

Committee(s)	Dated:
Culture, Heritage and Libraries	09/07/19
Subject: Revenue Outturn – 2018/19	Public
Report of: The Chamberlain Assistant Town Clerk and Director of Major Projects Director of Open Spaces Director of Community and Children's Services	For Information
Report Author: Graham Nickless - Chamberlains	

Summary

This report compares the revenue outturn for the services overseen by your Committee in 2018/19 with the final agreed budget for the year. Overall total net expenditure during the year was £30.286m, whereas the total agreed budget was £26.751m, representing an increase in net expenditure of £3.535m. This increase is largely due to timing differences in cash flows relating to the capital grant paid to the Museum of London to cover the 2018/19 preparatory costs of relocating to the Smithfield Market site.

Summary Comparison of 2018/19 Revenue Outturn with Final Agreed Budget			
	Final Agreed Budget £000	Revenue Outturn £000	Variation Better/ (Worse) £000
Local Risk			
Assistant Town Clerk and Culture Mile Director	(5,705)	(5,827)	(122)
Director of Open Spaces	1,369	1,693	324
Director of Community and Children's Services	(2,387)	(2,321)	66
City Surveyor	(412)	(425)	(13)
Total Local Risk	(7,135)	(6,880)	255
Cyclical Works Programme	(568)	(195)	373
Central Risk			
Assistant Town Clerk and Culture Mile Director	(12,818)	(16,506)	(3,688)
Director of Open Spaces	521	247	(274)
Director of Community and Children's Services	(348)	(343)	5
Total Central Risk	(12,645)	(16,602)	(3,957)
Capital & Support Services	(6,403)	(6,609)	(206)
Overall Expenditure	(26,751)	(30,286)	(3,535)

The favourable variance on the Director's local risk was £255K of which £375K related to Tower Bridge Tourism, mainly as a result of an overachievement against income targets, partly offset by a planned budget overspend. The revenue outturn for Cultural Services 2018/19 which falls within the responsibilities of the Culture, Heritage and Libraries Committee comprised a £122K overspend on services under the control of the Assistant Town Clerk and Culture Mile Director, which was primarily due to an unexpected rise in costs at London Metropolitan Archives (LMA). This overspend is to be met by underspends within the Town Clerks department as a whole.

The Director of Community and Children's Services had a carry forward bid of £66,000 approved from their local risk favourable variance. There are no carry forward requests from the Assistant Town Clerk and Culture Mile Director and Director of Open Spaces.

Recommendations

- It is recommended that this revenue outturn report for 2018/19 is noted.

Main Report

1. Actual net expenditure for your Committee's services during 2018/19 totalled £30.286m, an unfavourable variance of £3.535m compared to the final agreed budget of £26.751m. A summary comparison with the final agreed budget for the year is tabulated below. In this and subsequent tables, income, increases in income and reductions in expenditure are shown as positive balances, whereas brackets are used to denote expenditure, increases in expenditure, or shortfalls in income. A reconciliation of the original local risk budget to the final agreed local risk budget is provided in Appendix 1.

Culture, Heritage and Libraries Committee – Comparison of 2018/19 Revenue Outturn with Final Agreed Budget

	Original Budget	Final Agreed Budget	Revenue Outturn	Variation Better/ (Worse)	
	£000	£000	£000	£000	
LOCAL RISK					
Assistant Town Clerk and Culture Mile Director					Paragraph Reference
City Fund					
Guildhall Library	(838)	(597)	(592)	5	
City Business Library	(531)	(537)	(539)	(2)	
Central Management	(108)	(141)	(141)	-	
Guildhall Art Gallery & City of London Police Museum	(358)	(587)	(609)	(22)	

London Metropolitan Archives	(1,895)	(1,971)	(2,048)	(77)	2
City Records Service	(1,083)	(1,100)	(1,127)	(27)	2
Visitor Services & City Information Centre	(601)	(672)	(672)	-	
Lower Thames Street*	(8)	(8)	(11)	(3)	
Total City Fund	(5,422)	(5,613)	(5,739)	(126)	
City's Cash					
Mayoralty & Shrievalty*	(90)	(92)	(88)	4	
Total City's Cash	(90)	(92)	(88)	4	
Total Assistant Town Clerk and Culture Mile Director	(5,512)	(5,705)	(5,827)	(122)	
Director of Open Spaces					
City's Cash					
Monument	229	203	152	(51)	3
Keats House	(223)	(217)	(217)	-	
Total City's Cash	6	(14)	(65)	(51)	
Bridge House Estates					
Tower Bridge Tourism	1,546	1,383	1,758	375	4
Total Bridge House Estates	1,546	1,383	1,758	375	
Total Director of Open Spaces	1,552	1,369	1,693	324	
Director of Community & Children's Services					
City Fund					
Information Services Section	(305)	(234)	(200)	34	
Barbican Library, Shoe Lane Library, Artizan St Library & Portsoken Health & Community Centre	(1,973)	(2,153)	(2,121)	32	
Total City Fund	(2,278)	(2,387)	(2,321)	66	5
Total Director of Community & Children's Services	(2,278)	(2,387)	(2,321)	66	
Total City Surveyor	(393)	(412)	(425)	(13)	
TOTAL LOCAL RISK	(6,631)	(7,135)	(6,880)	255	
CYCLICAL WORKS PROGRAMME	(570)	(568)	(195)	373	6
CENTRAL RISK					
Museum of London	(5,292)	(5,292)	(5,292)	-	

Revenue Grant					
Museum of London Capital	-	(6,000)	(9,682)	(3,682)	7
Outdoor Arts Programme	(361)	(379)	(394)	(15)	
Keats House Drawdown	584	628	354	(274)	8
From City's Cash					
Other costs including rent, rates, service charges & capital	(1,094)	(1,602)	(1,588)	14	
TOTAL CENTRAL RISK	(6,163)	(12,645)	(16,602)	(3,957)	
CAPITAL & SUPPORT SERVICES	(6,553)	(6,403)	(6,609)	(206)	9
OVERALL TOTAL	(19,917)	(26,751)	(30,286)	(3,535)	

*These budgets are held by the Assistant Town Clerk and Culture Mile Director but relate to building maintenance work and as such any underspends relates to the City Surveyor and cannot be carried forward.

Reasons for Significant Variations

2. The main reason for the overspend of £104,000 at London Metropolitan Archives and City Records Service was due primarily to an unexpected 50% rise in utility costs and unexpected rises in staff costs. This overspend is to be met by underspends within the Town Clerks department as a whole.
3. As experienced at some other central London attractions, a downturn in visitors to The Monument to the Great Fire continued in 2018/19. In an effort to mitigate this, specific budgets were earmarked for savings in the Monument's local risk budget which meant standing-down education provision, marketing activity and minor works, with the aim of reducing the income deficit at year end. The deficit for 2018/19 was £51,000 comprising a shortfall in income of £64,000, partly offset by a planned budget underspend of £13,000. Towards the end of the year, positive developments were made in the form of improvements to card payment technologies and an exceptional signage project (highly visible to footfall on London Bridge), the positive results of which are beginning to materialise.
4. Tower Bridge experienced another record year in terms of visitor numbers and income. The favourable variance at year end was £375,000 comprising an overachievement against income target of £681,000 and a planned budget overspend of £306,000. The financial growth of the business can be attributed to a number of significant projects and activities across 2018/19, including a new commercial brand for the Bridge as visitor attraction, a total overhaul of content in the Towers and substantial developments in retail provision, for which the latter was recognised at the 2018 National Museums and Heritage Awards, achieving the award for 'Best Gift Shop with turnover exceeding £500,000.
5. The underspend of £66,000 on the services under the responsibility of the Director of Community & Children's Services is due to vacant posts which were

not filled and other planned underspends to non-staffing budgets to cover a projected, potential overspend at Artizan St library due to loss of room hire income. A large insurance claim at Artizan St library was expected to be processed during the financial year, but there was a considerable amount of uncertainty over how much the library would receive, so the prudent approach was taken to underspend in other areas to cover any potential shortfall. The insurance monies were only confirmed and received right at the end of the financial year and the claim was paid in full, leading to an underspend across the three Divisions of Service under the control of the Head of Barbican and Community Libraries.

6. The City has a programme of cyclical repairs and maintenance works to maintain its operational properties in fair to good condition. This is delivered in a number of overlapping three year programmes of works, and is delivered by the relevant departments, principally the City Surveyor, the Barbican Centre and the Director of Built Environment. In 2018/19 the overall agreed budget for these three year programmes was £13.420m, including £2.254m of additional funding for City Fund projects, of which £6.851m was spent. The programme is monitored by the Corporate Asset Sub Committee and the carrying forward of the £6.569m unspent balance (i.e. £3.471m City Fund and £3.098m City's Cash/Guildhall) is subject to separate arrangements as each programme is phased over a number of years and generally not expected to be fully spent within year. In 2018/19 the final agreed budget for these programmes overseen by your Committee was £568,000, of which £195,000 was spent and the £373,000 unspent balance will be carried forward to 2019/20. The underspend of £360,000 on the programme is mainly due to works at Keats House which were due to complete by March 2019. This has been delayed due to the following:
 - Events at Keats House dictated that works needed to be scheduled to limit operational impact.
 - Camden planners initially advised that the works would not require any consents and upon submission of further information CoL were then advised that Listed Building Consent (LBC) would be necessary.
 - Keats House has requested submission of this LBC is delayed to avoid conflict with another project (Community Infrastructure Levy), a project to improve the landscaping and access at Keats House.
7. The Museum of London Revenue Expenditure Funded by Capital Under Statute (REFCUS) costs relate to the capital grant of £9.682m paid to the Museum of London to cover the 2018/19 preparatory costs of relocating to the Smithfield Market site. This is £3.682m more than the estimate which arises from timing differences in cash flows. The total estimated grant payable over the life of the Museum relocation project is currently capped at £332m. It should be noted that capital expenditure does not usually feature in revenue budgets; the difference in this instance is that this is a capital grant to the Museum to fund their costs, meaning that there will be no increase in the value of City of London assets resulting from this expenditure.

8. Keats House is deficit funded via a drawdown from City's Cash Finance. In 2018/19 this drawdown was lower than previously estimated by £274,000, principally due to the aforementioned delays to the Cyclical Works Programme at Keats House, (see paragraph 6).
9. The table below shows a breakdown of the Capital and Support Services budgets and expenditure.

	Original Budget £000	Final Agreed Budget £000	Revenue Outturn £000	Variation Better/ (Worse) £000
CAPITAL & SUPPORT SERVICES				
Capital Charges	(2,003)	(1,903)	(1,903)	-
Support Services, including Chamberlains, Comptrollers & Town Clerks	(916)	(932)	(833)	99
Surveyors Employee & IT Recharges	(1,177)	(1,200)	(1,243)	(43)
Guildhall Admin Buildings Insurances, including premises & Liability	(2,566)	(2,410)	(2,645)	(235)
Other recharges	(249)	(287)	(284)	3
	358	329	299	(30)
TOTAL CAPITAL & SUPPORT SERVICES	(6,553)	(6,403)	(6,609)	(206)

The overspend of £206,000 on Capital & Support Services is largely due to a higher share of Guildhall Admin Buildings costs of £235,000, a result of higher than expected security, building maintenance and utility costs in the Guildhall Complex and £43,000 on recharges from City Surveyors and IT based on work undertaken on behalf of Cultural services during the financial year. This is partly offset by an underspend of £99,000 in Support Services, due to a lower proportion of time allocated from Central Support functions including Chamberlains and Town Clerks for business support during the financial year. Recharges have a corresponding contra entry in their own accounts. Consequently these charges have no overall impact on net expenditure for the City as a whole.

Local Risk Carry Forward to 2019/20

10. The Director of Children's and Community Services has a local risk underspend of £66,000 on activities overseen by your Committee, all of which relates to City Fund. The Director was successful in a bid to carry forward this sum. The carry forward is to be used towards the upgrade of the library service's self-service kiosks and software which are coming to the end of their life and are currently unsupported. Others are not fit for purpose. The libraries are currently looking to replace or upgrade the kiosks and amalgamate maintenance contracts. The total estimated cost of the project is £120,000 and a recent Gateway 3 / 4 options appraisal report requesting Capital funding of £70,000 to proceed to procurement and reach the next Gateway has been approved by Culture, Heritage and Libraries Committee, Projects Sub Committee and the Digital Services Sub

Group. The project's progression has also been approved at the recent special meeting of the Resource Allocation Sub Committee.

11. The revenue outturn for Assistant Town Clerk and Culture Mile Director for 2018/19 which falls within the responsibilities of the Culture, Heritage and Libraries Committee comprised a £122K overspend, (excluding the two services relating to the City Surveyor), all of which relates to City Fund and is therefore unable to request any carry forward. This overspend is to be met by underspends within the Town Clerks department as a whole.
12. The Director of Open Spaces has a favourable variance on local risk of £324,000 on activities overseen by your Committee, of which £375,000 relates to Bridge House Estates, which is partly offset by an underperformance on income generation of £51,000 on City's Cash. The Director is not proposing any carry forward requests.

Appendices

- Appendix 1 - Reconciliation of original local risk budget to the final agreed local risk budget.

Contact Officer:

Graham Nickless

Senior Accountant

Chamberlains Department

T: 020 7332 3277

E: graham.nickless@cityoflondon.gov.uk

Appendix 1

Original to Final Agreed Local Risk Budget	£000
Original Local Risk Budget	(6,631)
City Fund and Bridge House Estates carry forwards	(276)
All funds contribution pay, budget uplift	(71)
Increase to salary budgets following the new rules over holiday pay, lead to backdated pay for the last three financial years	(50)
City of London Apprenticeship Scheme	(22)
Net City Fund and City's Cash budget virements from Community and Children's services (£107,000) relating to the management of Portsoken Health and Community Centre and work at the lending libraries related to children's activities being transferred to the three lending libraries and PHCC, from Open Spaces (£20,000) relating to additional signage at the Monument and minor budget adjustment at Mayoralty & Shrievalty (£2,000)	(129)
City Fund local risk - one-off transfer from local risk to capital to fund the purchase of a new electric van in order to meet the new ULEZ regulations	63
Members approved at Corporate Asset Sub Committee on 11 July 2018 a report from the City Surveyor requesting additional budget following the BRM asset verification exercise by SKANSKA – resulting in additional budget for Culture, Heritage & Libraries Committee	(19)
Final Agreed Local Risk Budget	(7,135)