

<b>Committee:</b>	<b>Dated:</b>
Policy and Resources	13 December 2018
<b>Subject:</b> Revenue and Capital Budgets 2019/20	<b>Public</b>
<b>Report of:</b> The Town Clerk, the Chamberlain, the Remembrancer	<b>For Decision</b>
<b>Report Author:</b> 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 2019/20, 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.

	<b>Original Budget 2018/19 £000</b>	<b>Latest Approved Budget 2018/19 £000</b>	<b>Proposed Original Budget 2019/20 £000</b>	<b>Movement 2018/19 LAB To 2019/20 £000</b>
<b>By Division of Service</b>				
Community Safety and Resilience	(888)	(984)	(944)	40
Communications	(2,193)	(2,242)	(2,219)	23
Economic Development	(4,610)	(5,437)	(5,215)	222
Grants and Contingencies	(5,105)	(5,722)	(4,965)	757
Culture Mile	(1,430)	(1,804)	(1,580)	224
Remembrancer	(6,497)	(6,257)	(6,814)	(557)
<b>Division of Service Totals</b>	<b>(20,723)</b>	<b>(22,446)</b>	<b>(21,737)</b>	<b>709</b>

Expenditure and unfavourable variances are presented in brackets

Overall, the 2018/19 latest budget is £22.446m, an increase of £1.723m compared with the original budget. The main reasons for this net increase are:

- an increase in provisions totalling £1,058,000 funded from approved carry forwards from 2017/18 (see paragraph 5 for further details);
- a one-off budget provision in 2018/19 of £73,000 for expenditure to fund employees' contribution pay in that year (Town Clerk's Department £57,000, Culture Mile £1,000 and Remembrancer's Department £15,000); and
- an increase of £572,000 for additional funding for the City Office in Brussels following a report submitted to your Committee in December 2017.

The 2019/20 proposed revenue budget totals £21.737m, a decrease of £709,000 compared with the latest approved budget for 2018/19. The main reasons for the net decrease are:

- excludes the one-off provision of £1,058,000 in 2018/19 relating to 2017/18 carry forwards;
- a decrease of £164,000 for the Town Clerk's and Remembrancer's 2% savings target (Town Clerk's Department £140,000 and Remembrancer's Department £24,000) however this is offset by a 2% inflationary increase of the same amounts;
- a decrease of £230,000 as a pro rata adjustment for the Special Representative Programme as the three year funding agreed in July 2015 spanned four financial years with the final year being 2018/19; and
- an increase in capital depreciation costs of £292,000 within the Remembrancer's Department budget.

There are currently unidentified savings of £106,000 in the Town Clerk's Community Safety and Resilience team and Communications team.

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 2018/19 revenue budget;
- critically review the provisional 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;
- authorise the Chamberlain to revise these budgets to allow for further implications arising from any 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 2018/19 net local risk budgets should be made by all departments in their 2019/20 local risk budgets. This amounts to £140,000 for the Town Clerk's Department and £24,000 for the Remembrancer's Department.
3. There are currently unidentified savings of £106,000 within the Town Clerk's budget in both the Community Safety and Resilience team (£50,000) and Communications team (£56,000).

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

4. Overall there is an increase of £1.723m between the Committee's original and latest budget for 2018/19. The main reasons for this movement are explained by the variances set out in the following paragraphs.
5. Provisions totalling £1.058m (Community Safety and Resilience £69,000, Communications £5,000, Grants and Contingencies £609,000, Culture Mile £223,000 and Remembrancer £152,000) funded from underspends brought forward from 2017/18.
6. Additional funding of £572,000 was granted for the City Office in Brussels following a review into the effectiveness of the City Office in Brussels in representing the UK-based financial and professional services industry.
7. Additional 'one-off' resources of £73,000 to cover contribution pay.

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

8. The provisional 2019/20 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 £709,000 between the 2018/19 latest approved budget and the 2019/20 original budget. The main reasons for this movement are explained below:
  - Employee costs have increased by £241,000 (£196,000 local risk and £45,000 central risk) mainly as a result of increasing salary costs such as yearly increments, estimated pay awards and re-gradings;
  - Supplies and Services costs have decreased by £1.421m mainly due to the deletion of one-off items funded from carry forwards from 2017/18 totalling £1.058m included in the latest approved budget for 2018/19 as well as a decrease of £230,000 as a pro rata adjustment for the Special Representative Programme as the three year funding agreed in July 2015 spanned four financial years with the final year being 2018/19;
  - Unidentified savings of £106,000 to be found within the Town Clerk's Department budgets in both the Community Safety and Resilience team (£50,000) and the Communications team (£56,000) has been included to ensure that the Town Clerk's Department's budget stays within resource allocations. The Department will be working towards finding these savings between now and 2019/20;
  - An increase in capital depreciation costs of £292,000; and
  - An increase in Support Services of £410,000 for the Town Clerk's and Remembrancer's proportionate shares of Guildhall complex costs.
11. A summary of employee related costs is shown in Table 1 below.

Staffing statement	Latest Approved Budget 2018/19		Original Budget 2019/20	
	Full-time equivalent	Estimated Cost £0	Full-time equivalent	Estimated Cost £0
Town Clerk	115.8	8,125	115	8,371
Remembrancer	13.5	1,048	13.5	1,044
Culture Mile	10	327	10	326
<b>TOTAL</b>	<b>139.3</b>	<b>9,500</b>	<b>138.5</b>	<b>9,741</b>

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

### Potential Further Budget Developments

12. 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 2018/19**

13. The forecast outturn for the current year is in line with the latest approved budget of £22.446m as detailed in Appendix 1.

### **Draft Capital and Supplementary Revenue Budgets**

14. The latest estimated costs for the Committee's current capital and supplementary revenue projects are summarised in Appendix 2.
15. 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.
16. 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
  - Forecast expenditure on the major projects (Fleet Street Estate redevelopment, Centre for Music, Museum relocation and Markets consolidation) is subject to separate consideration as part of the corporate medium term financial plans.
17. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2019.

### **Appendices**

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

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