



Policy and Resources Committee

Date: THURSDAY, 14 DECEMBER 2017
Time: 1.45 pm
Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

LATE PAPER

AGENDA

15. **REVENUE AND CAPITAL BUDGETS 2018/19**
Joint report of the Town Clerk, Chamberlain and Remembrancer.

For Decision
(Pages 1 - 8)

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Lunch will be served in Guildhall Club at 1PM
NB: Part of this meeting could be the subject of audio visual recording

John Barradell
Town Clerk and Chief Executive

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Committee(s)	Dated:
Policy and Resources	14 December 2017
Subject: Revenue and Capital Budgets 2018/19	Public
Report of: The Town Clerk, the Chamberlain, the Remembrancer	For Decision
Report Author: Laura Tuckey, Chamberlain's Department	

Summary

This report is the annual submission of the revenue and capital budgets overseen by your Committee. In particular it seeks approval to the provisional revenue budgets for 2018/19, for subsequent submission to the Finance Committee. The budgets are summarised in the following table and have been prepared within the resources allocated to the Town Clerk and the Remembrancer.

	Original Budget 2017/18	Latest Approved Budget 2017/18	Proposed Original Budget 2018/19	Movement 2017/18 LAB To 2018/19
	£000	£000	£000	£000
By Division of Service				
Community Safety and Resilience	868	1,336	888	448
Communications	1,905	2,215	2,193	22
Economic Development	5,269	4,901	4,610	291
Grants and Contingencies	4,909	6,224	5,105	1,119
Remembrancer	6,789	6,101	6,497	(396)
Division of Service Totals	19,740	20,777	19,293	1,484

Expenditure and unfavourable variances are presented in brackets

Overall, the 2017/18 latest budget is £20,777m, an increase of £1.037m compared with the original budget. The main reasons for this net increase are:

- an increase in provisions totalling £1.592m funded from approved carry forwards from 2016/17 (see paragraph 5 for further details);
- a one-off budget provision in 2017/18 of £44,000 for expenditure to fund employees' contribution pay in that year (Town Clerk's Department £32,000 and Remembrancer's Department £12,000); and
- a decrease in Support Service costs of £655,000 due to slippage of the Additional Works Programme (Town Clerk's Department has an increase of £70,000 and Remembrancer's Department has a decrease of £725,000).

The 2018/19 proposed revenue budget totals £19.293m, a decrease of £1.484m compared with the latest budget for 2017/18. The main reasons for the net decrease are:

- excludes the one-off provision of £1.592m in 2017/18 relating to 2016/17 carry forwards;
- a decrease of £167,000 for the Town Clerk's and Remembrancer's 2% savings target (Town Clerk's Department £144,000 and Remembrancer's Department £23,000);
- a decrease of £270,000 in relation to additional Brussels Office funding that was agreed in July 2015 as this funding was only agreed for three full years; a report is being submitted to your Committee on today's agenda regarding a request for additional funding of £571,500 to implement the review of the City Offices in Brussels in 2018/19; and
- an increase in Support Services costs of £477,000 due to the realignment of works for the Additional Works Programme (Town Clerk's Department £74,000 and Remembrancer's Department £403,000).

No adjustment has been made for a potential uplift for pay and prices which will be discussed and agreed with Members in January, closer to the start of the financial year.

There are currently unidentified savings of £118,000 in both the Town Clerk's Communications Department budget (£94,000) and the Remembrancer's Department budget (£24,000).

This report also provides a summary of the Committee's capital and supplementary revenue project budgets. The most significant of which is Crossrail.

Recommendations

The Committee is requested to:

- note the latest 2017/18 revenue budget;
- critically review the provisional 2018/19 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee;
- authorise the Chamberlain to revise these budgets to allow for further implications arising from the Service Based Reviews and other corporate efficiency projects; and
- note the draft capital and supplementary revenue budget.

Main Report

Introduction

1. The Committee is responsible for:
 - considering matters of Policy and strategic importance to the City of London Corporation including matters referred to it by other Committees and/or Chief Officers;
 - the review and co-ordination of the governance of the City of London Corporation including its Committees, Standing Orders and the Outside Bodies Scheme, reporting as necessary to the Court of Common Council, together with the City Corporation's overall organisation and administration;
 - the support and promotion of the City of London as the world leader in international financial and business services and to oversee, generally, the City of London Corporation's economic development activities and communications strategy;
 - overseeing generally the security of the City and the City of London Corporation's resilience; and
 - the effective and sustainable management of the City of London Corporation's operational assets to help deliver strategic priorities and service needs.

Savings Target

2. The Finance Committee and the Court of Common Council agreed that a 2% savings target based on the Original 2017/18 net local risk budgets should be made by all departments in their 2018/19 local risk budgets. This amounts to £144,000 for the Town Clerk's Department and £23,000 for the Remembrancer's Department.
3. There are currently unidentified savings of £118,000 in both the Town Clerk's Communications Department budget (£94,000) and the Remembrancer's Department budget (£24,000).

Latest Revenue Budget for 2017/18

4. Overall there is an increase of £1.037m between the Committee's original and latest budget for 2017/18. The main reasons for this movement are explained by the variances set out in the following paragraphs.
5. Provisions totalling £1.592m (Policy Initiatives Fund £110,000, Committee Contingency £302,000, Economic Development £700,000, Community Safety and Resilience £445,000 {mainly in respect of 'One Safe City' programme}, and Remembrancer £35,000) funded from underspends brought forward from 2016/17.

6. There has been a decrease of £655,000 of Central Recharges mainly the Admin Buildings recharge due to slippage of the Additional Works Programme (Town Clerk's Department has an increase of £70,000 and Remembrancer's Department has a decrease of £725,000).
7. Additional 'one-off' resources of £32,000 to cover contribution pay.

Proposed Revenue Budget for 2018/19

8. The provisional 2018/19 budgets, have been prepared in accordance with the guidelines agreed by your Committee and the Finance Committee and are within the resources allocated to the Town Clerk and the Remembrancer.
9. The budgets are set out in Appendix 1. Income and favourable variances are presented in brackets. Only significant variances (generally those greater than £100,000) have been commented on in the following paragraphs.
10. Overall there is a decrease of £1.484m between the 2017/18 latest approved budget and the 2018/19 original budget. The main reasons for this movement are explained by the below:
 - Employee costs have decreased by £644,000 (£202,000 Local risk and £442,000 Central risk) due to the Economic Development Office's budget reductions in the City Brussels Office and the One Safe City Programme ending in 2017/18. The reduction in the City Brussels Office budget is due to the agreed ringfenced three-year budget uplift of £500,000 coming to a close part way through 2018/19, this report went to your Committee and was agreed in June 2015;
 - Supplies and Services costs have decreased by £1.122m mainly due to the deletion of one-off items funded from carry forwards from 2016/17 totalling £1.235m included in the latest approved budget for 2017/18;
 - A target saving of £118,000 (Town Clerk's Department £94,000 and Remembrancer's Department £24,000) has been included within the budget to ensure that Town Clerk's Department and Remembrancer's Department manage within resource allocations, these savings are as yet unidentified; and
 - an increase of £477,000 for the Remembrancer's Department Support Services costs, mainly in relation to Admin Buildings recharges as a result of the Additional Works Programme that was delayed from 2017/18.
11. A report is being submitted to your Committee on today's agenda regarding a request for additional funding of £571,500 to implement the review of the City Offices in Brussels in 2018/19.

12. A summary of employee related costs is shown in Table 1 below.

Table 1 - Staffing statement	Latest Approved Budget 2017/18		Original Budget 2018/19	
	Full-time equivalent	Estimated cost £000	Full-time equivalent	Estimated cost £000
Town Clerk	100.4	7,634	102.0	6,990
Remembrancer	15.5	1,060	15.5	1,050
TOTAL	112.9	8,694	117.5	8,040

This small movement is as expected as service based review savings have already been implemented.

Potential Further Budget Developments

13. No adjustment has been made for a potential uplift for pay and prices which will be discussed and agreed with Members in January, closer to the start of the financial year.
14. The provisional nature of the revenue budgets particularly recognises that further revisions may arise from the necessary realignment of funds resulting from such items as:
- the on-going Service Based Reviews and other corporate efficiency projects; and
 - central and departmental support service apportionments.

Forecast Outturn 2017/18

15. The forecast outturn for the current year is in line with the latest approved budget of £20,777m as detailed in Appendix 1.

Draft Capital and Supplementary Revenue Budgets

16. The latest estimated costs for the Committee's draft capital and supplementary revenue projects are summarised in Appendix 2.
17. Pre-implementation costs comprise feasibility and options appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.
18. It should be noted that:
- the above figures exclude the capital costs of the various projects which have yet to reach authority to start work stage;
 - the Crossrail sums represent the approved capital contributions towards the public art; and
 - the Museum of London sums are mainly comprised of contributions for the Museum to progress the relocation plans.

These figures exclude the £30.4m to take the project to the next stage, as this is subject to Court of Common Council approval.

- The costs included for the Central Criminal Court project exclude later phases of the works, which are subject to further Gateway reports.

19. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2018.

Appendices

- Appendix 1 – Analysis of Revenue Budgets
- Appendix 2 – Draft Capital and Supplementary Revenue Budgets

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Analysis of Revenue Budgets

TABLE 1 Analysis of Service Expenditure	Original Budget 2017-18 £'000	Latest Approved Budget 2017-18 £'000	Original Budget 2018-19 £'000	Movement 2017-18 to 2018-19 £'000	note
EXPENDITURE					(i)
Town Clerk	12,285	14,070	12,146	(1,924)	
Remembrancer	2,451	2,488	2,481	(7)	
Total Expenditure	14,736	16,558	14,627	(1,931)	
INCOME					
Town Clerk	(430)	(560)	(590)	(30)	(ii)
Total Income	(430)	(560)	(590)	(30)	
TOTAL EXPENDITURE BEFORE SUPPORT SERVICES AND CAPITAL CHARGES	14,306	15,998	14,037	(1,961)	
SUPPORT SERVICES & CAPITAL CHARGES	5,434	4,779	5,256	477	
TOTAL NET EXPENDITURE	19,740	20,777	19,293	(1,484)	
BY DIVISION OF SERVICE:					
Community Safety and Resilience	868	1,336	888	(448)	
Communications	1,905	2,215	2,193	(22)	
Economic Development	5,269	4,901	4,610	(291)	
Grants and Contingencies	4,909	6,224	5,105	(1,119)	
Remembrancer	6,789	6,101	6,497	396	
TOTAL NET EXPENDITURE	19,740	20,777	19,293	(1,484)	

Income and favourable variances are presented in brackets

Notes:

(i) Deletion of 'one-off' items of expenditure totalling £2.038m, as well as a savings target of £0.144m to be made in 2018/19 and £0.270m reduction in the Brussels Office budgets.

(ii) Increase of £477,000 for the Town Clerk's and Remembrancer's proportionate shares of Guildhall complex costs.

APPENDIX 2

Draft Capital and Supplementary Revenue Budgets

	Project	Exp. Pre 01/04/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Later Years £'000	Total £'000
Crossrail							
City's Cash	Crossrail Art Foundation	1,715	1,785				3,500
Security							
City's Cash	Security -	41	1,296				1,337
City Fund	Operational Buildings		112				112
Guildhall schemes:							
<u>Pre-implementation</u>							
City's Cash	Visitor's WCs & cloakroom facilities	12	115	4			131
Other schemes:							
<u>Pre-implementation</u>							
City Fund	Centre for Music - business case	285	68				353
City Fund	Museum of London relocation		5,398				5,398
City's Cash	Museum of London relocation	2,072	24				2,096
City's Cash	St Lawrence Jewry Church	31	72	19			122
City's Cash	Magistrate's Court external redecorations		15				15
City's Cash	Magistrate's Court, future options		15				15
<u>Authority to start work granted</u>							
City Fund	Central Criminal Court	7,948	5,884	949	5		14,786
TOTAL POLICY & RESOURCES		12,104	14,784	972	5	0	27,865