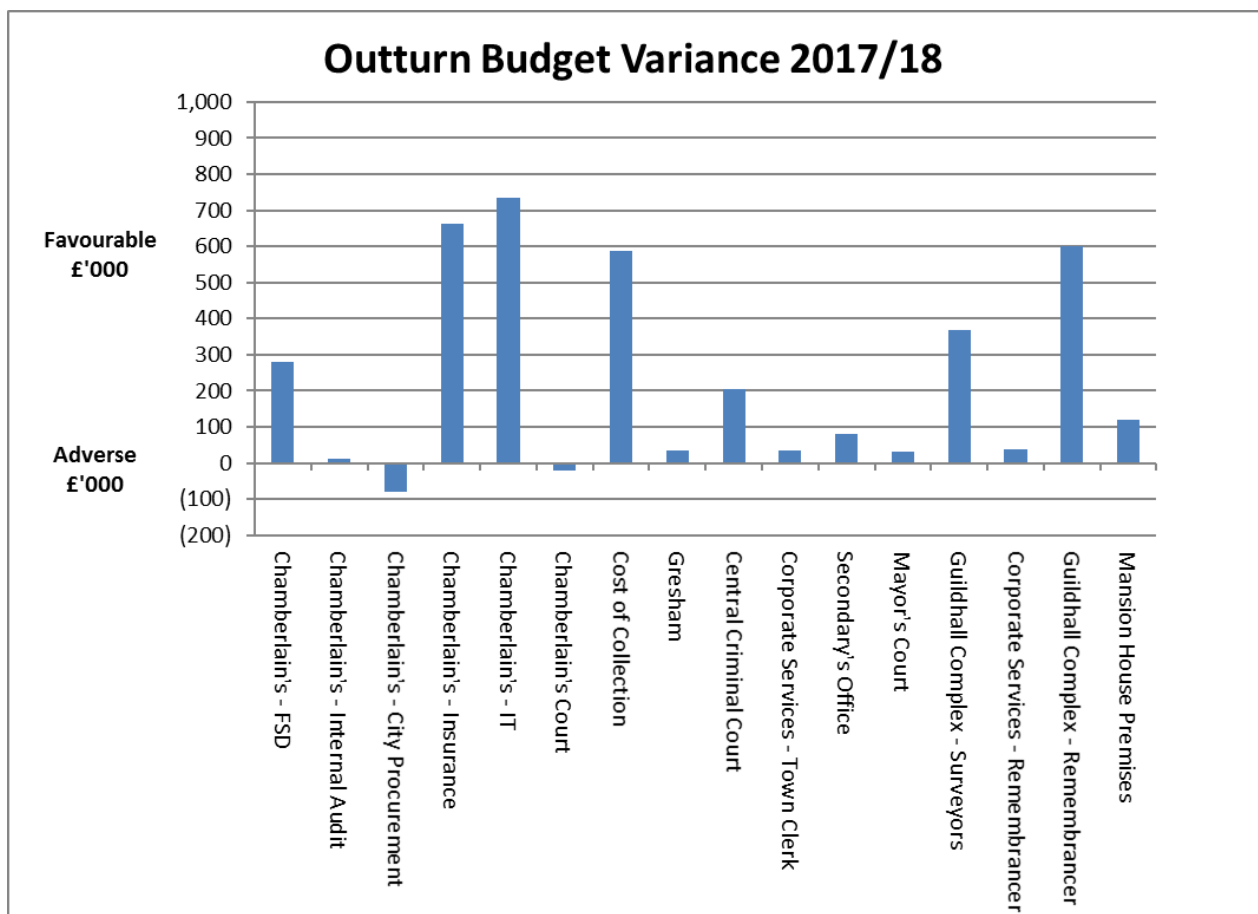


<b>Committee</b>	<b>Dated:</b>
Finance Committee	18 September 2018
<b>Subject:</b> Revenue Outturn 2017/18 – Finance Committee Operational Services	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report author:</b> Philip Gregory, Deputy Financial Services Director, Chamberlain’s Department	

### Summary

This report compares the revenue outturn for the operational services overseen by your Committee in 2017/18 with the final budget for the year. It also details the carry forward requests which have now been approved.

Total net expenditure on the operational services overseen by the Committee was £61.198m, whereas the total final budget was £64.884m, representing a favourable variance of £3.686m, which is detailed at Appendix 2 and summarised in the chart below.



The final budget of £64.884m is £6.156m higher than the original budget of £58.728m. The increase is analysed at Appendix 1, which shows most of the increase is due to supplementary revenue projects amounting to £4.629m.

The overall favourable outturn position against the final budget of £3.686m comprises variations on a number of services, the main ones being timing delays for Chamberlain's IT and reduced net costs across Chamberlain's Insurance, Cost of Collection, Guildhall Complex (Surveyors), Chamberlain's FSD, Central Criminal Court and Mansion House Premises with increased income from the Guildhall Complex (Remembrancer).

Agreed carry forwards amount to £1.048m and are listed at Appendix 3. These mainly relate to IT transformation work and other transformation projects across the City.

## **Recommendation**

Members are asked to:-

Note the revenue outturn for 2017/18 showing a favourable variance to budget of £3.686m of which £1.048m has been approved to be carried forward to 2018/19 as set out in Appendix 3.

## **Main Report**

### **Budget Position for 2017/18**

1. The 2017/18 original budget for the services overseen by your Committee was £58.728m as endorsed by the Court of Common Council in March 2017. This has subsequently been increased to a final budget of £64.884m. An analysis of the increase of £6.156m is provided in Appendix 1.

### **Revenue Outturn for 2017/18**

2. The 2017/18 actual net expenditure for the operational services overseen by your Committee totalled £61.198m, a favourable variance of £3.686m compared to the final budget of £64.884m. Appendix 2 provides analysis between Chief Officer's local risk budgets, central risk budgets and support services.
3. The most significant variations were:-
  - Chamberlain's – IT: £736,000 decrease - principally relates to ongoing timing delays in two areas, the Network Transformation Programme and the enhancement of cyber security systems. There is an approved carry forward of £500,000 to 2018/19 to cover these costs as the Transformation project progresses.

- Chamberlain's - Insurance: £664,000 decrease:
  - expenditure on premises and transport insurance premiums was less than budgeted by £688,000 due to changes in the property portfolio and valuations leading to overall lower premiums being due;
  - the number and value of claims settled during the year within the policy excesses met by the City Corporation were £275,000 less than budget;
  - expenditure on training was £9,000 less than budgeted due to less than anticipated need, partly offset by;
  - the dividend from the City Reinsurance Captive Company being £276,000 less than budgeted.
  
- Guildhall Complex – Remembrancer: £600,000 more net income than budgeted due to higher income from letting rooms in the Guildhall Complex. In addition to this, there was an underspend on the employee budget due to a staff vacancy and a reduction in overtime costs.
  
- Cost of Collection £587,000 decrease:
  - additional income of £307,000 received from the National non-domestic rates cost of collection allowance and contributions from the Cheapside Business Improvement District initiative;
  - ongoing staff vacancies saving £122,000;
  - the cost of Council Tax Reduction Scheme Discount was £57,000 less than budgeted due to a lower number of claimants than expected compared to previous years;
  - a decrease in central recharges of £46,000; and
  - reduced maintenance was required on the council tax and rates systems saving £40,000.
  
- Guildhall Complex – Surveyors: £367,000 decrease, which primarily relates to a rates rebate.
  
- Chamberlain's – FSD: £277,000 decrease largely relates to staff vacancies across the department, the majority of which have now been filled. In addition to this, there was an underspend on the transformation projects and a delay in the work of the Oracle Management Information programme, both of which have been carried forward to 2018/19.
  
- Central Criminal Court £205,000 decrease – primarily relates to a higher than budgeted recovery of costs from Her Majesty's Courts and Tribunals Services.
  
- Mansion House Premises £120,000 decrease – relates to an underspend on Surveyor's repairs and maintenance budgets.
  
- Secondary's Office £80,000 decrease – relates to the redundancy of the Secondary post partway through the year and various underspends across supplies and services.

## **Carry forwards to 2018/19**

4. Chief Officers can request underspends of up to 10% or £500,000 (£1m for the City Surveyor) of their local risk budgets, whichever is the lesser, to be carried forward so long as the underspends are not clearly fortuitous and the resources are required for a planned purpose. These thresholds apply to Chief Officer's total local risk budgets and many Chief Officers manage services overseen by a number of committees. Consequently, the outturn on services overseen by one committee may not represent the total position for a Chief Officer. Requests for carry forwards are considered by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee.
5. The Chamberlain and The Remembrancer requested to carry forward local risk budgets of £594,000 and £20,000 respectively. The Chamberlain also requested to carry forward central risk budgets of £434,000. Details of the proposed use of the carry forwards are set out in Appendix 3.
6. These proposals amounting to £1.048m were agreed, and the amounts have been added to the Chamberlain and Remembrancer's budgets for 2018/19.

## **Appendices**

- Appendix 1 – Analysis of movements from the 2017/18 Original Budget to 2017/18 Final Budget
- Appendix 2 – Comparison of 2017/18 Revenue Outturn with Final Budget
- Appendix 3 – Agreed Carry Forwards to 2018/19

### **Philip Gregory**

Deputy Financial Services Director, Chamberlain's Department

T: 020 7332 1284

E: [philip.gregory@cityoflondon.gov.uk](mailto:philip.gregory@cityoflondon.gov.uk)

## Appendix 1

<b>Analysis of movements from 2017/18 Original Budget to Final Budget</b>	<b>£000</b>
<b>Original Local Risk Budget (Chamberlain)</b>	<b>(22,960)</b>
Movement comprises provision for contribution pay and apprentice funding, partly offset by efficiency savings.	(762)
<b>Final Local Risk Budget (Chamberlain)</b>	<b>(23,722)</b>
<b>Original Local Risk Budget (Town Clerk)</b>	<b>(1,792)</b>
Net movements including employers pension contribution adjustment	(25)
<b>Final Local Risk Budget (Town Clerk)</b>	<b>(1,817)</b>
<b>Original Local Risk Budget (Surveyor)</b>	<b>(10,840)</b>
Adjustment to Surveyor's repairs and maintenance budgets due to profiling of Guildhall works programme over 3 years.	1,534
Efficiency savings	20
<b>Final Local Risk Budget (Surveyor)</b>	<b>(9,286)</b>
<b>Original Local Risk Budget (Remembrancer)</b>	<b>384</b>
Contribution pay adjustment and apprentice funding	(65)
<b>Final Local Risk Budget (Remembrancer)</b>	<b>319</b>
<b>Original Local Risk Budget (Private Secretary to the Lord Mayor)</b>	<b>(1,808)</b>
Movement on Surveyor's repairs and maintenance budgets following the implementation of the new contract	390
<b>Final Local Risk Budget (Private Secretary to the Lord Mayor)</b>	<b>(1,418)</b>
<b>Original Central Risk Budget (Chamberlain)</b>	<b>(10,334)</b>
Increase in supplementary revenue projects for IT services	(3,432)
Adjustment for increased insurance premiums	(754)
Central Risk carry forward from Chamberlain's underspend in 2016/17	(285)
Budget adjustment for lower City Reinsurance Captive Company dividend	(250)
Net other movements	54
<b>Final Central Risk Budget (Chamberlain)</b>	<b>(15,001)</b>
<b>Original Central Risk Budget (Town Clerk)</b>	<b>(1,066)</b>
Increase of supplementary revenue projects for the Central Criminal Court	(1,197)
Net other movements	(140)
<b>Final Central Risk Budget (Town Clerk)</b>	<b>(2,403)</b>
<b>Original Central Risk Budget (Surveyor)</b>	<b>(4,404)</b>
Increase to rates budget	(379)
<b>Final Central Risk Budget (Surveyor)</b>	<b>(4,783)</b>

<b>Original Central Risk Budget (Remembrancer)</b>	<b>(157)</b>
Central Risk carry forward from Remembrancer's underspend in 2016/17	(40)
Net other movements	6
<b>Final Central Risk Budget (Remembrancer)</b>	<b>(191)</b>
<b>Original Central Risk Budget (Private Secretary to the Lord Mayor)</b>	<b>(58)</b>
No change to budget	0
<b>Final Central Risk Budget (Private Secretary to the Lord Mayor)</b>	<b>(58)</b>
<b>Original Central Risk Budget (Director of Community &amp; Children's Services)</b>	<b>(108)</b>
Movement on employees budget	(4)
<b>Final Central Risk Budget (Director of Community &amp; Children's Services)</b>	<b>(112)</b>
<b>Original Support Services and Capital Charges Budget</b>	<b>(5,585)</b>
Net movements in central recharges	(827)
<b>Final Support Services and Capital Charges Budget</b>	<b>(6,412)</b>
<b>Total Original Budget</b>	<b>(58,728)</b>
Total increase	(6,156)
<b>Total Final Budget</b>	<b>(64,884)</b>

Figures in brackets indicate expenditure, increase in expenditure or decreases in income.

## Appendix 2

<b>Comparison of 2017/18 Revenue Outturn with Final Budget</b>			
	<b>Final Budget</b>	<b>Revenue Outturn</b>	<b>Variations (Increase) / Decrease</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>By Chief Officer</b>			
<b>Local Risk</b>			
The Chamberlain	(23,722)	(22,777)	945
The Town Clerk	(1,817)	(1,849)	(32)
The City Surveyor	(9,286)	(9,117)	169
The Remembrancer	319	919	600
The Private Secretary to the Lord Mayor	(1,418)	(1,279)	139
<b>Total Local Risk</b>	<b>(35,924)</b>	<b>(34,103)</b>	<b>1,821</b>
<b>Central Risk</b>			
The Chamberlain	(15,001)	(13,805)	1,196
The Town Clerk	(2,403)	(2,118)	285
The City Surveyor	(4,783)	(4,479)	304
The Remembrancer	(191)	(159)	32
The Private Secretary to the Lord Mayor	(58)	(77)	(19)
Director of Community & Children's Services	(112)	(80)	32
<b>Total Central Risk</b>	<b>(22,548)</b>	<b>(20,718)</b>	<b>1,830</b>
<b>Support Services &amp; Capital Charges</b>	<b>(6,412)</b>	<b>(6,377)</b>	<b>35</b>
<b>Committee Totals</b>	<b>(64,884)</b>	<b>(61,198)</b>	<b>3,686</b>
<b>By Division of Service</b>			
Chamberlain's - FSD	(8,865)	(8,588)	277
Chamberlain's - Internal Audit	(757)	(745)	12
Chamberlain's – City Procurement	(3,279)	(3,359)	(80)
Chamberlain's – Insurance	(13,198)	(12,534)	664
Chamberlain's – IT	(14,071)	(13,335)	736
Chamberlain's Court	(165)	(187)	(22)
Cost of Collection	(1,010)	(423)	587
Gresham	(219)	(184)	35
Central Criminal Court	(6,460)	(6,255)	205
Corporate Services – Town Clerk	(460)	(425)	35
Secondary's Office	(622)	(542)	80
Mayor's Court	(160)	(128)	32
Guildhall Complex - Surveyors	(13,968)	(13,601)	367
Corporate Services – Remembrancer	(334)	(296)	38
Guildhall Complex –Remembrancer	409	1,009	600
Mansion House Premises	(1,725)	(1,605)	120
<b>Division of Service Totals</b>	<b>(64,884)</b>	<b>(61,198)</b>	<b>3,686</b>

Figures in brackets indicate expenditure, increase in expenditure or decreases in income.

### Appendix 3

<b>Agreed Local Risk Carry Forwards by Chief Officer</b>	<b>£000</b>
<u>The Chamberlain (Guildhall Admin)</u>	
Funding required to support the Oracle management information-future developments programme.	35
Funding to investigate the ways in which the closing of accounts process can be closed earlier.	50
Funding required for an audit to be undertaken by Mazars LLP.	9
Funding to support the delivery of various IT Transformation Work.	500
<b>Total Chamberlain (Local Risk)</b>	<b>594</b>
<u>The Remembrancer (Guildhall Admin)</u>	
Funding for the hire of chairs for use at large profile events within Guildhall, owing to health and safety concerns over existing stock.	20
<b>Total Remembrancer (Local Risk)</b>	<b>20</b>
<b>Agreed Central Risk Carry Forwards</b>	<b>£000</b>
<u>The Chamberlain</u>	
Funding required to support transformation projects across the City of London.	394
Funding for financial modelling and legal advice on the financing requirements for large City's Cash projects.	40
<b>Total Chamberlain (Central Risk)</b>	<b>434</b>
<b>TOTAL APPROVED CARRY FORWARDS</b>	<b>1,048</b>