

<b>Committee:</b> Finance Committee	<b>Date:</b> 15 October 2019
<b>Subject:</b> Revenue Outturn 2018/19 – Finance Committee Operational Services	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For information</b>
<b>Report author:</b> Steven Reynolds, Group Accountant, Chamberlain's Department	

## Summary

This report compares the revenue outturn for the services overseen by your Committee in 2018/19 with the final budget for the year. It also details the carry forward requests which have now been approved.

Overall total net expenditure on the operational services overseen by your Committee was £64.080m, whereas the total final budget was £64.694m, representing an underspend of £0.614m as set out below.

Summary comparison of 2018-19 Revenue Outturn with Final Budget			
	Final Budget £000	Revenue Outturn £000	Variation Better / (Worse) £000
<b>Direct Net Expenditure</b>			
The Chamberlain	(37,487)	(36,936)	551
The Town Clerk	(460)	(470)	(10)
The City Surveyor	(14,934)	(15,634)	(700)
The Remembrancer	127	861	734
The Executive Director Mansion House and Old Bailey	(4,042)	(3,805)	237
Director of Community and Children's Services	(128)	(74)	54
<b>Total Direct Net Expenditure</b>	<b>(56,924)</b>	<b>(56,058)</b>	<b>866</b>
<b>Capital and Support Services</b>	<b>(7,770)</b>	<b>(8,022)</b>	<b>(252)</b>
<b>Total Net Expenditure</b>	<b>(64,694)</b>	<b>(64,080)</b>	<b>614</b>

Expenditure and unfavourable variances are presented in brackets.

The 2018/19 final budget totals net expenditure of £64.694m, which is an increase of £2.688m (4%), compared with the original budget of £62.006m. The increase is analysed at Appendix 1, which shows the main variations relate to:

- additional Supplementary Revenue Projects and Transformation Fund budgets of £1.587m;
- carry forwards and funding allocations for unforeseen activities agreed by this Committee of £1.219m;
- Court approved uplifts of £1.029m for inflation and pay; and

- increases in insurance premiums of £0.933m which are recharged to property owning departments/service committees; partly offset by:
- changes in the timing of the cyclical repairs and maintenance programme amounting to £2.508m.

The overall outturn underspend of £0.614m comprises variations across several services which are detailed in paragraphs 2 and 3 to this report. The main variations are:

- Chamberlain – slipped expenditure of £0.518m due to timing delays on IT transformation work; and
- Remembrancer - increased income of £0.582m from lettings at the Guildhall complex; partly offset by:
- City Surveyor - increased expenditure of £0.619m on Guildhall Complex reactive repairs and maintenance, security and energy costs.

Agreed carry forward requests amount to £0.807m and are detailed at Appendix 2. These mainly relate to IT transformation work and other transformation projects across the City.

Appendix 3 provides a detailed comparison of the local risk outturn against the final budget for each Chief Officer and broken down by Division of Service and includes explanation of significant variations.

### **Recommendations**

Members are asked to note the:

- revenue outturn for 2018/19 showing an overall favourable variance to final budget of £0.614m; and
- approved carry forwards of local and central risk underspends of £0.807m to 2019/20.

## Main Report

### Budget Position for 2018/19

1. The 2018/19 original budget for the services overseen by your Committee was £62.006m. This has subsequently been increased to a final budget of £64.694m. The increase of £2.688m is summarised below and by Chief Officer at Appendix 1.

Summary of Movements from Original to Final Budget 2018-19	Net £000
<b>Original Budget 2018/19</b>	<b>(62,006)</b>
Supplementary Revenue Projects and Transformation Fund budgets	(1,587)
Approved carry forwards from 2017/18 and Finance Committee contingency	(1,219)
Court approved uplifts for inflation and pay	(1,029)
Change in insurance premiums	(933)
Net movement in support services and capital charges	(428)
Changes in the timing of cyclical repairs and maintenance works programme	2,508
<b>Final Budget 2018/19</b>	<b>(64,694)</b>

Expenditure and unfavourable variances are presented in brackets.

### Revenue Outturn for 2018/19

2. Actual net expenditure for the operational services overseen by your Committee totalled £64.080m, a favourable variance of £0.614m compared to the final budget of £64.694m. A summary comparison with the final budget is shown below.

Summary comparison of 2018-19 Revenue Outturn with Final Budget				
	Final Budget	Revenue Outturn	Variation Better / (Worse)	Notes at para.
	£000	£000	£000	
<b>Local Risk</b>				
The Chamberlain	(24,576)	(23,896)	680	3i
The Town Clerk	(38)	(25)	13	
The City Surveyor	(9,849)	(10,556)	(707)	3ii
The Remembrancer	314	1,020	706	3iii
The Executive Director Mansion House & Old Bailey	(3,082)	(3,062)	20	
<b>Total Local Risk</b>	<b>(37,231)</b>	<b>(36,519)</b>	<b>712</b>	
<b>Central Risk</b>				
The Chamberlain	(12,911)	(13,040)	(129)	4i
The Town Clerk	(422)	(445)	(23)	
The City Surveyor	(5,085)	(5,078)	7	
The Remembrancer	(187)	(159)	28	
The Executive Director Mansion House & Old Bailey	(960)	(743)	217	4ii
Director of Community and Children's Services	(128)	(74)	54	4iii
<b>Total Central Risk</b>	<b>(19,693)</b>	<b>(19,539)</b>	<b>154</b>	
<b>Capital and Support Services</b>	<b>(7,770)</b>	<b>(8,022)</b>	<b>(252)</b>	
<b>Committee Total</b>	<b>(64,694)</b>	<b>(64,080)</b>	<b>614</b>	

Expenditure and unfavourable variances are presented in brackets.

---

3. The main local risk variations comprise:

i. **Chamberlain £680,000 underspend**

- an underspend across IT services of £518,000 largely due to delays in the delivery of the IT transformation programme. This includes the network transformation programme, City of London Police transformation work, procurement of licences, securing technical resources for an SQL (Microsoft database) rationalisation assessment, Oracle business support and customer relationship management works. There is an approved carry forward of £500,000 to 2019/20 to cover these delayed works;
- a reduction in employee costs of £166,000 due to a staffing restructure across Cost of Collection, various vacancies across the Department and reduced training costs;
- a reduction in fees and services costs of £95,000 largely due to an underspend against an approved carry forward from 2017/18 for scoping earlier year-end closure work;
- additional income of £75,000 from the Greater London Authority towards maximising business rates and additional income of £45,000 from recovery of council tax and national non-domestic rates court costs;
- The Chamberlain's Court generated an additional £20,000 from Freedom ceremonies and the Chamberlain's Court shop; partly offset by
- increased temporary staff costs of £124,000 for a member of staff to support the Police Authority function and additional resources to assist the capital team during the year-end closure of accounts; and
- a reduction in income of £55,000 due to delays in the City Accelerate scheme.

ii. **City Surveyor £707,000 overspend**

- increased repairs and maintenance costs of £505,000 due to more reactive works being required during the year, principally on the chillers, cooling tower and asbestos work at Guildhall;
- additional employee costs of £367,000, largely due to overtime costs for security staff in response to changes in the national security threat level and several high-level events held at the Guildhall, which required enhanced security presence and additional security provisions;
- additional expenditure of £119,000 on energy costs for the Guildhall complex due to increased energy prices; partly offset by
- an underspend of £351,000 in the cyclical works programme of premises repairs and maintenance due to phasing expenditure to later years as a result of operational difficulties in accessing certain areas within the Guildhall complex.

iii. **Remembrancer £706,000 underspend**

- additional income of £582,000 due to higher than budgeted income from letting rooms in the Guildhall complex;
- a reduction in expenditure of £74,000 due to delays in purchasing new chairs and other furniture items for the Guildhall event spaces. There is an approved carry forward of £20,000 to 2019/20 for the hire of chairs for use at large profile events within Guildhall;

- a reduction in employee costs of £42,000 as a result of the vacant posts during the recruitment process within the Guildhall events team.
4. The main central risk variations comprise:
- i. **Chamberlain £129,000 overspend**
    - premises and transport insurance premiums were £367,000 more than budgeted due to changes in the property portfolio and valuations;
    - the dividend from City RE, the City's wholly owned subsidiary company which provides re-insurance protection, was £150,000 lower than budgeted; partly offset by:
    - additional income of £301,000 received from the National non-domestic rates cost of collection allowance; and
    - the cost of the Council Tax Reduction scheme being £70,000 less than budgeted due to a lower number of claimants than expected.
  - ii. **Executive Director Mansion House and Old Bailey £217,000 underspend**
    - higher than budgeted recovery of costs from Her Majesty's Courts and Tribunals Services of £201,000 due to an overall overspend against the budget in 2018/19 for the Central Criminal Court.
  - iii. **Director of Community and Children's Services £54,000 underspend**
    - repairs and maintenance underspend of £50,000 due to a rephrasing of the Gresham Almshouses refurbishment programme to 2019/20.
5. Appendix 3 provides a more detailed comparison of the local risk outturn against the final budget, including explanation of significant variations.

### **Carry Forwards to 2019/20**

6. 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.
7. Local risk carry forwards have been approved for the Chamberlain (£677,000) and the Remembrancer (£20,000). Central risk carry forwards have been approved for the Chamberlain (£6,000) and the Director of Community & Children's Services (£104,000). Total approved carry forwards amounting to £807,000 have been added to the budgets for 2019/20. Details of the use of the carry forwards are set out in Appendix 2.

**Appendices:**

Appendix 1 – Analysis of Movements from 2018/19 Original Budget to 2018/19 Final Budget

Appendix 2 – Agreed Carry Forwards to 2019/20

Appendix 3 – Comparison of 2018-19 Revenue Outturn with the Final Budget for Local Risk

**Contact:**

**Steven Reynolds**

Group Accountant, Chamberlain's Department

T: 020 7332 1382

E: [steven.reynolds@cityoflondon.gov.uk](mailto:steven.reynolds@cityoflondon.gov.uk)

**Finance Committee Operational Services**  
**Analysis of Movements from 2018/19 Original Budget to 2018/19 Final Budget**

<b>Local Risk Budget Movements by Chief Officer</b>	<b>£000</b>
<b>Original Local Risk Budget (Chamberlain)</b>	<b>(23,284)</b>
Local Risk carry forward from underspend in 2017/18	(594)
Inflation 2% for 2018/19	(459)
Finance Committee contingency allocation for IT Services	(150)
Net movements including contribution pay, holiday pay on overtime and apprentice funding	(129)
Movement in Cyclical Works programme budget for the Cost of Collection	40
<b>Final Local Risk Budget (Chamberlain)</b>	<b>(24,576)</b>
<b>Original Local Risk Budget (Town Clerk)</b>	<b>(37)</b>
Budget adjustment for printing of the Ward newsletter	(1)
<b>Final Local Risk Budget (Town Clerk)</b>	<b>(38)</b>
<b>Original Local Risk Budget (City Surveyor)</b>	<b>(10,812)</b>
Inflation 2% for 2018/19	(204)
Budget uplift for Chartered Insurance Institute building	(197)
Additional budget for contribution pay and holiday pay on overtime	(154)
Service Based Review adjustment to 2018/19 for security at Guildhall	(150)
Finance Committee contingency allocation for Guildhall Club Servery	(50)
Movement in Cyclical Works programme budget	1,718
<b>Final Local Risk Budget (City Surveyor)</b>	<b>(9,849)</b>
<b>Original Local Risk Budget (Remembrancer)</b>	<b>342</b>
Local Risk carry forward from underspend in 2017/18	(20)
Net movements including 2% inflation, contribution pay and holiday pay on overtime	(8)
<b>Final Local Risk Budget (Remembrancer)</b>	<b>314</b>
<b>Original Local Risk Budget (Executive Director Mansion House and Old Bailey)</b>	<b>(3,712)</b>
Finance Committee contingency allocation for the Central Criminal Court	(80)
Local Risk carry forward from underspend in 2017/18	(55)
Net movements including 2% inflation, contribution pay and holiday pay on overtime	(45)
Budget virement to Mansion House, Court of Aldermen Committee	60
Net movement in Cyclical Works programme budget	750
<b>Final Local Risk Budget (Executive Director Mansion House and Old Bailey)</b>	<b>(3,082)</b>
<b>Total Local Risk Final Budget</b>	<b>(37,231)</b>

## Analysis of Movements from 2018/19 Original Budget to 2018/19 Final Budget (continued)

<b>Central Risk Budget Movements by Chief Officer</b>	<b>£000</b>
<b>Original Central Risk Budget (Chamberlain)</b>	<b>(10,743)</b>
Adjustment for increased insurance premiums	(933)
Increase in Supplementary Revenue Projects budget for IT Services	(763)
Transformation Fund budget adjustments	(358)
Finance Committee contingency allocation for IT equipment at Gresham College and biography of Sir Thomas Gresham	(84)
Net other movements including redundancy costs and rent	(30)
<b>Final Central Risk Budget (Chamberlain)</b>	<b>(12,911)</b>
<b>Original Central Risk Budget (Town Clerk)</b>	<b>(822)</b>
Removal of one-off budgets carried forward from 2017/18 towards the creation of a 'Cultural Hub'	400
<b>Final Central Risk Budget (Town Clerk)</b>	<b>(422)</b>
<b>Original Central Risk Budget (City Surveyor)</b>	<b>(4,611)</b>
Increase in business rates for Guildhall complex	(228)
Increase in Supplementary Revenue Projects budget for Guildhall complex	(184)
Priorities Investment Pot funding for Guildhall freight consolidation	(62)
<b>Final Central Risk Budget (City Surveyor)</b>	<b>(5,085)</b>
<b>Original Central Risk Budget (Remembrancer)</b>	<b>(167)</b>
Committee Hospitality budget adjustment	(20)
<b>Final Central Risk Budget (Remembrancer)</b>	<b>(187)</b>
<b>Original Central Risk Budget (Executive Director Mansion House and Old Bailey)</b>	<b>(705)</b>
Increase in Supplementary Revenue Projects budget for the Central Criminal Court	(220)
Central Risk carry forward from underspend in 2017/18	(35)
<b>Final Central Risk Budget (Executive Director Mansion House and Old Bailey)</b>	<b>(960)</b>
<b>Original Central Risk Budget (Director of Community and Children's Services)</b>	<b>(113)</b>
Net other movements	(15)
<b>Final Central Risk Budget (Director of Community and Children's Services)</b>	<b>(128)</b>
<b>Total Central Risk Final Budget</b>	<b>(19,693)</b>
<b>Original Capital and Support Services Budget</b>	<b>(7,342)</b>
Net movement in central recharges	(428)
<b>Final Capital and Support Services Budget</b>	<b>(7,770)</b>
<b>TOTAL 2018/19 ORIGINAL BUDGET</b>	<b>(62,006)</b>
<b>MOVEMENT</b>	<b>(2,688)</b>
<b>TOTAL 2018/19 FINAL BUDGET</b>	<b>(64,694)</b>

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



**Finance Committee Operational Services  
Agreed Carry Forwards to 2019/20**

<b>Local Risk Carry Forwards by Chief Officer</b>	<b>£000</b>
<u>The Chamberlain (Guildhall Admin)</u>	
Funding required for audit work to be undertaken by Mazars LLP.	22
Funding to support the transformation and ongoing restructure of services within City Revenues.	75
Funding required to assist with the build and integration of a range of electronic catalogues to allow greater self-service in terms of the procurement and enhanced automation in invoice processing.	80
Funding to support the delivery of various IT transformation work.	500
<b>Total Chamberlain (Local Risk)</b>	<b>677</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>Total Local Risk Carry Forwards</b>	<b>697</b>
<b>Central Risk Carry Forwards by Chief Officer</b>	<b>£000</b>
<u>The Chamberlain (City's Cash)</u>	
Funding towards the purchase of the biography of Sir Thomas Gresham.	6
<b>Total Chamberlain (Central Risk)</b>	<b>6</b>
<u>Director of Community &amp; Children's Services (City's Cash)</u>	
Funding towards the refurbishment of the Gresham Almshouses.	104
<b>Total Director of Community &amp; Children's Services (Central Risk)</b>	<b>104</b>
<b>Total Central Risk Carry Forwards</b>	<b>110</b>
<b>TOTAL APPROVED CARRY FORWARDS</b>	<b>807</b>

**Finance Committee Operational Services**  
**Comparison of 2018/19 Revenue Outturn with Final Budget for Local Risk**

<b>Comparison of 2018-19 Revenue Outturn with Final Budget</b>				
<b>Local Risk</b>	<b>Final Budget £000</b>	<b>Revenue Outturn £000</b>	<b>Variation Better / (Worse) £000</b>	<b>Notes</b>
<b>By Chief Officer</b>				
<b>Local Risk</b>				
The Chamberlain	(24,576)	(23,896)	680	
The Town Clerk	(38)	(25)	13	
The City Surveyor	(9,849)	(10,556)	(707)	
The Remembrancer	314	1,020	706	
The Executive Director Mansion House and Old Bailey	(3,082)	(3,062)	20	
<b>Total Local Risk</b>	<b>(37,231)</b>	<b>(36,519)</b>	<b>712</b>	
<b>By Division of Service</b>				
<b><u>The Chamberlain</u></b>				
Chamberlain's - General	(7,312)	(7,573)	(261)	i
Chamberlain's - Internal Audit	(796)	(735)	61	
Chamberlain's - Business Support	(680)	(807)	(127)	ii
Chamberlain's - City Procurement	(3,004)	(2,894)	110	iii
Chamberlain's - IT	(10,772)	(10,254)	518	iv
Chamberlain's Court	(93)	(87)	6	
Cost of Collection	(1,919)	(1,546)	373	v
<b><u>The Town Clerk</u></b>				
Corporate Services - Town Clerk	(38)	(25)	13	
<b><u>The Executive Director Mansion House and Old Bailey</u></b>				
Central Criminal Court	(1,376)	(1,568)	(192)	vi
Shrieval Support	(355)	(306)	49	
Mansion House Premises	(1,351)	(1,188)	163	vii
<b><u>The City Surveyor</u></b>				
Mayor's Court	(64)	(109)	(45)	
Walbrook Wharf	(1,127)	(1,170)	(43)	
Guildhall Complex - City Surveyor	(8,658)	(9,277)	(619)	viii
<b><u>The Remembrancer</u></b>				
Guildhall Complex - Remembrancer	314	1,020	706	ix
<b>Division of Service Totals</b>	<b>(37,231)</b>	<b>(36,519)</b>	<b>712</b>	

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

The local risk favourable variance of £712,000 against the final budget comprises of:

- i. **Chamberlain's General £261,000 overspend** – largely relates to additional employee costs, including temporary staff to support the Police Authority function, additional resources to assist the capital team during the year-end closure of accounts and agency staff providing maternity leave cover.
- ii. **Chamberlain's Business Support £127,000 overspend** – primarily due to the Chamberlain's Department savings target of £213,000 being budgeted for within Business Support, partly offset by staff vacancies of £31,000 and lower than anticipated expenditure on fees and communications of £68,000.
- iii. **Chamberlain's City Procurement £110,000 underspend** – largely relates to £147,000 in vacancies, partly offset by a reduction in income of £55,000 due to the delayed City Accelerate scheme.
- iv. **Chamberlain's IT £518,000 underspend** – due to delays in various IT transformation programmes, including the network transformation programme, City of London Police transformation work, procurement of licences, securing technical resources for an SQL (Microsoft database) rationalisation assessment, Oracle business support and customer relationship management works. There is an approved carry forward of £500,000 to cover the completion of these programmes in 2019/20.
- v. **Cost of Collection £373,000 underspend** – a staff restructure across the Cost of Collection resulted in savings of £244,000. Additional income of £45,000 was received from the recovery of national non-domestic rates court costs. In addition, a contribution of £75,000 was received from the Greater London Authority to use towards additional resources for maximising business rates and council tax income. There is an approved carry forward of £75,000 to carry out this work in 2019/20.
- vi. **Central Criminal Court £192,000 overspend** – primarily due to:
  - additional employee costs of £169,000 due to temporary staff used to cover vacant posts, a termination payment for a member of staff and additional security patrols required at the Court;
  - higher premises related costs of £98,000, largely related to an increase in energy prices;
  - additional expenditure of £69,000 on the cyclical works programme of repairs and maintenance to the Court; partly offset by
  - higher than budgeted recovery of costs from Her Majesty's Courts and Tribunals Services of £178,000 due to an overall overspend against the budget in 2018/19 for the Central Criminal Court.
- vii. **Mansion House Premises £163,000 underspend** – due changes in the phasing and planned expenditure in the cyclical works programme of premises repairs and maintenance for Manion House.
- viii. **Guildhall Complex City Surveyor £619,000 overspend** – largely due to:

- higher repairs and maintenance costs of £505,000 due to an increase in reactive works during the year on the chillers, cooling tower and asbestos work at Guildhall;
  - additional employee costs of £367,000, largely related to overtime costs for security staff as a result of changes in the national security threat level and a number of high-level events that took place at Guildhall (including The Commonwealth Heads of Government meeting and The Royal Air Force centenary weekend) requiring an enhanced security presence and additional security provisions;
  - additional expenditure of £119,000 on energy costs at the Guildhall complex due to higher energy prices; partly offset by
  - an underspend of £351,000 due to rephasing of the cyclical works programme to later years as a result of operational difficulties in accessing certain areas within the Guildhall complex.
- ix. **Guildhall Complex Remembrancer £706,000 favourable outturn – £582,000** higher than budgeted income from letting rooms in the Guildhall complex. There was less than anticipated expenditure of £74,000 on supplies and services due to delays in the purchase of new chairs and other furniture items for the Guildhall event spaces, in addition to employee cost savings of £42,000 resulting from vacant posts during the recruitment process within the Guildhall events team.