

Committee(s):	Date(s):
Establishment Committee	26 th July 2017
Subject: Revenue Outturn 2016/17	Public
Report of: The Town Clerk, the Chamberlain, the Comptroller and City Solicitor	For Information
Report Author: Laura Tuckey, Chamberlain's Department	

Summary

This report compares the revenue outturn for the services overseen by your Committee in 2016/17 with the final budget for the year. Overall total net expenditure during the year was £11,542m, whereas the budget was £11,697m, representing an underspend of £155,000 as summarised below.

	Final Budget	Revenue Outturn	Variations Worse/ (Better)
	£0	£0	£0
Chief Officer			
Total Town Clerk	7,073	6,943	(130)
Total Comptroller and City Solicitor	3,034	2,987	(47)
Total Chief Officer	10,107	9,930	(177)
Support Services	1,590	1,612	22
Net Expenditure	11,697	11,542	(155)

The better than budget position mainly relates to local risk underspends on communications & computing costs (further details can be found in paragraphs 3 and 5 of the main report).

The Town Clerk proposed to carry forward £120,000 of the £126,000 local risk underspend and the Comptroller and City Solicitor proposed to carry forward £110,000 of the £117,000 local risk underspend. These proposals are to be agreed by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee and will be added to budgets for 2017/18 upon approval.

Recommendations

It is recommended that this revenue outturn report for 2016/17 and the budgets carried forward to 2017/18 are noted.

Main Report

Revenue Outturn for 2016/17

1. As indicated in the table in the summary, actual net expenditure for your Committee's services during 2016/17 totalled £11.542m compared to a budget of £11.697m, resulting in an underspend of £155,000.

Town Clerk - £130,000 reduced net requirement

2. The reduced requirement of £130,000 is comprised of underspends of £126,000 on local risk and underspends of £4,000 on central risk. A breakdown of local and central risk spend is shown in Appendix 1.
3. The reduced local risk requirement was largely due to:
 - The re-tendering exercise for funding for HR software system licence has taken longer than expected; hence the delay in purchase that had been planned for 2016-17. This has resulted in an underspend against budget of £25,000 which has been requested as a carry forward into 2017-18.
 - The procurement related to the renewal of the Corporate Learning Management System licence extended beyond the 2016-17 financial year which has resulted in an underspend against budget of £95,000. This amount has also been requested as a carry forward.

Comptroller and City Solicitor - £47,000 reduced net requirement.

4. The reduced net requirement of £47,000 was comprised of underspends of £117,000 on local risk and a worse than budget under recovery of income of £70,000 on central risk as shown in Appendix 1.
5. The local risk reduced requirement was mainly due to:
 - The planned replacement of the information management system was paused in January 2017 to ensure that the system procured achieves a good technical fit within the new corporate IT infrastructure being deployed in 2017. This resulted in an underspend against budget of £135,000 of which £110,000 has been requested as a carry forward (see Appendix 1);
6. The central risk worse than budget outcome was due to:
 - A reduction in property related legal fee income that has resulted in a worse than budget position of £70,000. This was due to a reduced number of property transactions as a result of market conditions.

Carry Forwards to 2017/18

7. In relation to their cash limited budgets, Chief Officers can request up to 10% of the total underspend or £500,000 (whichever is the lesser) to be carried forward provided the underspending is not fortuitous and the resources are required for a planned purpose. Such requests are considered by the

Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee.

8. Overspendings are carried forward in full to be met from agreed 2017/18 budgets. However, there are no such overspends in relation to the services overseen by the Establishment Committee.
9. The Town Clerk and the Comptroller and City Solicitor proposed to carry forward £120,000 and £110,000 of their respective underspends. Details of the use of the carry forwards are set out in Appendix 2.
10. These proposals are to be agreed by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee and the 2017/18 budgets increased accordingly upon approval

City of London overall Financial Position and context for the Efficiency and Sustainability Plan

11. The Court of Common Council approved the published Efficiency and Sustainability Plan on the 13th October 2016. This plan focuses on the existing Service Based Review programme which is now nearing completion, other agreed transformation initiatives and developing a framework for continuous efficiency improvement for 2017/18 and later years. This plan needs to be viewed in the context of the overall Medium Term Financial Strategy to have a five year plan with sufficient cashable savings to present a balanced budget for all four funds and adopting an investment approach utilising the headroom to invest in one-off projects such as the Museum of London relocation project and 'bow wave' list of outstanding repairs.
12. To assist with this context and messaging, a set of core messages on the City of London Corporation's Finances have been developed and are set out in Appendix 3 for members' information.

Appendices

- Appendix 1 – Local & Central Risk Breakdown
- Appendix 2 – Carry Forwards
- Appendix 3 – City of London Efficiency & Sustainability Plan

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APPENDIX 1

	Final Budget £0	Revenue Outturn £0	Variations Worse/(Better) £0
Chief Officer			
Local Risk			
The Town Clerk	6,782	6,656	(126)
The Comptroller and City Solicitor	3,205	3,088	(117)
Total Local Risk	9,987	9,744	(243)
Central Risk			
The Town Clerk	291	287	(4)
The Comptroller and City Solicitor	-171	-101	70
Total Central Risk	120	186	66
Total Town Clerk	7,073	6,943	(130)
Total Comptroller and City Solicitor	3,034	2,987	(47)
Total Chief Officer	10,107	9,930	(177)
Support Services	1,590	1,612	22
Net Expenditure	11,697	11,542	(155)

APPENDIX 2

Approved carry forwards	£000
<p><u>The Town Clerk</u></p> <p>Funding for XpertHR software system licence, the retendering exercise has taken longer than expected; hence delay in purchase that had been planned for 2016-17.</p> <p style="text-align: right;">25</p> <p>Funding for the Corporate Learning Management System software licence, the procurement process has taken longer than expected; hence delay in purchase that had been planned for 2016-17.</p> <p style="text-align: right;">95</p>	
Total Town Clerk	120
<p><u>The Comptroller and City Solicitor</u></p> <p>The department has an objective in its 2016/19 Business Plan to 'Complete a major Information Management Project'. On the 4 February 2016, the Corporate Projects Board approved a C&CS proposal to implement a replacement information management system. The project was paused at the procurement stage in January 2017 to ensure that the system procured achieves a good technical fit with the new corporate IT infrastructure being deployed in 2017. The budget is £100k plus £10k as a contingency.</p> <p style="text-align: right;">110</p>	
Total Comptroller and City Solicitor	110

Efficiency & Sustainability Plan

CORE MESSAGES ON THE CITY OF LONDON CORPORATION'S FINANCES – January 2017

Our aim:

Our funds are there to help the City of London Corporation promote financial, professional and business services, provide excellent public services and support the City, capital and country as a whole.

They must be used economically, efficiently and effectively to maintain the City's underlying infrastructure and services and so we can prioritise paying for initiatives which meet our long-term ambitions.

How we do this:

The City has three funds.

City Fund, paid for by ratepayers and taxpayers, including:

- money used to cover local authority activities in the square mile and beyond.
- money used to pay for the City of London Police Force

Two are provided at no cost to the taxpayer:

- City's Cash - an endowment fund built up over 800 years and passed from generation to generation used to fund services that benefit London and the nation as a whole.
- Bridge House Estates - the money used to look after five bridges over the Thames with any surpluses being used for charitable purposes and awarded through the City Bridge Trust.

It is a duty on us to make the best use of the resources we have. This can only be done through continually reviewing the economy, efficiency and effectiveness of our services, the outcomes that are achieved and how they meet our long-term ambitions.

Everyone has a role to play in constantly challenging what we do and thinking about how we could do things better.

Are there further cuts being made?

Yes, 2% to ensure continuous improvement. In 2014, we estimated that due to cuts in government funding City Fund would be facing deficits approaching £11m by 2017/18 so we had to deal with this by scrutinising all our activities in what we called the Service Based Review.

We could, of course, have just made efficiencies in those areas paid out of public funds. But we decided it was not fair or equitable to ask some parts of our organisation to be more efficient and not others.

Proposals totalling £20m in efficiencies/extra income were identified and are well underway to being implemented. Following the completion of the Service Based Review programme, a continuous 2% per annum budget reduction target will be introduced across all our services. Departments will be expected to meet this through efficiency and performance improvements.

Why are we continuing to make budget reductions?

Firstly, we have a duty to ensure the most effective and efficient use of our resources.

Secondly, we continue to have big cost pressures. We live in an historic and ageing City. Many of our properties are deteriorating which requires an increased level of investment and our IT infrastructure and service needs investment. In addition the City of London Police needs to address the changing nature of policing and the increasing demands placed on the service in the context of increased security threats from terrorism, growing cybercrime and online economic crime and intelligence requirements.

Thirdly, by being economic, efficient and making savings and focusing our efforts where we are most effective we can enhance existing services and pursue new priorities and increasingly ambitious outcomes for the benefit of the City, London and the nation.

Why not utilise the City's Cash fund endowment?

This is money which has been passed down to us over the years, produces income for us and is not to be used lightly as we want to pass it on to future generations to sustain services in the medium to longer term. Its income comes mainly from property and investments and is used to finance activities for the benefit of the City, London and the nation as a whole. Any sale of the underlying investments reduces the ability of the fund to generate income in future years.

The City's Cash budget will be running a deficit over the next three years to allow us to carry out essential investment before returning to a small surplus in 2020/21.

So what does the future look like for these funds?

The financial forward look for two of our funds is relatively healthy but uncertainties remain.

- City Fund: we have been planning for a continuing reduction in government grant and the underlying budget position is robust. We will be using the headroom to invest in essential repairs and maintenance and to fund the building of the new Museum of London to the benefit of all Londoners and the country as a whole.

- City's Cash: The forecast deficit over the next three years reflects our commitment to carry out essential investment and to support cultural development before returning to a small surplus in 2020/21.
- Bridge House Estates: the rising surplus will increase the resources available to the City Bridge Trust for charitable giving across London.
- The Police Fund: The underlying financial position remains very challenging. Additional cost pressures have meant the fund is forecast to move into deficit, utilising the remaining ring fenced reserves by 2018/19. An interim strategy has been developed and proposed for dealing with the deficit to the end of 2017/18. The Town Clerk, the Chamberlain and the Commissioner, have commissioned a review of the Police operating model, focusing on future demand modelling and how best to secure VFM, to identify options to address the, as yet unfunded, projected deficits of £5.8m in 2018/19 and £3.0m in 2019/20.

What are your total assets?

The City of London Corporation has assets of around £4bn. Income from these assets fund our services and any sale of assets to fund on-going services in the short term would harm our ability to protect services in the medium to longer term. Sale of many of our local authority assets to fund day to day services is also effectively prohibited by Local Government accounting rules.