhall fire alarm phase 2 | 55 | 776 | | | | | | 831 |
| - Members accommodation | 1,380 | 2 | | | | | | 1,382 |
| - Guildhall area strategy phase 1 works | 56 | 5 | | | | | | 61 |
| IT schemes: | | | | | | | | |
| - Corporate Disaster Recovery Centre | 188 | 29 | | | | | | 217 |
| - HR & Payroll system | 127 | 69 | 48 | | | | | 244 |
| - Oracle ERP | 636 | 1,955 | | | | | | 2,591 |
| TOTAL CITY'S CASH | -15,726 | 1,753 | 28 | 0 | 0 | 0 | 0 | -13,945 |

| Bridge House Estates - Capital & Supplementary Revenue projects - latest estimated costs | | | | | | | | |
|---|------------------------------|----------------|----------------|----------------|----------------|----------------|------------------------|--------------|
| | Exp. Pre 01/04/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | Later Years | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| BRIDGE HOUSE ESTATES | | | | | | | | |
| Contribution to City's Cash re corporate capital schemes | 793 | 35 | 2 | | | | | 830 |
| TOTAL BRIDGE HOUSE ESTATES | 793 | 35 | 2 | 0 | 0 | 0 | 0 | 830 |

29. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2015.

Contact Officers:

Steve Telling
steve.telling@cityoflondon.gov.uk

Jenna Rigley
jenna.rigley@cityoflondon.gov.uk

OPERATIONAL SERVICE OVERVIEW

Chamberlain

City Fund

Cost of Collection

The Cost of Collection reflects the expenditure incurred in the administration and collection of the Non-Domestic Rates and the Council Tax. As of the 4th October 2014 this became a fully in-house service after the contract with Liberata (UK) Ltd expired.

City's Cash

Chamberlain's Court

The main duties of the Chamberlain's Court include assisting the Chamberlain to admit persons to the Freedom of the City; to help in the formation of new Livery Companies; and to maintain the Mansion House Plate Inventory.

Gresham - City Moiety

This includes the City's share of the income from the Royal Exchange, 89/91 Gresham Street and Gresham House annuity. It also shows the City's share of the expenses of running the Gresham Estate.

Gresham - Discretionary Expenditure

This principally consists of the grant to Gresham College, the non-mandatory elements of the Lecturer's fees and administrative costs.

Guildhall Administration

Within Guildhall Administration the Chamberlain's Department provides a wide range of financial and IS services.

The department is divided into three divisions, each headed by a director. The divisions are:-

- Financial Services
- Business Support
- Information Systems (IS)

The work of these divisions (except for Cost of Collection and the Chamberlain's Court which are summarised in the notes above) are explained below.

Chamberlain's Department – General

The range of services provided by the Financial Services and Business Support Divisions include:-

- revenue and capital budget preparation
- budget monitoring and financial advice
- accounting and final accounts
- business partnering
- financial investment and cash management

- financial planning and technical analysis
- VAT/tax planning
- banking
- capital project appraisal
- financial appraisal of organisations
- City's Business Information System (CBIS) Team
- revenue collection
- support to corporate governance
- internal audit
- payroll and pension

Chamberlain's Department – City Procurement

Part of the Business Support Division but included in a separate cost centre, City Procurement is a key component in the transformation of how the City procures and pays for the goods and services it needs. City Procurement is responsible for the full requisition to pay cycle, and covers the functions of Category Management, Policy and Compliance, Accounts Payable, Sourcing, Procurement Operations and key Supplier Performance monitoring.

Chamberlain's Department – IS

Following the partnership with Agilisys which began in August 2013 the role of the Information Systems Division of the Chamberlain's Department has changed from a provider to a commissioner of services. The role of the IS Division is now:-

- to manage the delivery of services provided by our suppliers;
- adding value through understanding our customers and the City of London, ensuring requirements are delivered;
- exploring new technology and innovation to maintain a leading edge in technology on behalf of the City of London; and
- working with key stakeholders to drive and enable transformational change within the Corporation.

Chamberlain's Department – Insurance

Part of the Financial Services Division but included in a separate cost centre, the Insurance Section is responsible for undertaking risk assessments and securing the required insurance cover.

Town Clerk

City Fund

Central Criminal Court

The City provides the premises of the Central Criminal Court for the Court Service of the Lord Chancellor's Department and accommodates not only the eighteen courts, but also offices for the List Office for the SE of England, the City of London Police, HM Prison Services, Serco Prisoner Handling Services, Crown Prosecution Service, Probation Service, Treasury Council and the Crown Court Witness Service.

Eighteen Courts are made ready for use on Monday to Friday and also may be required to sit on public holidays and weekends.

The City is responsible for the care of the building and the provision of its facilities which includes the maintenance of the fabric of the Central Criminal Court, its furnishings, fittings and all of the mechanical and electrical equipment, the daily cleaning of the building and the provision of security services.

A proportion of the employee costs and 95% of other running costs are reimbursed by the Lord Chancellor's Department.

City's Cash

Central Criminal Court

This consists of the salaries, pensions and national insurance contributions for the posts of City Recorder and Common Serjeant.

Corporate Services – This includes:

- the cost of catering in respect of Committee lunches;
- the Sheriff's election allowances;
- the cost of Shrieval mementos; and
- a proportion of ward and election expenses.

Secondary's Office

This budget contains the salaries and office expenses of the Secondary's Office at the Central Criminal Court.

City Surveyor

City Fund

Mayors and City of London Court

The provision of the present court, which is an amalgamation of the Mayor's Court and the City of London Court, is covered by the Courts Act 1971. The City Surveyor is responsible for repairing and maintaining the building and its services for use as a court. This is achieved through a combination of direct ordering, and supervision and management of contractors. Occupational issues are dealt with in consultation with the Court Service.

Walbrook Wharf

This budget relates to the operational management of Walbrook Wharf including repairing, maintaining and improving the building and services.

Guildhall Complex

The Guildhall Manager has overall responsibility for security, facilities and contracted services at the Guildhall complex and is responsible for operating, repairing, maintaining and improving buildings and services throughout the Guildhall complex. This is achieved through a combination of direct operations, and supervision and management of contractors. The emphasis is on value for money, quality and safety, with precise arrangements being regularly reviewed and refined to optimise performance.

Remembrancer

City's Cash

Corporate Services

This includes the cost of catering in respect of Committee Hospitality Allowances. The purpose is to enable Committees, by means of hospitality, to establish and maintain contact with leading outside organisations that have been or could be of assistance to the City of London Corporation in its work, and to pay tribute to the past Chairman. These estimates also include expenditure relating to fees for parliamentary work.

Guildhall Complex

This contains the expenditure and income relating to the letting of Guildhall function areas for private events such as banquets, receptions or conferences. The areas available for hire currently are the Great Hall (subject to the concurrence of the Common Council), the Old Library, the Livery Hall, the Crypts, the Print Room, the Chief Commoners Parlour, Guildhall Art Gallery, the Basinghall Suite and occasionally, Guildhall Yard.

As the Guildhall is a Grade 1 Listed Building, use is limited and subject to strict terms and conditions. Permission to hire is granted following Officer recommendation and Member approval. Applications are considered directly by the Policy and Resources Committee for the hire of the Great Hall and by the Chief Commoner and Deputy Chairman for other areas. The Guildhall complex hosts approximately 300 private events per annum and charges are reviewed annually by committee.

Private Secretary to the Lord Mayor

City's Cash

Mansion House Premises

This budget includes the maintenance and running expenses of the Mansion House which is a Grade 1 Listed Building incorporating working offices, function rooms, Mayoral accommodation and staff accommodation. The budget is used for the fabric of the building both internal and external.

Director of Community and Children's Services

City's Cash

Gresham - Mandatory Expenses

This service is part of the Gresham Estates and shows the cost of maintaining the Almshouses and paying the Almsfolk allowances, together with the mandatory element of the City of London Corporation's four Lecturers' fees (£400).

ANNEX B

| FINANCE COMMITTEE SUMMARY - BY RISK AND FUND | | | |
|--|----------------|----------------|----------------|
| Analysis of Service Expenditure by Risk | Latest | Original | Movement |
| | Budget | Budget | 2014-15 |
| | 2014-15 | 2015-16 | to |
| | £'000 | £'000 | 2015-16 |
| £'000 | | | |
| LOCAL RISK <i>(budgets largely within direct control of Chief Officer)</i> | | | |
| EXPENDITURE | | | |
| Employees | 22,199 | 23,086 | 887 |
| Premises Related Expenses (note i) | 4,704 | 4,592 | (112) |
| Transport Related Expenses | 66 | 67 | 1 |
| Supplies & Services (note ii) | 7,500 | 6,428 | (1,072) |
| NNDR and Council Tax Contract | 979 | 0 | (979) |
| Total Expenditure | 35,448 | 34,173 | (1,275) |
| INCOME | | | |
| Other Grants, Reimbursements & Contributions (note iii) | (3,274) | (3,385) | (111) |
| Customer, Client Receipts (note iv) | (2,070) | (2,285) | (215) |
| Total Income | (5,344) | (5,670) | (326) |
| TOTAL LOCAL RISK (excl. R&M City Surveyor) | 30,104 | 28,503 | (1,601) |
| Repairs & Maintenance (City Surveyor) | 3,068 | 3,553 | 485 |
| TOTAL LOCAL RISK | 33,172 | 32,056 | (1,116) |
| CENTRAL RISK <i>(managed by Chief Officer but outturn can be strongly influenced by factors outside his/her control or are budgets of a corporate nature)</i> | | | |
| EXPENDITURE | | | |
| Employees | 603 | 604 | 1 |
| Premises Related Expenses (note v) | 16,166 | 16,890 | 724 |
| Transport Related Expenses (note vi) | 79 | 79 | 0 |
| Supplies & Services (note vii) | 3,036 | 2,976 | (60) |
| Transfer Payments | 256 | 256 | 0 |
| Total Expenditure | 20,140 | 20,805 | 665 |
| INCOME | | | |
| Other Grants, Reimbursements & Contributions (note viii) | (1,684) | (1,670) | 14 |
| Government Grants - Collection of NNDR | (1,729) | (1,729) | 0 |
| Customer, Client Receipts (note ix) | (3,486) | (3,556) | (70) |
| Total Income | (6,899) | (6,955) | (56) |
| TOTAL CENTRAL RISK | 13,241 | 13,850 | 609 |
| TOTAL EXPENDITURE BEFORE SUPPORT SERVICES AND CAPITAL CHARGES | 46,413 | 45,906 | (507) |
| CONTINUED ON NEXT PAGE | | | |

| CONTINUED FROM PREVIOUS PAGE | | | |
|---|---------------|---------------|--------------|
| SUPPORT SERVICES AND CAPITAL CHARGES | | | |
| Support Services | 5,191 | 5,248 | 57 |
| Capital Charges | 3,272 | 3,318 | 46 |
| Recharges Within Fund | (2,235) | (2,247) | (12) |
| Recharges Across Funds | 384 | 384 | 0 |
| Total Support Services and Capital Charges | 6,612 | 6,703 | 91 |
| TOTAL NET EXPENDITURE | 53,025 | 52,609 | (416) |
| ANALYSIS BY FUND | | | |
| City Fund | 6,886 | 5,829 | (1,057) |
| City's Cash | 3,496 | 3,209 | (287) |
| Guildhall Administration | 42,643 | 43,571 | 928 |
| TOTAL NET EXPENDITURE | 53,025 | 52,609 | (416) |

Notes

- (i) Premises Related Expenses (local risk) – operational costs of Central Criminal Court, Walbrook Wharf, Guildhall Complex and Mansion House.
- (ii) Supplies and Services (local risk) – equipment, furniture, materials, printing, professional fees, grants, subscriptions, communications and computing including the Agilisys contract.
- (iii) Other Grants, Reimbursements and Contributions – primarily funding for the Central Criminal Court and the Mayor's Court from Her Majesty's Courts and Tribunals Service.
- (iv) Customer, Client Receipts (local risk) – letting of Guildhall function areas, recovery of court costs, services to London Councils, Chamberlain's Court merchandising, and other fees and charges.
- (v) Premises Related Expenses (central risk) – primarily premises insurance premiums together with the cost of national non domestic rates for the Guildhall Complex and Central Criminal Court.
- (vi) Transport Related Expenses (central risk) – vehicle insurance.
- (vii) Supplies and Services (central risk) – insurances other than premises and transport.
- (viii) Other Grants, Reimbursements and Contributions (central risk) – funding for the Central Criminal Court from Her Majesty's Courts and Tribunals Service.
- (ix) Customer, Client Receipts (central risk) – income received from the letting of Guildhall function areas, insurance commission, Gresham Estate income.

**Reconciliation between Latest Budget 2014/15
and Original Budget 2015/16**

| | £'000 | £'000 |
|--|-------|---------|
| 2014/15 Latest Budget | | 53,025 |
| Chamberlain Service Based Review reductions | | |
| Employees - para 16 (bullet 5) of report | (358) | |
| IS contract and sourcing - para 18 (bullets 2 and 3) of report | (447) | |
| Insourcing of rates and council tax collection - para 19 of report | (240) | |
| Freedom fees - para 21 (bullet 1) of report | (120) | |
| Non property insurances - para 18 (bullet 4) of report | (50) | |
| | | (1,215) |
| City Surveyor Service Based Review reductions | | |
| Letting of 65A Basinghall Street - para 21 (bullet 2) of report | | (90) |
| | | |
| Private Secretary Service Based Review reductions | | |
| Concessions from catering contract - para 21 (bullet 3) of report | | (100) |
| | | |
| Other significant budget adjustments | | |
| 2% Allowance towards pay and price increases | 602 | |
| Removal of overspend brought forward into 2014/15 from 2013/14 | 346 | |
| Additional Works Programme | 485 | |
| Premises insurance premiums | 510 | |
| Microsoft Licences | 83 | |
| Balance of saving from IS managed service contract | (272) | |
| Removal of one-off implementation costs for Revenue Collection in-sourcing | (627) | |
| Balance of saving from Revenue Collection in-sourcing - first repayment towards 'one-off' implementation costs | (197) | |
| Other adjustments (including support services and capital charges) | 59 | |
| | | 989 |
| 2015/16 Original Budget | | 52,609 |

This page is intentionally left blank

| | |
|--|------------------------|
| Committee: | Date: |
| Finance Committee | 9 December 2014 |
| Subject: i) Autumn Statement and ii) National Audit Office report on the Financial Sustainability of Local Authorities | Public |
| Report of: The Chamberlain | For Information |
| Summary | |
| <p>The Chancellor's Autumn Statement gives a broad view of overall public sector finances and reductions in the overall departmental expenditure levels until 2020.</p> <p>The Government has confirmed the level of local authority funding for the current Comprehensive Spending Review period which ends in March 2016. The pace of spending reductions in 2016-17 and 2017-18 appear to be faster and steeper than previously thought. With ring-fencing of health, education and international development likely to continue, and local government continuing to bear a disproportionate share of the cut, further substantial cuts to local government and police funding seem likely.</p> <p>Further analysis will be undertaken as more detailed information becomes available and included in the reporting on medium term financial forecasts to Finance Committee in February.</p> <p>The NAO's recent report on the Financial Sustainability of Local Authorities concluded that local authorities have worked hard to manage the reductions in funding through a mixture of efficiency measures and service transformation there is some evidence of reductions in service levels. The NAO therefore advises the DCLG to look for evidence of financial stress in local authorities' ability to deliver the services they are responsible for and encourages the Department to be better informed in discharging this role.</p> <p>Recommendation</p> <p>Members are asked to note the report.</p> | |

Main Report

Background

1. The Chancellor's Autumn Statement gives a broad view of further reductions in overall public sector finances and therefore an indication of whether our forecast reductions over the medium term are adequate or whether further reductions are likely. The Government has confirmed the level of local authority funding for the current Comprehensive Spending Review period which ends in March 2016. The City Fund financial forecast includes further

reductions in local government funding over the medium term horizon up to March 2018 (namely, a £10.6m reduction over the next three years; representing a 24.8% reduction from 2014/15 funding levels).

The Autumn Statement

2. From our perspective as a local and police authority, the key financial points are:
 - The pace of spending reductions in 2016-17 and 2017-18 appear, at this early stage, to be faster and steeper than previously thought.
 - a. The 2013 Spending Round outlined a 10% cut in real terms for the Department for Communities and Local Government in 2015-16. From this, the illustrative local government finance settlement shows a real terms cut to Settlement Funding Assessment (ie core funding) for London boroughs of 16%.
 - b. It is not possible to say how this will affect local government and police as individual DELs have not been set beyond 2015/16. However with ring-fencing of health, education and international development likely to continue, and local government and police continuing to bear a disproportionate share of the cut to the remaining Resource Department Expenditure Level (DEL), the steeper cuts to overall DEL in 2016-17 to 2019-20 suggest further substantial cuts to local government and police funding. London Councils will update its modelling of Revenue Support Grant for circulation to finance officers shortly.
 - The Government is committing to give local authorities and CCGs indicative multi-year budgets as soon as possible after the next Spending Review.
 - There are a range of measures to reduce the tax burden on business rate payers, including capping the business rates multiplier at 2% in 2015-16; extending small business rates relief for 2015/16; and increasing retail relief. The Government will also conduct a long term review of the structure of business rates.
 - The principles of the Troubled Families programme will be extended to other groups of people with complex needs from the next Spending Review.
 - No new announcements on Council tax were made.
3. There are a few further points of interest:
 - An extra £2 billion will be spent on frontline NHS services in 2015-16.
 - The Government will seek a further £10bn of efficiency savings by 2017/18, led by the Cabinet Office, working with HM Treasury and departments. It is not yet known how this will affect police and local government.
 - The OBR has concluded that the Government is on track to meet its fiscal mandate – to borrow only what it needs to pay for investment,

adjusting for the state of the economy, at the end of the five-year forecast – with £50.6 billion to spare.

- In its first formal assessment, the OBR judged that the Government is on course to keep spending on social security and tax credits (excluding the state pension and those benefits that vary most with the state of the economy) within the permitted margins of the ‘welfare cap’.
- GDP growth figures for 2014 have been revised up since the 2014 Budget from 2.7% to 3.0%; likewise figures have been revised up slightly for 2015. However, forecasts for 2016, 2017 and 2018 have fallen since March.
- Government has changed the calculation of Stamp Duty on purchases of residential property so that rates apply to the portion of the purchase price within each band – which is similar to how income tax works. The Government will also amend the rates and thresholds taking effect on and after 4 December 2014.

4. There is more detail in the attached London Councils analysis (appendix 1).

National Audit Office Report: Financial Sustainability of Local Authorities

5. The level of the reduction on funding for local authorities since 2010 has prompted the National Audit Office to review the impact and assess the overall financial sustainability of local authorities. The NAO reported its conclusions in November highlighting that the 37% real term reduction on government funding to local authorities between 2010/11 and 2015/16 has led to a fall in the provision of core services, although not necessarily leading to a worsening in the quality of service or outcomes for users. Local authorities have coped well in financial terms with the reductions so far, but Auditors are now highlighting that 52% of single tier and county councils are not well placed to deliver their medium term financial strategies.
6. The DCLG has changed the funding system to allow local authorities to keep a share of locally raised business rates, and the intention is that this change will enable local authorities to increase their income. For the City of London Corporation, the level of appeals, reducing the business rates income, means we have not benefitted from the change.
7. Other key findings include:
 - The Department’s main indicator of change to local authority income does not give it a measure of the scale of the financial challenge facing local authorities over time and the department has a limited understanding of the financial sustainability of local authorities.
 - The Department expects local authorities to manage future funding reductions by transforming the way they deliver services, but has limited understanding of the size and timing of resulting savings.

- The Department does not monitor the impact of funding reductions in a co-ordinated way.

8. The NAO concludes:

Local authorities have worked hard to manage the reductions in government funding through a mixture of efficiency measures and service transformation. At the same time, there is some evidence of reductions in service levels. Because of the legal requirement on local authorities to balance their budgets, it is unlikely that stress in local authorities will manifest itself in financial pressures. Instead, the Department will need to look for evidence of financial stress in local authorities' ability to deliver the services they are responsible for. Some services, such as adult social care, are also under pressure from demographic-led demand. Demands on children's services are also increasing.

The Department for Communities and Local Government has a central role in funding local authorities and establishing and maintaining contact between central and local government. It should be better informed in discharging this role, both in its information about the situation on the ground among local authorities across England, and about the various funding decisions and initiatives taken by departments in Whitehall. This is particularly important given the pressures on local government arising from austerity to date, and the fact that this is likely to continue for some years to come.

Conclusion

9. The pace of government spending reductions in 2016-17 and 2017-18 appear, at this early stage, to be faster and steeper than previously thought. Further substantial cuts to local government and police funding seem likely. Local authorities have worked hard to manage the reductions in government funding through a mixture of efficiency measures and service transformation, but further transformation and reductions in service provision appear a likely outcome from further reductions in funding.

Appendices

- Appendix 1 – London Councils summary
- Appendix 2 – National Audit Office Report: Financial sustainability of local authorities: SUMMARY. Full report can be found at the following link:

<http://www.nao.org.uk/wp-content/uploads/2014/11/Financial-sustainability-of-local-authorities-20141.pdf>

Caroline Al-Beyerty

Financial Services Director

T: 0207 332 1113

E: caroline.al-beyerty@cityoflondon.gov.uk

| | |
|--|-------------------------------------|
| Committees: | Dates: |
| Finance Committee Resource Allocation Sub-Committee | 9 December 2014 11 December 2014 |
| Subject: Financing of Capital and Supplementary Revenue Projects | Public |
| Report of: Chamberlain | For Information |

Summary

This report indicates the scale of the City's programme of Capital and Supplementary Revenue Project (SRP) expenditure over the current planning period from 2014/15 to 2018/19 and the funding challenges this entails. These figures are being incorporated into the initial update of the medium term financial forecasts to inform the 2015/16 budget process.

The key points are:

- The updated forecasts of Capital and SRP expenditure over the planning period total £648m. They include provisions to fund some major schemes including the Police Accommodation programme, major works at the Central Criminal Court, safety works to the Hampstead Heath ponds, highways improvements and contributions to Crossrail.
- The City Fund capital programme is funded from a combination of external contributions, revenue reserves and proceeds from asset disposals. With regard to the latter, forecasts assume receipts totalling £278m of which £182m had been received. The £96m balance of outstanding receipts is to be realised through various property disposal programmes and represents a potential funding risk, which is being monitored in close consultation with the City Surveyor.
- To help mitigate against the risk of current and future City Fund capital funding shortfalls, some £27m of revenue cash balances previously earmarked for property investment continues to be set aside to avoid the need to sell high yielding investment property to the detriment of revenue income.
- With regard to City's Cash, the forecasts indicate that there are sufficient resources within the fund (including asset disposals where necessary) to meet the cost of the Capital and SRP programmes.
- The financial health of the Bridge House Estate Trust remains bouyant, with modest Capital and SRP programmes currently in place.

Recommendations

Members are asked to note the contents of this report.

Main Report

Background

1. Five year programmes of Capital and SRP schemes are maintained for financial planning purposes which inform the preparation of the medium term financial forecasts for each of the three main funds. The forecasts include prudent provision for the latest estimated costs of schemes approved via the Corporate Project Procedure, property acquisitions and other significant schemes in the pipeline.
2. Chief officers provide regular reports (via the Town Clerk's 'Project Vision' system) on the progress of individual schemes against milestones.
3. Capital expenditure generally results in an increase in asset values and typically relates to acquisitions and enhancements, whereas supplementary revenue projects are one-off items which do not fulfil the capital criteria e.g. feasibility and option appraisal costs, major cyclical repairs and maintenance.
4. The capital controls which apply only to the City Fund restrict the use of capital reserves (derived from the sale of assets) solely to the financing of capital expenditure or repayment of debt. In this context, grants to third parties for capital purposes, such as the City Fund contribution to the Crossrail project, would qualify as capital expenditure. (This is contrary to the treatment of City's Cash capital grants to third parties under UK Generally Accepted Accounting Principles (UKGAAP), which are expensed as supplementary revenue projects).
5. The current City Fund Medium Term Financial Strategy/Budget Policy includes a requirement that "ordinarily capital projects should be financed from capital rather than revenue reserves". However, it will be recalled that Members approved capital investment of up to £176m of City Fund *revenue* reserves in property as a means of increasing revenue income, of which a sum of £27m has been set aside to help mitigate the risk of a shortfall in the amount of capital receipts required to finance the capital programme. This is to avoid the need to sell high yielding investment property to the detriment of revenue income.
6. The Court of Common Council has delegated to the Chamberlain authority to determine the methods of financing capital and supplementary revenue project expenditures. In making such decisions consideration is taken of the strategic and tactical interests of the three funds.
7. This report provides details of the latest Capital and SRP programmes over the current planning period from 2014/15 to 2018/19 and the impact on the finances of the three funds.

Current Position

8. The latest estimated Capital and SRP expenditure over the planning period from 2014/15 to 2018/19 amounts to £648m. A summary analysed by fund, together with sources of financing, is shown below:

Table 1: Forecast Capital and SRP Expenditure and Financing 2014/15 to 2018/19

| | City Fund £m | City's Cash £m | Bridge House Estates £m | Total £m |
|-----------------------------------|-----------------|----------------------|----------------------------------|-------------|
| Forecast expenditure: | | | | |
| Capital | | | | |
| - Crossrail | 200 | - | - | 200 |
| - Investment | 16 | 16 | 67 | 99 |
| - Operational | 208 | 71 | 1 | 280 |
| Supplementary Revenue Projects | | | | |
| - Crossrail | - | 54 | - | 54 |
| - Investment | - | 2 | 1 | 3 |
| - Operational | 9 | 2 | 1 | 12 |
| | 433 | 145 | 70 | 648 |
| Financed by: | | | | |
| External Contributions | 87 | 3 | 0 | 90 |
| Internal Funds | *346 | 142 | 70 | 558 |
| | 433 | 145 | 70 | 648 |

* this includes capital receipts of £278m of which £96m has yet to be received, posing a potential risk of shortfall

9. Further analysis of the forecast expenditure and the anticipated sources of finance for each fund are provided in Appendix 1.
10. These figures are based on profiles of estimated capital and SRP expenditure provided by Chief Officers over the summer and are being used in the preparation of the *initial* drafts of the medium term financial forecasts. A further review by Chief Officers is currently underway which will be incorporated into the *final* versions of the financial forecasts, to inform the basis of the 2015/16 budgets for each fund.
11. The introduction of additional schemes into the programme is generally restricted by the priority of the scheme and the availability of funding, with most new schemes being financed externally or met from existing earmarked/ring-fenced funds. Otherwise, funding for new projects is generally contained within the annual provisions for new schemes (£3m per annum each for City Fund and City's Cash), subject to the approval of the Resource Allocation Sub Committee. However, a number of additional provisions totalling £77m (£7.1m City Fund and 69.9m City's Cash, of which £11.6m will be repaid) have been included within the figures in Table 1 as follows:

- as part of the Service Based Review, it has been agreed that additional City Fund resources of £2.1m will be made available for Barbican Centre capital investment in order to deliver an on-going increase in revenue income;
- a one year extension to the Barbican (City Fund) and Guildhall School (City's Cash) Capital Cap arrangements (£2m and £1.8m respectively in 2016/17, subject to separate approval);
- a loan from City's Cash to the Freemen's School of £11.6m to be repaid over a 5 year period commencing in 2017/18;
- a contribution of £3.5m of match funding for the Crossrail Art Foundation together with a possible contribution to Crossrail of up to £50m, both funded from City's Cash (in addition to the £200m from City Fund); and
- additional provisions in 2018/19 of £3m each for City Fund and City's Cash (i.e. £6m in total) to allow flexibility for new capital investment.

Management of Risk Factors

12. Clearly such significant project expenditures present a material risk to the financial health of the funds. In addition there is a legal requirement for the City Fund to comply with the Prudential Code¹ when planning capital investment to ensure that capital expenditure is affordable, sustainable and prudent.

City Fund

13. The main risks centre around the affordability of the City Fund capital programme, particularly the achievability of capital receipts. The estimated internal funds of £341m required to finance capital expenditure (see Appendix 1) comprises £278m assumed from capital receipts and £63m from revenue - mainly comprising the on-street parking reserve applied to highways improvements and the Crossrail revenue reserve which includes interim rental and interest income from the Crossrail Estate.
14. The various disposal programmes from which the £278m of capital receipts are expected to be derived is analysed as follows:

¹ The Prudential Code is a professional code of practice developed by the Chartered Institute of Public Finance and Accountancy to support capital investment decisions. Local authorities are legally required to have regard to it under the Local Government Act 2003.

Table 2: Anticipated Capital Receipts from City Fund Asset Disposals

| | Total Anticipated Receipts £m | Received to Date £m | Unrealised Disposal Proceeds £m |
|---|----------------------------------|------------------------|------------------------------------|
| Planned Disposals: | | | |
| Balance in hand 31 March 2014 | 35 | 35 | 0 |
| Strategic Investment Property | 44 | 42 | 2 |
| Operational Property | 41 | 7 | 34 |
| Total Planned | 120 | 84 | 36 |
| Asset Realisation Programme: | | | |
| Balance in hand 31 March 2014 | 14 | 14 | 0 |
| Surplus Operational Property | 20 | 0 | 20 |
| Total Asset Realisation | 34 | 14 | 20 |
| Crossrail Property Disposals: | | | |
| Balance in hand 31 March 2014 | 23 | 23 | 0 |
| Crossrail Disposals | 62 | 40 | 22 |
| Realisation of short term re-investment of Crossrail receipts | 39 | 21 | 18 |
| Total Crossrail | 124 | 84 | 40 |
| Total Receipts Required to 2018/19 | 278 | 182 | 96 |

The main points to note from table 2 are set out below:

- At the beginning of the planning period we held a total of £73m in capital reserves, generated by prior year disposals of strategic investment property and operational property (£35m), Crossrail property (£23m) and £14m achieved through the asset realisation programme. (HRA receipts are excluded as they are ring-fenced under statute for new dwellings). During 2014/15, a number of anticipated receipts have been realised by the City Surveyor which has mitigated our funding risk.
- Significant planned Investment Property receipts amounting to £42m have been received during the year, mainly derived from two high profile redevelopment sites. Receipts from a further redevelopment site will cover the balance of £2m required within the planning period.

- Operational property disposals, including the sale of surplus Police properties and Barbican Flats are expected to realise a further £41m, of which £7m has been received. Proceeds from the sale of surplus police properties will provide partial funding for the costs of the new Police Accommodation.
 - The Asset Realisation Programme aims to maximise returns whilst minimising any ongoing loss of revenue. With this in mind, priority has been given to the identification and disposal of surplus operational property. A sum of £34m is anticipated within the planning period, of which £14m has been received to date. Some uncertainty remains over the achievability of the remaining £20m which is being monitored through a dedicated officer group, whose remit is being extended through the operational property workstream of the service based reviews.
 - The funding of the £200m City Fund Crossrail commitment is dependent on capital receipts estimated at £124m from the Crossrail estate of which £84m had been received, leaving £40m yet to be realised.
 - Of this £124m required, £39m relates to sums received which have been earmarked for re-investment in property, in accordance with Treasury Management decision to improve revenue returns. A separate report on the Crossrail commitments is due in the new calendar year which will include details of the properties for disposal, which are being selected to minimise the loss of rental income. The balance of the £200m commitment is to be met from interim rental and interest income generated by the Crossrail Estate (£23m) and other funds earmarked from planned disposals which have been largely realised (£53m).
15. Another risk factor particularly associated with the City Fund relates to the certainty and timeliness of the significant external contributions upon which some schemes are predicated. Accordingly, safeguards are in place to ensure that commitments are not entered into unless the receipt of external funds is assured.
16. Looking ahead beyond the planning period, significant expenditure to complete the major works at the Central Criminal Court and further investment in the City Fund Strategic Investment Property Estate is planned, with capital expenditure forecasts indicating a future capital financing shortfall. The Operational Property Review aims to rationalise the operational property estate and identify further surplus assets, resulting in capital receipts to fund our future capital programmes.
17. Pending this review, a sum of £27m of revenue reserves earmarked for property investment is being retained to meet shortfalls in funding of the capital programme.

City's Cash

18. A significant reduction in the required level of capital investment in the Strategic Property Estate, achieved through a revised strategy agreed by the Property Investment Board, together with reprofiling of project expenditure, has minimised the need for a further asset realisation programme for City's

Cash. Revenue savings and disposal proceeds arising from the Operational Property Review may provide resources towards the funding of capital and supplementary revenue projects, with any shortfall to be met from the liquidation of investments (financial or property).

Bridge House Estates

19. The financial health of the Bridge House Estates Trust remains bouyant, with modest capital and SRP programmes currently in place.
20. In addition, further investment is included in the capital programme to improve the long term resilience of both City's Cash and Bridge House Estates, financed from the receipts generated by the recent investment property sales to the City Fund.

Conclusion

21. Significant capital and supplementary revenue project expenditure amounting to some £648m is currently forecast, to be funded from various sources as described in this report. The main area of risk relates to the affordability of the City Fund Capital Programme, which is particularly dependent on the achievement of operational property sales, the Crossrail funding strategy and the asset realisation programme. To provide some mitigation against this risk, a sum of £27m has been prudently set aside from City Fund revenue resources to fund unforeseen shortfalls in capital reserves and/or to finance future funding deficits beyond the planning period.
22. Controls are in place to generally restrict the amount of new capital investment. Nevertheless, additional (mostly exceptional) items totalling £77m (£65.4m net after repayment) have been built into the programmes in respect of the items listed in paragraph 11.
23. The current medium term financial forecast for City's Cash indicates that there are sufficient resources within the fund to meet the cost of the programme, involving the disposal of property and possibly financial investments an immediate need for further asset realisation, and the long term resilience of the fund is to be improved by strategic property reinvestment and rationalisation of the operational property estate.
24. The financial health of the Bridge House Estates Trust remains buoyant.

Appendices

Appendix 1: Capital and Supplementary Revenue Expenditure Forecasts and Financing

Caroline Al-Beyerty
Financial Services Director

T: 020 7332 1113

E: caroline.al-beyerty@cityoflondon.gov.uk

This page is intentionally left blank

City Fund Capital Expenditure Forecast and Financing

| | 2014/15 £m | 2015/16 £m | 2016/17 £m | 2017/18 £m | 2018/19 £m |
|--|---------------|---------------|---------------|---------------|---------------|
| Forecast Expenditure | | | | | |
| Approved Schemes | 48.7 | 226.6 | 8.6 | 5.5 | 3.8 |
| Indicative Cost of schemes awaiting approval/in the pipeline | 18.0 | 46.4 | 28.0 | 18.3 | 19.9 |
| Total Forecast Expenditure | 66.7 | 273.0 | 36.6 | 23.8 | 23.7 |
| Funded by: | | | | | |
| Revenue Reserves: | | | | | |
| External Grants & contributions | 29.8 | 32.6 | 12.1 | 6.0 | 2.7 |
| Earmarked Reserves | 11.8 | 18.1 | 4.0 | 0.4 | 0.1 |
| General Revenue Reserve | 2.9 | 1.9 | - | - | - |
| Crossrail Reserve - revenue | - | 23.0 | - | - | - |
| sub-total revenue reserves | 44.5 | 75.6 | 16.1 | 6.4 | 2.8 |
| Capital Reserves: | | | | | |
| Crossrail Reserve - capital | - | 124.0 | - | - | - |
| Capital Receipts - Strategic and Other | 22.2 | 73.4 | 20.5 | 17.4 | 20.9 |
| sub-total capital reserves | 22.2 | 197.4 | 20.5 | 17.4 | 20.9 |
| Total Funding | 66.7 | 273.0 | 36.6 | 23.8 | 23.7 |

City Fund Supplementary Revenue Expenditure Forecast and Financing

| | 2014/15 £m | 2015/16 £m | 2016/17 £m | 2017/18 £m | 2018/19 £m |
|--|---------------|---------------|---------------|---------------|---------------|
| Forecast Expenditure | | | | | |
| Approved Schemes | 6.6 | 2.0 | 0.1 | 0.1 | - |
| Indicative Cost of schemes awaiting approval | 0.4 | 0.2 | - | - | - |
| Total Forecast Expenditure | 7.0 | 2.2 | 0.1 | 0.1 | - |
| Funded by: | | | | | |
| External Grants & contributions | 3.3 | 0.8 | 0.1 | 0.1 | - |
| Earmarked Reserves | 0.5 | 0.1 | - | - | - |
| General Revenue Reserve | 3.2 | 1.3 | - | - | - |
| Total Funding | 7.0 | 2.2 | 0.1 | 0.1 | - |

Separate tables for City Fund Capital and Supplementary Revenue Forecasts have been provided in order to demonstrate the capital funding requirement.

City's Cash Capital & Supplementary Revenue Expenditure Forecast and Financing

| | 2014/15 £m | 2015/16 £m | 2016/17 £m | 2017/18 £m | 2018/19 £m |
|--|---------------|---------------|---------------|---------------|---------------|
| Forecast Expenditure | | | | | |
| Approved Schemes | 26.2 | 14.5 | 2.7 | - | - |
| Indicative Cost of schemes awaiting approval/in the pipeline | 9.3 | 16.8 | 19.5 | 3.0 | 53.0 |
| Total Forecast Expenditure | 35.5 | 31.3 | 22.2 | 3.0 | 53.0 |
| Funded by: | | | | | |
| External Grants & contributions | 2.9 | 0.4 | - | - | - |
| Contributions from other funds | - | - | - | - | - |
| Designated Sales Pool | 8.2 | - | - | - | - |
| Other Earmarked Funds | 3.3 | 1.7 | 2.1 | - | - |
| City's Cash General Reserve | 21.1 | 29.2 | 20.1 | 3.0 | 53.0 |
| Total Funding | 35.5 | 31.3 | 22.2 | 3.0 | 53.0 |

Bridge House Estates Capital & Supplementary Revenue Expenditure Forecast and Financing

| | 2014/15 £m | 2015/16 £m | 2016/17 £m | 2017/18 £m | 2018/19 £m |
|--|---------------|---------------|---------------|---------------|---------------|
| Forecast Expenditure | | | | | |
| Approved Schemes | 22.5 | 0.5 | - | - | - |
| Indicative Cost of schemes awaiting approval/in the pipeline | 16.9 | 20.5 | 3.8 | 5.8 | - |
| Total Forecast Expenditure | 39.4 | 21.0 | 3.8 | 5.8 | - |
| Funded by: | | | | | |
| External Grants & contributions | - | - | - | - | - |
| Designated Sales Pool | 37.2 | 10.4 | 1.5 | - | - |
| Other Designated Funds | 1.1 | 10.4 | 2.3 | 5.8 | - |
| BHE General Reserve | 1.1 | 0.2 | - | - | - |
| Total Funding | 39.4 | 21.0 | 3.8 | 5.8 | - |

Capital and Supplementary Revenue forecasts have been combined for City's Cash and Bridge House Estates as, unlike the City Fund, the financing is not restricted by the nature of the project.

Appendix 1

| Total £m |
|--------------|
| 293.2 |
| 130.6 |
| 423.8 |
| 83.2 |
| 34.4 |
| 4.8 |
| 23.0 |
| 145.4 |
| 124.0 |
| 154.4 |
| 278.4 |
| 423.8 |

| Total £m |
|-------------|
| 8.8 |
| 0.6 |
| 9.4 |
| 4.3 |
| 0.6 |
| 4.5 |
| 9.4 |

Appendix 1

| Total £m |
|--------------|
| 43.4 |
| 101.6 |
| 145.0 |
| 3.3 |
| 0.0 |
| 8.2 |
| 7.1 |
| 126.4 |
| 145.0 |

| Total £m |
|-------------|
| 23.0 |
| 47.0 |
| 70.0 |
| - |
| 49.1 |
| 19.6 |
| 1.3 |
| 70.0 |

| | |
|--|---|
| Committee: Finance Committee | Date: 9 th December 2014 |
| Subject: Energy Targets 2014 – 2018 (CS/441/14) | Public |
| Report of: The City Surveyor | For Decision |

Summary

The purpose of this report is to agree an energy reduction target of 9% for the period 2014/15 – 2017/18 based on 2008/09 energy consumption levels, which would bring the overall reduction to 25% since 2008/09. The adoption of this 9% energy reduction target is recommended in order to maintain the momentum of energy reduction saving already achieved and contribute to the overall 40% reduction target by 2025.

This report also highlights the risk to the City of London of rising energy prices. It refers to a consultant’s report that proposes the establishment of an internal pilot “invest to save” Energy Efficiency Fund (EEF) scheme, to assist departments in reducing their absolute energy use. Such a fund would also assist in achieving the 9% reduction target.

A pilot EEF would provide funding of up to £0.5m per year for a 1 year initial pilot to fund energy efficiency projects which would typically pay for themselves within three to eight years. Energy reduction targets will be revised in the light of the success of the pilot EEF. Projects over £50,000 in value submitted for consideration under the EEF will be subject to the normal corporate project management process. A bid detailing the EEF proposal and how the funding will be resourced will be made to Resource Allocation sub-Committee in the near future.

Recommendation

It is recommended that Finance Committee:

- agrees an energy reduction target of 9% for the period 2014/15 – 2017/18;
- agrees that the City Surveyor should be tasked with bringing appropriate “invest to save” schemes through the Project Procedure;
- agrees that the City Surveyor should be tasked with revising targets (annually) for individual Chief Officers based on their savings potential;
- notes the work to establish an internal Energy Efficiency Fund (EEF) to provide funding of up to £0.5m for a trial period of 1 year for smaller energy efficiency projects; and
- notes the recommendations of the SER set out at Appendix 1.

Main Report

Background

1. The City’s current energy bill (excluding vehicle fuel and water) is £15.1m and this is expected to increase by 40% over the next five years. This is principally due to energy infrastructure charges and major shift upwards in wholesale prices could exacerbate this scenario. A Strategic review of the City’s energy usage was

undertaken in 2013 (Strategic Energy Review - SER). The SER identified 14 recommendations for the City's future energy use. These are summarised at Appendix 1. It also identified that a target of 9% energy reduction for the period 2014/15 to 2017/18 would be appropriate and achievable through a combination of 'Business as Usual' (BAU) and implementation of "invest to save" projects. An overview of these project scenarios is outlined in Appendix 2.

2. An independent study commissioned by the City of London in 2010 and revisited in 2013 forecast that even if wholesale energy costs remain the same, increasing energy infrastructure prices will see energy bills increase by up to 40% over the next five years.
3. The City of London Corporation is recognised as a leader in energy management and has succeeded in reducing its energy consumption by 16% since 2008/09. However, further work is needed to reduce the impact of the anticipated price rises.

Strategic Energy Review

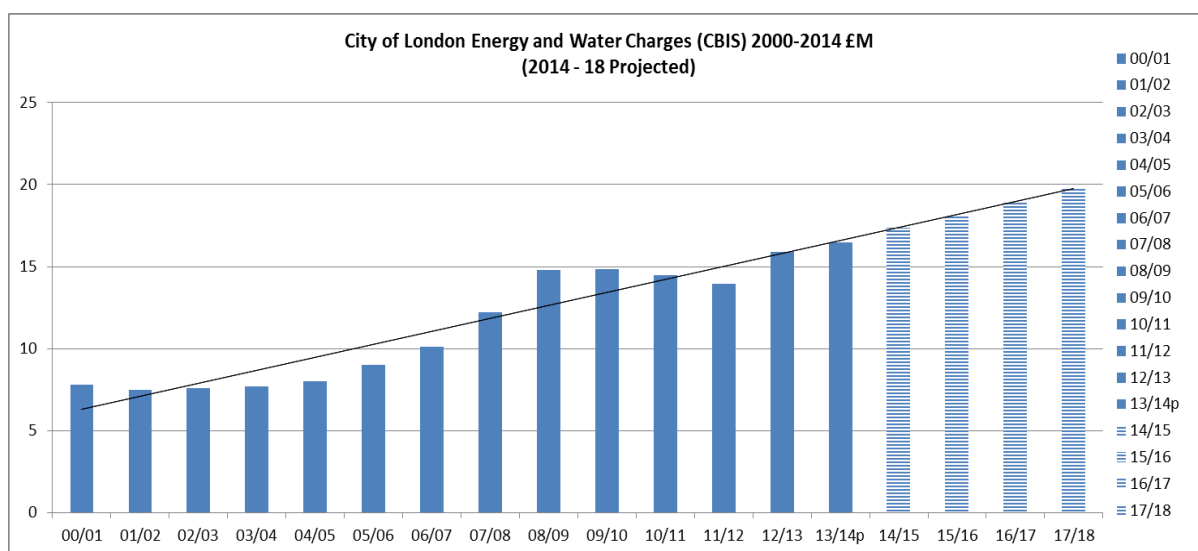


Fig 1. CoL Energy and Water Charges (excluding HRA water rates) 2008/09 (base year) – 2013/14 with projected energy costs to 2018 extrapolated from trend 2000 – 2014.

4. As can be seen in Figure 1 (above), despite the progress which has been made in managing energy demand, forward projection of energy price trends, indicate a growth in energy costs to £19.8m by 2018.
5. Managing energy demand is a complex task and, as the City of London Corporation has been working on this issue for decades, many of the quick wins and easy solutions for reducing our energy consumption have been found.
6. Over the summer of 2013 the City of London commissioned external consultants to undertake a review of energy use across the operational estate with a view to identifying strategic actions which could reduce the impact of the forecast price rises. A copy of the consultant's report, known as the Strategic Energy Review (SER), can be found in the Members' Reading Room.

7. In summary the SER confirmed that, with appropriate action the City of London could reduce energy use by 40% by 2025 and recommended that Departments should continue their energy reduction programmes.
8. The SER also recommended prioritising buildings, revising targets, and stripping out direct tenant energy usage from future reporting figures (this particularly applies to Markets). A priority list of technologies was identified and changes to the City's main building repairs and maintenance contract were suggested to incentivise the main contractor to identify energy savings.
9. A further recommendation of the SER (recommendation 10) was the establishment of an internal Energy Efficiency Fund (EEF) to provide capital funding for energy savings schemes outside of traditional building repair, maintenance and specific project budgets.

The Case for Investment

10. The SER identified that to continue on our BAU path would achieve further reductions of around 3% by 2017/18. Further energy reductions of 5-6% could be achieved by implementing targeted but relatively simple energy conservation measures with a payback period of less than 5 years. In total therefore there is a saving potential of up to 9% to be achieved if the City followed the short term recommendations identified under the SER. A brief description of the strategic approach identified up to 2025 is set out at Appendix 2.
11. As the City has already implemented many of the quick win measures under the BAU scenario, the further potential energy saving measures set out at appendix 2 (in particular scenarios 2, 3 & 4) will take significant assessment to fully determine the costs and benefits of the schemes. It is proposed that the City Surveyor will develop these schemes and seek to bring them to fruition through the approved project procedure with individual projects being brought to Committee in due course.
12. The Efficiency & Performance Sub-Committee has previously indicated a wish for greater focus to be placed on identified "invest to save" projects, these projects being considered on a case by case basis as opportunities emerge. However, one mechanism to help departments to achieve further savings and to assist to fund the smaller invest to save projects identified in the SER, is the creation of an Energy Efficiency Fund (EEF).
13. The establishment of this fund was considered and approved (in principle) by the Efficiency & Performance Sub-Committee in September 2014, on the basis of a pilot project (subject to resource availability) and to test take-up.
14. Further work has now shown that if the City wants to meet a 9% energy reduction target by 2017/18, expenditure on scenario 1 in appendix 2 is likely to be necessary (i.e. £4.5m).
15. In these circumstances it is proposed that the EEF will act as a catalyst to deliver energy conservation projects to assist with the delivery of energy reduction targets and meet the challenges of increasing energy costs. In the current circumstances it is proposed for a pilot EEF to provide funding of up to £0.5m for one year to fund energy efficiency projects which would typically pay for themselves within three to

eight years. This would be reviewed after one year. One output of the EEF will be to determine how much more can be achieved. Projects over £50,000 in value submitted for consideration under the EEF will be subject to the corporate project management process. The target rate of energy reduction will be revised in the light of the outcome of the pilot EEF.

16. Given the risks associated with rising energy prices the current path of BAU is not considered appropriate and would not achieve our stated targets.
17. Funding the whole amount under scenario 1 is also not proposed as it is not considered practical at this stage however this will be reconsidered following a review of the progress of the pilot EEF.
18. A bid detailing the EEF proposal and how the funding will be resourced will be made to Resource Allocation Sub-Committee in the near future.
19. The 9% reduction target proposed in this report maintains the City's pathway towards the 40% reduction target by 2025, ensures the continued departmental involvement and co-operation, would assist in easing the City's financial position going forward and would yield in excess of £1m in annual energy cost savings at current energy prices at the end of the period.

Corporate and Strategic Implications

20. Whilst the actions recommended in this report are in line with the City of London Corporations stated desire to reduce carbon emissions, the primary motivation behind this programme of action is management of the risks associated with rising energy prices.
21. The recommended action therefore in accord with the second objectives of the City's Corporate Plan strategic aims:
 - *To provide . . . **efficient** and high quality local service . . . with a view to delivering **sustainable outcomes**;*
22. The Corporate Property Asset Management Strategy 2012/2016 was approved by the Corporate Asset Sub Committee in December 2012. The Asset Management Vision is to manage the City's operational assets effectively, efficiently and sustainably to deliver strategic priorities and service needs. The key objectives identified within the Strategy endorses that the City overall, in accordance with the CDP-09 achieves a 15% energy reduction by 2015. Reducing energy usage and carbon emissions allies with the City's core value:
 - *The right services at the right price.*
23. In addition its primary focus is in keeping with KPP2 of the Corporate Plan
 - *Maintaining the quality of our public services whilst reducing our expenditure and improving our efficiency;*

Conclusion

24.Reducing the impact of the forecast rises in energy prices will require stringent performance targets, and the encouragement of innovation and problem solving for departments. The establishment of the Energy Efficiency Fund will enable departments to identify and leverage opportunities which will assist the City of London to achieve its goal of reducing energy by 40% by 2025.

FOR INFORMATION

Contact: Paul Kennedy
Corporate Energy Manager.
City Surveyor's Department
Direct Line 020 7332 1130:
Email paul.kennedy@cityoflondon.gov.uk

Appendix One - Strategic Energy Review - Key Recommendations (non prioritised)

Recommendation 1: Building Prioritisation

From analysis of the operational estate (excluding residential buildings), the main focus of any energy efficiency activities should be on the Guildhall Complex and the Barbican Centre. Based on the data for 2012/13, these two buildings consume around 32% of the total energy for the operational estate (17% and 15% respectively).

Recommendation 2: Technology Prioritisation

As part of our review the study looked at a range of applicable technologies and the following recommendations for the priority energy reduction technologies to implement across a number of sites are:

- Building Energy Management Systems (BEMS): full audit, and optimisation of settings and controls
- Improved plant room and pipework insulation
- Savacontrols on refrigeration equipment
- Lighting: bulk lighting upgrades and improved lighting controls
- Upgrade street lighting from standard lanterns to LED lanterns, which could enable them to be dimmed overnight.

Recommendation 3: Space Utilisation

By adopting a sharing ratio of 80% (or 8 workstations for every 10 full time equivalent (FTE) workers) it is estimated that GNW could accommodate a further 193 FTE staff, over and above the current proposals for 771.

Following on from this, our recommendation is that CoLC should consider the potential and options for having a lower workstation sharing ratio to consolidate staff from the Walbrook Wharf, GNW and GWW buildings into one or two of those buildings, and/or bring more staff onto those sites from other buildings in the operational estate.

Recommendation 4: Citigen Private Wire

This relates to exploring the potential for taking private wire electricity from Citigen as originally intended and thereby by-passing certain distribution and transmission charges.

Recommendation 5: Planning Preventative Maintenance (PPM), Mitie and the BRM contract: using the BRM contract to drive energy savings

Recommended that CoLC should explore how to incentivise for the BRM contactor to bring forward proposals for energy reduction projects, identified as part of normal work through the BRM, could be increased, and a streamlined process developed for such proposals to be submitted, assessed, approved and funded.

Recommendation 6: Building Energy Management System (BEMS)

There is considerable potential for energy savings in key buildings from more optimised performance of the BEMS. There is a clear business case for having a dedicated BEMS engineer employed by CoLC whose role would be to systematically test, review, and reconfigure the BEMS within the key buildings in the operational estate, with a specific focus on delivering energy savings, whilst maintaining accommodation standards.

Recommendation 7: High Level Metering Strategy

This recommendation relates to the development of a high level energy metering strategy, in order to support future energy data analysis and BEMS improvements.

Recommendation 8: Server Room Utilisation and Cooling

If the server provision for the Guildhall were moved offsite this could reduce total CoLC energy consumption by about 1% and save about £140,000 per year in energy costs, based on 2013 prices. However, this would need to be offset against any additional costs charged by the IT providing an off-site solution.

The potential for moving server provision for the Police offsite should also be explored further, beginning with a more detailed assessment of the current electricity/ energy consumption of the Wood Street server room.

Recommendation 9: Soft Landing Approach

Adopting a Soft Landings approach for new building projects, to improve operational outcomes, reduce in-use energy consumption, and bridge the gap between design aspirations and actual in-use performance. Oversight of this could be implemented into the current CoLC capital projects Gateway system.

Recommendation 10: Energy Efficiency Fund

The CoLC should establish an Energy Efficiency Fund that could be used to fund the capital costs, and enabling work, such as feasibility and design fees, for energy conservation projects. The basis for establishing the fund would be “spend to save” as the measures it would fund would typically pay for themselves in 5-10 years.

The EEF should not have to compete with, or be seen to be competing with the capital required for the AWP. The former should be funded as a Spend-to-save initiative that can sit alongside and build on the AWP but is separate from it.

Recommendation 11: Sources of Funding

- Based on our review of sources of funding and finance, we recommend the following three approaches for CoLC for funding the EEF.
 - Internal funding.
 - Salix. The interest free loans offered by Salix are a good opportunity and should certainly be considered for selected projects with payback periods shorter than the loan maturity.
 - The use of RE:FiT. the main benefit comes from the OJEU compliant framework they have in place with ESCos which would not only reduce procurement burden but would guarantee project savings

Recommendation 12: Additional Works Programme and Cyclical Maintenance

Look to “piggyback” energy efficiency projects onto the AWP and other cyclical replacement activity, using supplementary funding from the Energy Efficiency Fund.

Recommendation 13: Annual Energy Reporting

Refine annual energy reporting, and assessment of progress towards targets, through the use of weather correction of energy data.

Recommendation 14: Photovoltaics

Conduct a feasibility study into the potential for installing large scale Photovoltaic (PV) arrays onto CoLC buildings with large unshaded roof areas not subject to listed building or significant planning constraints.

Appendix Two - Strategic Energy Review – Approach to achieve a 40% reduction in energy by 2025/26.

| Scenario | Estimated Investment cost (£m) to achieve. | Details of spending scenarios | Estimated percentage (%) Energy reductions. | | |
|------------------------------------|--|--|---|---------------------------------|--------------------------|
| | | | Achieved To date: 2008/09 – 2013/14 | SER Predicted 2013/14 – 2017/18 | SER Predicted by 2025/26 |
| Business as Usual | Met within existing budget Scenarios | Continuing with a Business as Usual (BAU) scenario, the savings reduce significantly overtime as 'quick win' implementation projects diminish. The BAU scenario also includes accommodation changes as proposed (at the time of the study) for City Police, Walbrook Wharf as well as enhancements to the Freeman's and CoL School Girls and GSMD. | 16 ¹ | 3.0 | 16.5 ² |
| Scenario 1 | 4.5 | This includes the uptake of small manageable energy conservation measures such as: lighting upgrades; thermal insulation of plant and pipework; building and occupancy control upgrades; motor control devices; refrigeration and air conditioning controls; occupancy and control set point optimisation. | | 5.0 to 6.0 | 16.0 |
| Scenario 2 (incl. 1) | 1.0 | As scenario 1 above but including longer paybacks of up to 12 years (from implementation) for those applications with more complicated 'Ease of Implementation'. | | | 0.8 |
| Scenario 3 (incl.1 & 2) | 0.9 | As 2 above but with embedded cultural behaviour change amongst staff and management and other more strategic measures such as moving the computer servers off-site and major enhancements to street lighting. | | | 4.3 |
| Scenario 4 (incl. 1,2, 3) | 1.0 | As 3 above but further and more radical suggestions such as large scale solar photovoltaic (electricity) generation and significant space rationalisation. | | | 2 |
| Total | £7.4m | | 16% | 9.0% | 39.6% |

¹ This figure is uncorrected for weather. See SER Recommendation 13 (Appendix 1) regarding weather correction. 2013/14 was a very mild year so energy usage was much less than anticipated. All future energy reports will be corrected to take into account prevailing weather conditions affecting energy used for heating.

² The consequence of note 1 means the overall impact of BAU by 2025/26 is likely to lessen over the period.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank