

Committee(s)	Dated:
Culture, Heritage and Libraries	25/11/2015
Subject: Revenue and Capital Budgets – 2016/17	Public
Report of: The Chamberlain Director of Culture, Heritage and Libraries	For Decision

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 budget for 2016/17, for subsequent submission to the Finance Committee. Details of the Committee's draft capital budget are also provided. The budgets have been prepared within the resources allocated to the Director.

Summary Of Table 2	Latest Approved Budget 2015/16 £'000	Original Budget 2016/17 £'000	Movement £'000
Expenditure	22,101	21,440	(661)
Income	(6,967)	(6,871)	96
Recharges	6,101	6,196	95
Total Net Expenditure	21,235	20,765	(470)

Overall, the 2016/17 provisional revenue budget totals £20.765m, a decrease of £470,000 compared with the latest approved budget for 2015/16. Main reasons for this decrease are :-

- Latest Approved budget for 2015/16 included expenditure of £162,000 funded from the previous year's underspend.

- Savings as a result of the Service Based Reviews totalling £570,000, as previously agreed by this Committee.
- Increase in the City Surveyor's repairs and maintenance programme of £172,000.
- Increase to the local risk budgets following the net 1.5% allowance given towards any potential pay and price increases of £113,000.
- Increase in recharges of £95,000 due to increased repairs and maintenance charges at the Guildhall Complex, partly offset by a fall in capital costs and support services costs.

Recommendations

Members are asked to:

1. review the provisional 2016/17 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee;
2. review and approve the draft capital budget;
3. authorise the Chamberlain, in consultation with the Director of Culture, Heritage and Libraries, to revise these budgets to allow for any further implications arising from Corporate Projects, departmental reorganisations and other reviews and changes to the Additional Works Programme.

If specific service based review proposals included with this budget report are rejected by the Committee, or other Committees request that further proposals are pursued, that the substitution of other suitable proposals for a corresponding amount is delegated to the Town Clerk in discussion with the Chairman and Deputy Chairman of the relevant Committee. If the substituted saving is not considered to be straight forward in nature, then the Town Clerk shall also consult the Chairman and Deputy Chairmen of the Policy and Resources Committee prior to approving an alternative proposal(s).

Main Report

Introduction

1. The department comprises three lending libraries (Barbican, Artizan Street and Shoe Lane), two reference libraries (City Business Library and Guildhall Library), Guildhall Art Gallery (including Heritage Gallery and Amphitheatre), Billingsgate Roman Bathhouse, Keats House, London Metropolitan Archives (LMA), City Records Services, City of London Information Centre, Tower Bridge and The Monument. This front line activity is assisted by a number of non-public services including Information Services, the Cultural and Visitor Development Team and Support Services.

2. This report sets out the proposed revenue budget and capital budgets for 2016/17. The revenue budget management arrangements are to:
 - Provide a clear distinction between local risk, central risk and recharge budgets.
 - Place responsibility for budgetary control on departmental Chief Officers.
 - Apply a cash limit policy to Chief Officers' budgets.
3. The budget has been analysed by the service expenditure and compared with the original budget for the current year.
4. The report also compares the current year's budget with the forecast outturn.

Business Planning Priorities

5. The department's mission statement is to educate, entertain and inform, through discovery of our amazing range of resources.

The four Strategic Aims are:

- To refocus our services with more community engagement and partnerships with others.
- To transform the sense of the City as a destination.
- To continue to use technology to improve customer service and increase efficiency.
- To further develop the City's contribution to the life of London as a whole.

Proposed Revenue Budget for 2016/17

6. The proposed Revenue Budget for 2016/17 shown in Table 1 is analysed between:
 - Local Risk budgets – these are budgets deemed to be largely within the Chief Officer's control.
 - Central Risk budgets – these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside of his/her control or are budgets of a corporate nature (e.g. interest on balances and rent incomes from investment properties).
 - Recharges – these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk.

7. The provisional 2016/17 budgets, under the control of the Director of Culture, Heritage and Libraries being presented to your Committee, have been prepared in accordance with guidelines agreed by the Policy & Resources and Finance Committees. These include continuing the implementation of the required budget reductions across both local and central risks, as well as the proper control of transfers of non-staffing budgets to staffing budgets. An allowance was given towards any potential pay and price increases of 2% in 2015/16 (already applied) and a further 1.5% in 2016/17. The budget has been prepared within the resources allocated to the Director.
8. The Service Based Review aims to deliver sustainable savings and / or increased income in order to balance City Fund and City's Cash over the medium term. The proposals approved by the Policy & Resources Committee included a total of £1,347K (over 3 years) for this Committee. The agreed proposals reflected in the 2016/17 budgets are a total of £570K.
9. Most Service Based Review savings are currently expected to be met and are identified as green in terms of their RAG status. Work continues on identifying the best way to implement the Keats House saving of £220K in 2017/18 which currently has an Amber rating.

TABLE 1 CULTURE, HERITAGE AND LIBRARIES COMMITTEE SUMMARY– ALL FUNDS

Analysis of Service Expenditure	Local or Central Risk	Actual 2014-15 £'000	Latest Approved Budget 2015-16 £'000	Original Budget 2016-17 £'000	Movement 2015-16 to 2016-17 £'000	Paragraph Reference
EXPENDITURE						
Employees	L	9,413	9,918	9,787	(131)	12
Employees (redundancy costs)	C	1	1	-	(1)	
Premises Related Expenses	L	800	1,497	1,430	(67)	13
Premises Related Expenses *	C	975	993	1,036	43	
City Surveyor – Repairs & Maintenance	L	649	656	871	215	14
Transport Related Expenses	L	85	85	85	-	
Supplies & Services	L	3,041	3,185	2,494	(691)	15
Supplies & Services (Grants to outside bodies)	C	5,677	5,677	5,649	(28)	
Capital Charges – City's Cash & BHE	C	212	89	88	(1)	
Total Expenditure		20,853	22,101	21,440	(661)	
INCOME						
Other Grants, Reimbursements and Contribution	L	(474)	(312)	(134)	178	15
City's Cash contribution to Keats House	C	(266)	-	-	-	
Customer, Client Receipts	L	(6,850)	(6,577)	(6,659)	(82)	16
LMA Rental Income	C	(106)	(78)	(78)	-	
Total Income		(7,696)	(6,967)	(6,871)	96	
TOTAL EXPENDITURE/ (INCOME) BEFORE RECHARGES		13,157	15,134	14,569	(565)	
RECHARGES						
Central Support Services and Capital Charges – City Fund		6,050	6,472	6,567	95	17
Recharges within Fund		91	85	85	-	
Recharges Across Funds		(456)	(456)	(456)	-	
Total Recharges		5,685	6,101	6,196	95	
TOTAL NET EXPENDITURE/(INCOME)		18,842	21,235	20,765	(470)	

*(Barbican & Community Libraries and LMA Rates & Service Charges & LMA rent)

10. Income and favourable variances are presented in brackets. An analysis of this Revenue Expenditure by Service Managed is provided in Appendix 1. Only significant variances (generally those greater than £50,000) have been commented on in the following paragraphs.
11. Overall there is a decrease of £470,000 in the overall budget between the 2015/16 latest approved budget and the 2016/17 original budget. This movement is explained in the following paragraphs.
12. The decrease to the local risk Employees budget is due to a number of posts being deleted as part of the Service Based Review savings. The decrease has been offset in part by an allowance of 1.5% in respect of any potential pay award, anticipated incremental rises and an estimated increase of 2.2% to the rate for National Insurance, which takes effect from 1 April 2016. The decrease in full-time equivalent staff at the Information Services Section, Barbican and Community Libraries, Artizan Street Library, Directorate, London Metropolitan Archives and City Records Services are as a result of efficiency savings arising from the Service Based Reviews, with a further reduction of staff at the LMA as a result of staff being funded by grants which finish in 2015/16. An analysis of the movement in manpower and related staff costs are shown in Table 2 below.

Table 2 - Manpower statement	Latest Approved Budget 2015/16		Original Budget 2016/17	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Guildhall Library and Information Services Section	22.00	897	19.00	848
City Business Library	5.50	250	5.50	259
Barbican and Community Libraries	40.86	1,474	37.21	1,443
Artizan Street Library	8.00	252	7.50	250
Culture Heritage & Libraries Directorate	14.28	623	13.28	605
Guildhall Art Gallery	7.96	323	7.46	309
London Metropolitan Archives	53.09	2,211	47.91	2,048
City Records Services	23.74	991	22.80	981
Keats House	5.01	206	5.01	203
Visitor Services & City Information Centre	10.14	436	10.24	449
Monument	6.58	251	6.57	265
Tower Bridge Tourism	47.87	2,004	47.83	2,127
TOTAL CULTURE, HERITAGE AND LIBRARIES	245.03	9,918	230.31	9,787

13. The decrease of £67,000 to the local risk budget for Premises Related Expenses is mainly due to a reduction in planned minor works at Tower Bridge of £74,000, offset by a £6,000 increase in planned minor works at the Monument.
14. The 2015/16 Latest Approved Budget reflects the re-allocation of the full 2015/16 Additional Works Programme to reflect the expenditure that is anticipated will be incurred in the year. Please see the detailed breakdown in Table 3 below.

The reduction at the Guildhall Art Gallery is due to some of the works previously identified as being funded from AWP moving to the Capital Programme and the level of work identified in the AWP at the Gallery reducing during 2016/17.

The increases at both London Metropolitan Archives and Keats House is a result of greater value works in these locations than in previous years. The works are part of a cycle and reflect the work that needs to be done in that particular year.

The Latest Approved Budgets reflects the work to be undertaken in 2015/16. The Original 2016/17 budgets reflects the balances from continuing earlier live programmes plus the new 2016/17 projects (£5.5m) endorsed by Corporate Asset Sub Committee in October 2015.

The Building Repairs Maintenance costs, which were originally assessed on a square foot basis, are now based on the individual assets of each property.

A decision on the funding of the programme will be made by the Resource Allocation Sub Committee. It may therefore be necessary to adjust the budgets to reflect the Resource Allocation Sub Committee's decision.

TABLE 3 - CITY SURVEYOR LOCAL RISK	Latest Approved Budget 2015/16 £'000	Original Budget 2016/17 £'000
Repairs & Maintenance		
Additional Works Programme		
Guildhall Library	-	1
Barbican and Community Libraries	17	34
Guildhall Art Gallery	115	12
London Metropolitan Archives	95	294
Keats House	22	87
Monument	22	1
Roman Bath House	12	27
Mayoralty and Shrievalty	2	35

Planned & Reactive Works (Breakdown & Servicing)		
Barbican and Community Libraries	10	10
Guildhall Art Gallery	8	8
London Metropolitan Archives	66	66
Keats House	34	34
Visitor Services & City Information Centre	19	19
Monument	14	14
Cleaning	220	229
Total City Surveyor	656	871

15. The decrease of £691,000 to the local risk budget for Supplies and Services is mainly due to the fallout of various grants totalling £473,000, in particular the funding from Finance Committee of £300,000 towards the Great Fire's 350th Anniversary, which at this stage has only been awarded for 2015/16. Also, there were carry forward requests included in 2015/16 budgets as a result of the 2014/15 underspend of £162,000.
16. The increase of £82,000 to the local risk budgets for Customer, Client Receipts is mainly due to increased income at London Metropolitan Archives of £45,000 as a result of the Service Based Review proposals, along with various other smaller departmental initiatives to raise additional income for the department.
17. The increase of £95,000 to Support Services and Capital Charges (City Fund) is mainly due to an increase in Guildhall Admin charges of £271,000 as a result of increased Repairs and Maintenance costs (including AWP works) on the Guildhall Complex. These are partly offset by a fall in capital costs of £126,000 and support services costs of £48,000. Appendix 2 provides an analysis of Support Services and Capital Costs.

Potential Further Budget Developments

18. The provisional nature of the 2015/16 and 2016/17 revenue budgets recognises that further revisions may be required, including in relation to:
 - budget reductions to capture savings arising from the on-going Service Based Review;
 - decisions on funding of the Additional Works Programme by the Resource Allocation Sub Committee.
 - if specific service based review proposals included with this budget report are rejected by the Committee, or other Committees request that further proposals are pursued, that the substitution of other suitable proposals for a corresponding amount is delegated to the Town Clerk in discussion with the Chairman and Deputy Chairman of the relevant Committee. If the

substituted saving is not considered to be straight forward in nature, then the Town Clerk shall also consult the Chairman and Deputy Chairmen of the Policy and Resources Committee prior to approving an alternative proposal(s).

Any revisions will be agreed after consultation with the Director of Culture, Heritage and Libraries.

Revenue Budget 2015/16

19. The forecast outturn for the current year is £20.585m compared to the latest approved budget of £21.235m showing a potential underspend of £650,000. This potential underspend relates to a significant increase in income for the first half of the year at Tower Bridge.
20. The movement between 2015/16 Original and Latest Approved Budget is detailed in Appendix 3.

Draft Capital and Supplementary Revenue Budgets

21. The latest estimated costs for the Committee's draft capital and supplementary revenue projects are summarised in the Table below.

Table 4

Capital & Supplementary Revenue projects - latest estimated costs							
Service Managed	Project	Exp. Pre 01/04/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Later Years £'000	Total £'000
CITY FUND							
<u>Pre-implementation</u>							
London Metropolitan Archives	Roof replacement		25	65			90
London Metropolitan Archives	Future accommodation		14				14
Libraries	Barbican Library transformation		42				42
Libraries	Shoe Lane Library transformation		35				35
<u>Authority to start work granted</u>							
Libraries	Artizan Street Library	302	65				367
Guildhall Art Gallery	Lighting replacement	536	8				544
Libraries & LMA general	IT & Infrastructure		96				96
TOTAL CITY FUND		838	285	65	0	0	1,188
CITY'S CASH							
<u>Pre-implementation</u>							
Mayoralty & Shrievalty	Lord Mayor's Carriage		26				26
<u>Authority to start work granted</u>							
Guildhall Art Gallery	Heritage Gallery	509	17				526
The Monument	Additional works	3	10	92			105
Mayoralty & Shrievalty	Historic carriages	190	9				199
TOTAL CITY'S CASH		702	62	92	0	0	856
BRIDGE HOUSE ESTATES							
<u>Pre-implementation</u>							
Tower Bridge Tourism	Engine rooms/Reception/Gift shop		8	10			18
Bridges Repairs Fund	High level walkways & roof coverings		11	28	1		40
TOTAL BRIDGE HOUSE ESTATES		0	19	38	1	0	58
TOTAL		1,540	366	195	1	0	2,102

22. Pre-implementation costs comprise feasibility and option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work. It should be noted that the above figures exclude the implementation costs of those schemes which have yet to receive authority to start work.
23. Subject to authority to start work, the implementation phases of the LMA roof replacement and the repairs to the Lord Mayor's carriage projects are due to begin in the last quarter of 2015/16, whilst the two Tower Bridge schemes are planned to commence in 2016/17.
24. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2016.

Appendices

- Appendix 1 – Analysis by Service Managed
- Appendix 2 – Recharges from/to Culture, Heritage and Libraries
- Appendix 3 – Original to Latest Approved Local Risk Budget

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APPENDIX 1

Analysis by Service Managed	Actual 2014-15 £'000	Latest Approved Budget 2015-16 £'000	Original Budget 2016-17 £'000	Movement 2015-16 to 2016-17 £'000	Paragraph Reference
CITY FUND					
Guildhall Library, Information Services Section and City Business Library	1,698	1,881	1,751	(130)	12,15
Barbican and Community Libraries	2,643	2,805	2,709	(96)	12,15
Artizan Street Library	302	276	313	37	
Culture Heritage & Libraries Directorate^	8,379	8,303	8,322	19	
Guildhall Art Gallery	2,299	2,602	2,552	(50)	14,17
London Metropolitan Archives	3,180	3,124	3,130	6	
City Records Services	905	994	980	(14)	
Visitor Services & City Information Centre	900	804	822	18	
Roman Bath House (City Surveyor)	97	96	97	1	
Roman Remains and Guildhall Complex Land (City Surveyor)	80	34	50	16	
TOTAL CITY FUND	20,483	20,919	20,726	(193)	
CITY'S CASH					
Keats House	-	316	386	70	14
Heritage Gallery	15	26	26	-	
Artichoke Great Fire Monument	-	300	-	(300)	15
Monument	(154)	(100)	(163)	(63)	15
Mayoralty & Shrievalty (City Surveyor)	112	113	151	38	
TOTAL CITY'S CASH	(27)	655	400	(255)	
BRIDGE HOUSE ESTATES					
Tower Bridge Tourism	(1,614)	(339)	(361)	(22)	
TOTAL BRIDGE HOUSE ESTATES	(1,614)	(339)	(361)	(22)	
TOTAL	18,842	21,235	20,765	(470)	

^ The Culture, Heritage and Libraries Directorate budget include the costs of the Guildhall Library building and therefore include £0.8m of Capital Recharges for 2015/16 and 2016/17, as well as a grant to the Museum of London for £5.3m for 2015/16 and 2016/17.

APPENDIX 2

Recharges from/to Culture, Heritage and Libraries	Actual 2014/15 £000	Latest Approved Budget 2015/16 £000	Original Budget 2016/17 £000
Support Service and Capital Charges			
Administrative Buildings	1,989	2,167	2,438
City Surveyor's Employee Recharge	168	152	152
Insurance	316	256	266
IS Recharges - Chamberlain	856	826	814
Capital Charges – City Fund	1,856	2,140	2,014
Support Services -			
Chamberlain and CLPS	337	349	341
Comptroller and City Solicitor	31	33	31
Town Clerk	458	515	477
City Surveyor	32	34	34
Support services with Other services*	7	-	-
Total Support Services and Capital Charges	6,050	6,472	6,567
Recharges Within Funds			
Utilities recharge - Barbican Centre	237	231	231
Corporate and Democratic Core – Finance Committee	(146)	(146)	(146)
Recharges Across Funds			
Support Services – CHL Guildhall Administration	(456)	(456)	(456)
TOTAL SUPPORT SERVICE AND CAPITAL CHARGES	5,685	6,101	6,196

* Various services including central training, corporate printing, occupational health, Union costs and environmental and sustainability section.

APPENDIX 3

Original to Latest Approved Local Risk Budget	£000
Original Local Risk Budget	8,337
City Fund and City's Cash carry forwards	162
All funds contribution pay, budget uplift	336
City Fund and City's Cash budget virements uplift, mainly due to a transfer of £45,000 from Community and Children's Services for Barbican Library's work with children	37
Bridge House Estates – Income targets increased at Tower Bridge due to excellent performance during the first six months of the year	(350)
City Surveyor local risk changes in the phasing over the 3 year cycle of each of the Additional Works Programmes	(70)
Latest Approved Local Risk Budget	8,452