

Committee(s)	Dated:
Culture, Heritage and Libraries	13/07/20
Subject: Revenue Outturn – 2019/20	Public
Report of: The Chamberlain Assistant Town Clerk and Director of Major Projects Director of Open Spaces Director of Community and Children's Services Report Author: Graham Nickless - Chamberlains	For Information

Summary

This report compares the revenue outturn for the services overseen by your Committee in 2019/20 with the final agreed budget for the year. Overall total net expenditure during the year was £20.852m, whereas the total agreed budget was £21.647m, representing a decrease in net expenditure of £0.795m. This decrease is largely due to delays in the three year Cyclical Works Programme amounting to £0.51m. This will be carried forward to future years.

Summary Comparison of 2019/20 Revenue Outturn with Final Agreed Budget			
	Final Agreed Budget £000	Revenue Outturn £000	Variation Better/ (Worse) £000
Local Risk			
Assistant Town Clerk and Director of Major Projects	(5,876)	(5,827)	49
Director of Open Spaces	1,671	1,760	89
Director of Community and Children's Services	(2,409)	(2,413)	(4)
City Surveyor	(600)	(637)	(37)
Total Local Risk	(7,214)	(7,117)	97
Cyclical Works Programme	(899)	(389)	510
Central Risk			
Assistant Town Clerk and Director of Major Projects	(6,475)	(6,489)	(14)
Director of Open Spaces	137	137	-
Director of Community and Children's Services	(298)	(301)	(3)
City Surveyor	(7)	(6)	1
Total Central Risk	(6,917)	(6,933)	(16)
Capital & Support Services	(6,617)	(6,413)	204
Overall Expenditure	(21,647)	(20,852)	795

The favourable variance on the Director's local risk was £97K of which £167K related to Tower Bridge Tourism, mainly as a result of an overachievement against income targets, partly offset by an underachievement of income at the Monument of £78K.

The Assistant Town Clerk and Director of Major Projects has requested a carry forward bid of £10,000 from their local risk favourable variance. The Director of Open Spaces has requested a carry forward bid of £79,000 from their local risk favourable variance on Bridge House Estates and the Director of Community and Children's Services has requested a carry forward bid of £3,000 from their local risk favourable variance.

Recommendations

- It is recommended that this revenue outturn report for 2019/20 is noted.

Main Report

1. Actual net expenditure for your Committee's services during 2019/20 totalled £20.852m, a favourable variance of £0.795m compared to the final agreed budget of £21.647m. 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 2019/20 Revenue Outturn with Final Agreed Budget

	Original Budget £000	Final Agreed Budget £000	Revenue Outturn £000	Variation Better/ (Worse) £000	Paragraph Reference
LOCAL RISK					
Assistant Town Clerk & Director of Major Projects					
City Fund					
Guildhall Library	(616)	(640)	(643)	(3)	
City Business Library	(520)	(552)	(530)	22	
Central Management	(181)	(127)	(102)	25	
Guildhall Art Gallery & City of London Police Museum	(766)	(727)	(731)	(4)	
London Metropolitan Archives	(1,883)	(1,999)	(2,008)	(9)	
City Records Service	(1,095)	(1,072)	(1,070)	2	
Visitor Services & City Information Centre	(673)	(759)	(743)	16	
Total City Fund	(5,734)	(5,876)	(5,827)	49	
Total Assistant Town Clerk & Director of Major Projects	(5,734)	(5,876)	(5,827)	49	
Director of Open Spaces					
City's Cash					
Monument	229	218	140	(78)	2
Keats House	(199)	(204)	(204)	-	
Total City's Cash	30	14	(64)	(78)	
Bridge House Estates					
Tower Bridge Tourism	1,525	1,657	1,824	167	3
Total Bridge House Estates	1,525	1,657	1,824	167	
Total Director of Open Spaces	1,555	1,671	1,760	89	

Director of Community & Children's Services

City Fund

Artizan St Library & Portsoken Health & Community Centre	(330)	(404)	(410)	(6)
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Barbican Library & Shoe Lane Library	(1,951)	(2,005)	(2,003)	2
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Total City Fund

(2,281)	(2,409)	(2,413)	(4)
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Total Director of Community & Children's Services

(2,281)	(2,409)	(2,413)	(4)
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City Surveyor

City Fund

Lower Thames Street*	(8)	(8)	(9)	(1)
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Total City Fund	(8)	(8)	(9)	(1)
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City's Cash

Mayoralty & Shrievalty*	(93)	(93)	(112)	(19)
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Total City's Cash	(93)	(93)	(112)	(19)
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Building Repairs & Facilities Management*

(381)	(499)	(516)	(17)
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Total City Surveyor

(482)	(600)	(637)	(37)
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TOTAL LOCAL RISK

(6,942)	(7,214)	(7,117)	97
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CYCLICAL WORKS PROGRAMME

(242)	(899)	(389)	510	4
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CENTRAL RISK

Museum of London Revenue Grant	(5,292)	(5,292)	(5,292)	-
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Outdoor Arts Programme	(378)	(379)	(424)	(45)	5
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Keats House Drawdown	300	-	-	-	6
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From City's Cash					
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Other costs including rent, rates, service charges & capital	(1,236)	(1,246)	(1,217)	29
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TOTAL CENTRAL RISK

(6,606)	(6,917)	(6,933)	(16)
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CAPITAL & SUPPORT SERVICES

(6,241)	(6,617)	(6,413)	204	7
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OVERALL TOTAL

(20,031)	(21,647)	(20,852)	795
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*These budgets are under the responsibility of the Culture, Heritage & Libraries Committee but fall under the scope of the City Surveyor, as such any underspends relates to the City Surveyor and cannot be carried forward.

Reasons for Significant Variations

2. Although the Monument saw a more positive start to 2019/20 than in previous years, income figures were still under target across the first half of the year, meaning specific expenditure budgets were reduced in a concerted effort to redress the balance. Performance was therefore more positive against a revised income target of £623,000, although the commensurate reduction in expenditure has sadly seen the standing-down of all educational activities, minor works and a proportion of marketing workstreams. The November 2019 terror incident at London Bridge, given the very close proximity to the Monument however, resulted in a significant decline in visitor numbers to the Monument across December 2019 and January 2020. This was further compounded by the impact of Covid-19 on the UK visitor economy in early March, followed by a full closure of the Monument across the last two weeks of the financial year, resulting in the End of Year position of a £78,000 shortfall.
3. A positive year at Tower Bridge despite the business impact of Covid-19 in March. Excellent performance at mid-year saw the revised year end forecast for total income increased significantly, with expenditure raised accordingly in light of increased retail cost of sales expenditure and further improvement activities (accessible toilets, development of storage facilities). At the outset of 2020, a correction to previous venue hire VAT calculations, resulted in an additional in-year cost pressure, and was covered by approximately £200,000 savings (by standing down planned promotional activity and minor works for February and March). The decline in business due to the growing impact of Covid-19 on the tourism and events economy during the first half of March saw further savings identified: despite a full closure of the business across the last two weeks of the financial year, these further savings and those previously identified in January, combined with excellent performance to the end of February puts the Bridge tourism account in the position of a £167,000 surplus at year end.
4. The City has a programme of cyclical repairs and maintenance works to maintain its operational properties to a 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 Department of the Built Environment. In 2019/20 the overall agreed budget for these three year programmes was £14.777m, of which £10.368m was spent. The programme is monitored by the Corporate Asset Sub Committee and the carrying forward of the £4.409m unspent balance (i.e. £1.093m City Fund and £3.316m City's Cash/Guildhall) is subject to separate arrangements as each programme is phased over a number of years. In 2019/20 the final agreed budget for these programmes overseen by your Committee was £899,000, of which £389,000 was spent and the £510,000 unspent balance will be carried forward to 2020/21. The underspend of £510,000 on the programme is mainly due to works at Guildhall Art Gallery; due to rephasing of the programme to fit in with the event schedule.
5. The main reason for the overspend of £45,000 on the City Outdoor Arts Programme is due to logistics around the "Thank You for Having Us" 7 September event incurring significantly increased insurance, H&S and delivery costs. This

overspend is to be met by underspends within the Town Clerks department (Central Risk) as a whole.

6. Keats House is deficit funded via a drawdown from City's Cash Finance. From March 2020 onwards, the process by which the drawdown occurs will be changing to bring this in line with the other Open Spaces charities. The transfer from City's Cash will still occur at the end of the financial year, but there will no longer be a budget for this in the Keats House accounts, enabling the true cost of Keats House to be shown.
7. 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	(1,580)	(1,564)	(1,563)	1
Support Services, including Chamberlains, Comptrollers & Town Clerks	(946)	(895)	(860)	35
Surveyors Employee & IT Recharges	(1,158)	(1,207)	(1,133)	74
Guildhall Admin Buildings	(2,585)	(2,931)	(2,827)	104
Insurances, including premises & Liability	(256)	(269)	(264)	5
Other recharges	284	249	234	(15)
TOTAL CAPITAL & SUPPORT SERVICES	(6,241)	(6,617)	(6,413)	204

The underspend of £204,000 on Capital & Support Services is largely due to a lower share of Guildhall Admin Buildings costs of £104,000, a result of lower than expected security, building maintenance and utility costs in the Guildhall Complex and £74,000 on recharges from City Surveyors and IT based on work undertaken on behalf of Cultural services 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 2020/21

8. The revenue outturn for Assistant Town Clerk and Director of Major Projects for 2019/20 which falls within the responsibilities of the Culture, Heritage and Libraries Committee comprised a £49K underspend, all of which relates to City Fund. The Director has requested carry forwards of £10,000 in relation to the current support contract for public access PCs within the lending and reference libraries (including CBL) which expires in Summer 2020. Funds have been identified by CBL, but further work needs to be done to ensure the correct devices are purchased and appropriate discussions held with Agilisys Ltd on future support. This means a purchase decision could not be made before the end of the financial year 19/20. The overspend on Central Risk is to be met by underspends within the Town Clerks department (Central Risk) as a whole.
9. The Director of Open Spaces has a favourable variance on local risk of £89,000 on activities overseen by your Committee, of which £167,000 relates to Bridge House Estates, which is partly offset by an underperformance on income generation of £78,000 on City's Cash. The Director has requested a carry forward of £79,000 from the Bridge House Estates favourable variance. The requests are for the installation an accessible toilet on L2, North Tower which will improve DDA compliance and the visitor experience for those with mobility issues (£60,000) and to fund items that were ordered before year end, which under normal circumstances would have been received and receipted and taken from the 2019/20 budget. Goods, services and supplies have not been received due to COVID 19. For Tower Bridge this includes videowall monitors and installation (£19,000).
10. The Director of Children's and Community Services has a local risk overspend of £4,000 on activities overseen by your Committee, all of which relates to City Fund with total underspend of £327,000 across all their City Fund activities. The Director has requested a carry forward of £3,000 towards replacing a kit shortfall in the library service's self-service equipment.

Appendices

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

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Appendix 1

Original to Final Agreed Local Risk Budget	£000
Original Local Risk Budget	(6,942)
City Fund and Bridge House Estates carry forwards	(36)
All funds contribution pay, budget uplift	(53)
Increase to energy budgets following additional resources agreed at RASC	(69)
City of London Apprenticeship Scheme	21
Net City Fund and BHE budget virements from Community and Children's services (£50,000) relating to children's community work at the lending libraries and a new Community Centre contract, additional resources in respect of legal fees (£13,000), budget uplifts from central Open Spaces budgets (£15,000), partly offset by a rephasing of the drawdown from Finance Contingency of £15,000 and a resource shift to City Surveyor for an increase in Facilities Management costs at Tower Bridge £58,000.	(5)
Increase arising from a rates revaluation at Artizan Street Library	(12)
City Surveyor local risk changes to planned and reactive works and Facilities Management.	(118)
Final Agreed Local Risk Budget	(7,214)