

<b>Committee(s)</b>	<b>Dated:</b>
Gresham (City Side) Committee	30 November 2018
<b>Subject:</b> Revenue Budget 2018/19 and 2019/20	<b>Public</b>
<b>Report of:</b> The Chamberlain The Director of Community and Children's Services	<b>For Decision</b>
<b>Report author:</b> Steven Reynolds	

### Summary

This report presents the annual submission of the revenue budgets overseen by your Committee. It seeks approval for the 2018/19 latest revenue budget and the proposed revenue budget for 2019/20, as shown at Appendices A3 - A5 and summarised in Table 1 below, for subsequent submission to the Finance Committee.

<b>Table 1 – Gresham Committee Summary Revenue Budgets 2018/19 &amp; 2019/20</b>			
Divisions of Service (a service overview is provided at Appendix A1 & A2)	Original Budget 2018/19 £'000	Latest Budget 2018/19 £'000	Original Budget 2019/20 £'000
<b>Chamberlain</b>			
- City Moiety:	305	325	324
50% share of Gresham Estate			
- Discretionary Expenditure:	(421)	(471)	(465)
Support to Gresham College			
<b>Sub Total</b>	<b>(116)</b>	<b>(146)</b>	<b>(141)</b>
<b>Director of Community and Children's Services</b>			
- Mandatory Expenditure:	(116)	(131)	(62)
Maintaining the Almshouses			
<b>Sub Total</b>	<b>(116)</b>	<b>(131)</b>	<b>(62)</b>
<b>Total</b>	<b>(232)</b>	<b>(277)</b>	<b>(203)</b>

*Note: figures in brackets represent expenditure, increases in expenditure, or reductions in income.*

The latest budget for 2018/19 totals £277,000 a net increase of £45,000 compared to the original budget, largely due to an additional payment of £50,000 to Gresham College to alleviate immediate resource-stretch issues in 2018 as agreed by Finance Committee on 8<sup>th</sup> May.

The 2019/20 provisional revenue budget totals £203,000 a net decrease of £29,000 compared with the original budget for 2018/19. This is principally due to:-

- i) completion of the refurbishment project in 2018/19 (£51,000);
- ii) a net increase in rent income from the Royal Exchange of £20,000; partly offset by
- iii) an increase of £43,000 in the City Grant to Gresham College based on the existing funding arrangements and uplifts as agreed by Finance Committee on 8<sup>th</sup> May 2018.

### **Recommendations**

The Committee is requested to:-

- i) review the latest 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; and
- ii) review the proposed 2019/20 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee.

### **Main Report**

#### **Latest Revenue Budget for 2018/19**

1. Overall, there is an increase of £45,000 between the Committee's original and latest budget for 2018/19. Table 2 summarises the movements comprising this increase.

<b>Table 2 – Latest Revenue Budgets 2018/19 by Chief Officer</b>				
Divisions of Service (a service overview is provided at Appendix A1 & A2)	Original Budget 2018/19 £'000	Latest Budget 2018/19 £'000	Movement Better/ (Worse) £'000	Notes Para. ref
<b>Chamberlain</b>				
- City Moiety: 50% share of Gresham Estate	305	325	20	2. iii)
- Discretionary Expenditure: Support to Gresham College	(421)	(471)	(50)	2. i)
<b>Sub Total</b>	(116)	(146)	(30)	
<b>Director of Community and Children's Services</b>				
- Mandatory Expenditure: Maintaining the Almshouses	(116)	(131)	(15)	2. ii)
<b>Sub Total</b>	(116)	(131)	(15)	
<b>Total</b>	<b>(232)</b>	<b>(277)</b>	<b>(45)</b>	

*Note: figures in brackets represent expenditure, increases in expenditure, or reductions in income.*

2. The overall movement of £45,000 between the original and latest budgets shown in Table 2 is due to:
  - i) an additional payment of £50,000 to Gresham College to alleviate immediate resource-stretch issues in 2018 as endorsed by this Committee on 4<sup>th</sup> May 2018 and agreed by Finance Committee on 8<sup>th</sup> May (please see paragraph 6 below);
  - ii) an increase of £15,000 in repairs and maintenance costs at the almshouses; partly offset by:
  - iii) an increase in net rental income of £20,000 from the offices and retail of the Royal Exchange following a recent rent review, partly offset by a slight increase in management fees.

### **Proposed Revenue Budget for 2019/20**

3. The 2019/20 draft budget overseen by the Committee has been prepared in accordance with the overall budget policy guidelines as agreed by the Policy and Resources and Finance Committees.
4. Overall there is a decrease of £29,000 between the 2018/19 original budget and the provisional 2019/20 original budget as shown in Table 3.

<b>Table 3 – Provisional Revenue Budget 2019/20 by Chief Officer</b>				
Divisions of Service (a service overview is provided at Appendix A1 & A2)	Original Budget 2018/19 £'000	Original Budget 2019/20 £'000	Movement Better/ (Worse) £'000	Notes Para. ref
<b>Chamberlain</b>				
- City Moiety: 50% share of Gresham Estate	305	324	19	5. ii)
- Discretionary Expenditure: Support to Gresham College	(421)	(465)	(44)	5. iii)
<b>Sub Total</b>	<b>(116)</b>	<b>(141)</b>	<b>(25)</b>	
<b>Director of Community and Children's Services</b>				
- Mandatory Expenditure: Maintaining the Almshouses	(116)	(62)	54	5. i)
<b>Sub Total</b>	<b>(116)</b>	<b>(62)</b>	<b>54</b>	
<b>Total</b>	<b>(232)</b>	<b>(203)</b>	<b>(29)</b>	

*Note: figures in brackets represent expenditure, increases in expenditure, or reductions in income.*

5. The favourable movement of £29,000 between the 2018/19 original and 2019/20 proposed budget shown in Table 3 is principally due to:
- i) a decrease of £54,000 primarily due to the completion of the refurbishment project in 2018/19; and
  - ii) an increase in net rental income of £19,000 from the offices and retail of the Royal Exchange following a recent rent review, partly offset by a slight increase in management fees; partly offset by
  - iii) an increase of £44,000 in the City Grant to Gresham College largely due to additional funding as agreed by Finance Committee 8<sup>th</sup> May 2018 (£30,000) and an RPI uplift up to 3% based upon the existing funding arrangements agreed between the City of London Corporation, the Mercers' Company and Gresham College continuing for an additional year (please see paragraph 6 below).

### **Gresham College**

6. The proposed budgets for 2018/19 and 2019/20 provide for the City's grant to the College based on an RPI uplift, up to a maximum of 3%, as set out in the 'Funding Arrangements' agreed between the City, The Mercer's Company and the College for the five year period to 31 July 2019. Whilst new funding arrangements have yet to be confirmed, the 2019/20 budget includes provision for funding from 1 August 2019 to 31 March 2020 based on the existing arrangements with an RPI uplift up to 3%. In addition, the 2018/19 and 2019/20 budgets include half the additional funding as approved by the Finance Committee on 8 May 2018 as set out in table 4 below:

<b>Table 4 – Additional Funding 2018/19 &amp; 2019/20</b>		
<b>Discretionary Expenditure: Support to Gresham College</b>	<b>Latest Budget 2018/19 £'000</b>	<b>Original Budget 2019/20 £'000</b>
<b>Half the funding of:</b>		
- 1.5 FTE Office Junior Posts, at a cost of £33,000 per annum	(17)	(17)
- One Communications Assistant, at a cost of £26,000 per annum	(13)	(13)
- One-off Capital Costs, at a cost of £40,000	(20)	
<b>Total</b>	<b>(50)</b>	<b>(30)</b>

### **Appendices**

- A1-2: Brief Overview of the Service
- A3: Committee Summary
- A4: Chamberlain - Divisions of Service
- A5: Community & Children's Services - Divisions of Service
- B1: Support Services

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**GRESHAM COMMITTEE**  
**SERVICE OVERVIEW**

Sir Thomas Gresham (1518-1579) built his London Mansion House, Gresham House in Bishopsgate, in collegiate form. In his Will, Gresham House and the Royal Exchange were left to the City Corporation and the Worshipful Company of Mercers. From the income of the Royal Exchange the two parties were to select professors in Divinity, Astronomy, Music, Geometry, Law, Physic and Rhetoric and pay each of the seven professors the annual sum stated in the Will. The first four subjects were the responsibility of the City Corporation whilst the last three were the responsibility of the Mercers' Company. (In recent years the Mercers' Company has voluntarily added a fourth subject to their responsibility - Commerce.) The City Corporation was also obliged to maintain Sir Thomas' eight almshouses and pay each almsfolk a yearly allowance.

The professors took up residence in Gresham House (renamed Gresham College) in 1596 and lectures "for gratuitous instruction of all who chose to come and attend" began in 1598. The College had a valuable library and became "a favourite resort of learned men".

The demise of Gresham College began with the Great Fire of 1666. The College was undamaged, but the Royal Exchange was destroyed. As a result, the Lord Mayor, the Mercers' Company, the City Courts and officers and the merchants from the Exchange all moved into Gresham College, and its scholarly activities were disrupted. The buildings became ruinous and in 1767 an Act of Parliament was passed which required the City Corporation and the Mercers' Company to sell the ground to the Crown for an annuity in perpetuity. The Act also provided for the lecturers' fees to be increased. The almshouses were subsequently relocated and are now at a site in Brixton.

In 1842, the Grand Gresham Committee established Gresham College as a base for the Gresham Lectures at the newly constructed 89/91 Gresham Street. That property was substantially refurbished in 1984 for banking purposes. At that time the College moved to Frobisher Crescent in the Barbican. In 1991 the Mercers' made available their premises at Barnard's Inn and the College moved there and this is currently the base for the Gresham Lectures. In September 2004 the long lease of 150 years on 89/91 Gresham Street was granted to Friends Provident Life Assurance Ltd. The property is currently occupied.

## Appendix A2

The Budgets are divided into three divisions of service. The first two shown are the responsibility of the Chamberlain and the third is the responsibility of the Director of Community and Children's Services:

1. City Moiety - This division shows the City Corporation's 50% share of the income from the Royal Exchange, 89/91 Gresham Street and the Gresham House annuity. The division also shows the City Corporation's share of the expenses of running the Estate.
2. Discretionary Expenditure- This division includes all other expenditure that does not form part of the City Moiety (item 1 above) or Mandatory expenses (item 3 below). It consists principally of the Grant to Gresham College, the non-mandatory element of the lecturers' fees and administrative costs.
3. Mandatory Expenses- This division shows the mandatory element of the City Corporation's four lecturers' fees (£400) and the cost of maintaining the almshouses and paying the almsfolk allowances.

**SUPPORT SERVICES TO GRESHAM (CITY SIDE) COMMITTEE**

Central support costs are recharged to service committees on the basis of the level of service provided.

The support costs have been attributed in accordance the Service Reporting Code of Practice (SeRCOP) produced by the Chartered Institute of Public Finance and Accountancy.

The main support services provided by the central departments are:-

Chamberlain	Accountancy, insurance, revenue collection, payments, financial systems and internal audit.
Town Clerk	Committee administration, human resources, public relations, printing and stationery, emergency planning.
Community and Children's Services	Supervision and management of various services including: the resident warden service, implementation of repairs and maintenance to the Almshouses and all matters concerning the welfare of the Almsfolk.