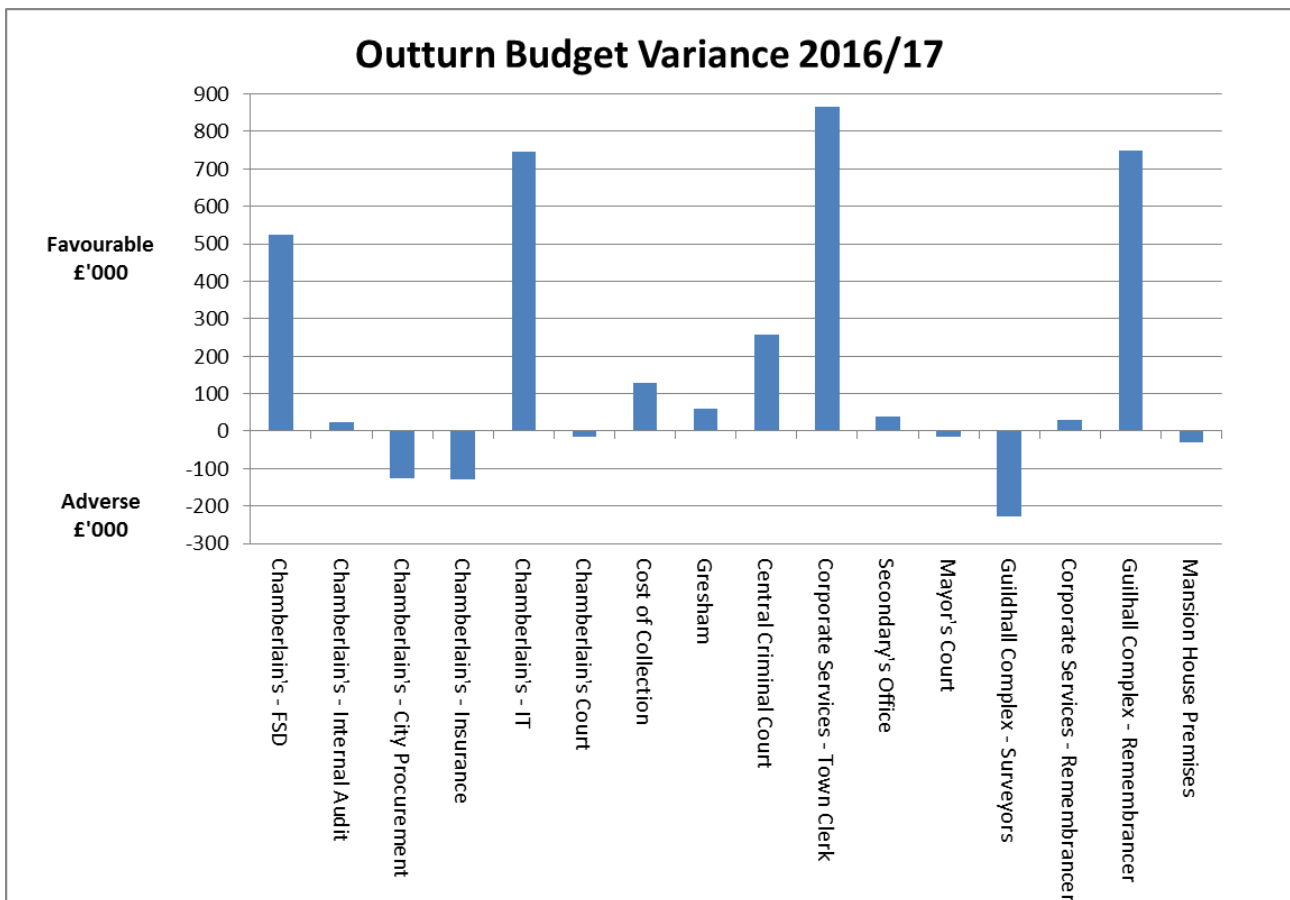


Committee	Dated:
Finance Committee	12 September 2017
Subject: Revenue Outturn 2016/17 – Finance Committee Operational Services	Public
Report of: The Chamberlain	For Information
Report author: Philip Gregory, Deputy Financial Services Director, Chamberlain’s Department	

Summary

The report compares the revenue outturn for the operational services overseen by your Committee in 2016/17 with the budget for the year. It also details the carry forward requests which have now been approved. It does not cover the overall outturn for the City which is reported separately with the financial statements. Total net expenditure on the operational services overseen by the Committee was £54.422m, whereas the total budget was £57.308m, representing a favourable variance of £2.886m, as summarised in the chart below.



The overall favourable position against the budget of £2.886m comprises variations on a number of services, the main ones being reduced requirements for Corporate Services (Town Clerk), Chamberlain's IT, Chamberlain's FSD, Cost of Collection and increased income in Guildhall Complex (Remembrancer), Central Criminal Court and Gresham partly offset by increased requirements in Guildhall Complex (Surveyors), Insurance and City Procurement.

Members should note that as this report relates to the old year, the 2016/17 information remains in the old reporting format. Improvements are being made to Committee budget management information for 2017/18.

Recommendation

Members are asked to:

- Note the revenue outturn for 2016/17 and local risk budgets totalling £620,000 to be carried forward to 2017/18 and a central risk carry forward of £819,000 as set out in Appendix 2.

Main Report

Revenue Outturn for 2016/17

1. The 2016/17 actual net expenditure for the operational services overseen by your Committee totalled £54.422m, a favourable variance of £2.886m compared to the budget of £57.308m. Appendix 1 provides analysis between Chief Officer's local risk budgets, central risk budgets and support services.
2. The most significant variations were:-
 - Corporate Services – Town Clerks: £867,000 decrease – relates to an £819k underspend on the Cultural Hub, this central risk underspend has been carried forward in full to 2017/18. In addition to this, £145k was carried forward from 2015/16 to 2016/17 for the Cultural Hub Property & Programme Director of which £111k was spent resulting in an underspend of £34k.
 - Guildhall Complex – Remembrancer: £750,000 more net income than budgeted – primarily due to income from letting rooms in the Guildhall Complex being higher than anticipated in the budget. The level of the income budget will be reviewed in the 2018/19 estimate cycle, together with the related costs of letting these rooms.
 - Chamberlain's IT: £745,000 decrease – this principally relates to a timing delay in the improvement work, including increased network capacity, which is currently underway as part of Transformation. Additionally there were some budgeted roles that remained vacant. £484,000 was carried

forward to 2017/18 to cover these costs as the Transformation project progresses.

- Chamberlain's - FSD £524,000 decrease – relates to an underspend in fees and services of £100,000, an underspend on the employee budget of £111,000 due to a number of vacant posts during the year and an underspend on transformation projects which has been carried forward to 2017/18.
- Central Criminal Court £259,000 decrease – primarily relates to higher than budgeted recovery of costs from Her Majesty's Courts and Tribunals Services.
- Cost of Collection £128,000 decrease :
 - employee budget was underspent by £15,000 due to a staff vacancy
 - expenditure on computing costs was £90,000 less than budgeted for due to a major project costing less than originally anticipated;
 - the cost of Council Tax Reduction Scheme Discount granted was less than budgeted for resulting in £63,000 less expenditure than planned. This relates to a lower number of claimants than expected compared to previous years; and
 - a reduction of £34,000 in government grants received.
- Gresham £61,000 increase in income – primarily due to additional head rent of £63,000 from the City's 50% share of income from the Royal Exchange and 89/91 Gresham Street.

These positive variances are partly offset by;

- Guildhall Complex – Surveyors £227,000 increase - principally relates to extra staffing costs (additional rostering and overtime) as a result of the heightened security levels, plus additional costs in relation to the Police usage of the Guildhall Justice Rooms(which was recovered via a higher central support recharge) and of 65a Basinghall Street, partly offset by a savings on energy arising from an approved tariff negotiated for Citigen and the implementation of a number of energy saving initiatives throughout the year.

The City Surveyor was able to meet the increase in requirements from budgetary savings under other committees.

- Chamberlain's – Insurance £130,000 increase :
 - income for the dividend from the City's Reinsurance Captive Company was £477,000 less than budgeted;
 - expenditure on premises and transport insurance premiums was higher than budgeted by £38,000;
 - the number and value of claims settled during the year within the policy excesses met by the City Corporation were £343,000 less than budget;

- the employee budget was underspent by £20,000 due to a vacancy; and
- expenditure on training was £13,000 less than budgeted.
- Chamberlain's – City Procurement £126,000 increase:
 - £89,000 for Proc Serv technology which novated across to the City Corporation from Accenture as part of the early termination agreement. Having established over the last two years that the software is value for money, it is recommended that the system is retained and appropriately funded as part of budget setting for 2018/19;and
 - a one-off unexpected cost pressure of £37,000 for the BACS security upgrade.

Local Risk Carry Forward to 2017/18

3. 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.
4. The Chamberlain, The City Surveyor and Town Clerk requested to carry forward local risk budgets of £550,000, £44,000 and £26,000 respectively. The Town Clerk requested to carry forward central risk budgets of £819,000. Details of the proposed use of the carry forwards are set out in Appendix 2.
5. These proposals were agreed, and the amounts have been added to the Chamberlain, The City Surveyor and Town Clerk's budgets for 2017/18.

Appendices

- Appendix 1 – Comparison of 2016/17 Revenue Outturn with Budget
- Appendix 2 – Agreed Carry Forwards to 2017/18

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Appendix 1

Comparison of 2016/17 Revenue Outturn with Budget			
	Budget	Revenue Outturn	Variations Increase/ (Decrease)
	£000	£000	£000
By Chief Officer			
Local Risk			
The Chamberlain	22,630	21,477	(1,153)
The Town Clerk	1,509	1,428	(81)
The City Surveyor	9,240	9,356	116
The Remembrancer	(338)	(1,095)	(757)
The Private Secretary to the Lord Mayor	1,199	1,178	(21)
Total Local Risk	34,240	32,344	(1,896)
Central Risk			
The Chamberlain	10,781	10,641	(140)
The Town Clerk	2,195	1,131	(1,064)
The City Surveyor	4,138	4,239	101
The Remembrancer	182	145	(37)
The Private Secretary to the Lord Mayor	58	58	0
Director of Community & Children's Services	81	95	14
Total Central Risk	17,435	16,309	(1,126)
Support Services & Capital Charges	5,633	5,769	136
Committee Totals	57,308	54,422	(2,886)
By Division of Service			
Chamberlain's - FSD	8,662	8,138	(524)
Chamberlain's - Internal Audit	810	786	(24)
Chamberlain's – City Procurement	2,750	2,876	126
Chamberlain's – Insurance	12,110	12,240	130
Chamberlain's – IT	10,430	9,685	(745)
Chamberlain's Court	157	172	15
Cost of Collection	861	733	(128)
Gresham	176	115	(61)
Central Criminal Court	4,548	4,289	(259)
Corporate Services – Town Clerk	1,589	722	(867)
Secondary's Office	471	433	(38)
Mayor's Court	121	135	14
Guildhall Complex - Surveyors	13,277	13,504	227
Corporate Services – Remembrancer	327	296	(31)
Guildhall Complex –Remembrancer	(452)	(1,202)	(750)
Mansion House Premises	1,471	1,500	29
Division of Service Totals	57,308	54,422	(2,886)

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

Appendix 2

Agreed Local Risk Carry Forwards by Chief Officer	£000
<u>The Chamberlain (City Fund)</u>	
Funding required to enable the City Surveyor, Chamberlain and Comptroller and City Solicitor to employ additional staff needed for a limited period to assist with further reducing the Commercial and Operational Rent arrears and to establish a new baseline for operational property which can then be maintained.	52
Funding for upgrades and security patching which are critical to maintain the performance of the Capita Revenues System and enable efficient income collection.	14
<u>The Chamberlain (Guildhall Admin)</u>	
Funding to support the delivery of IT Transformation Programme – LAN Refresh.	484
Total Chamberlain	550
<u>The City Surveyor (Guildhall Admin)</u>	
Funding to investigate the cause of a leak and review the water feature structure and water proofing for the Guildhall fountain in the central courtyard (outside St Lawrence Jewry Church) .	20
Funding to develop an energy metering strategy for the Guildhall to enable targeted energy savings works	24
Total City Surveyor	44
<u>The Town Clerk (City's Cash)</u>	
Funding required for Shrieval Equipment and Accommodation Updating.	10
Funding for the conversion of Library into Judicial Overnight accommodation.	16
Total Town Clerk	26
Agreed Central Risk Carry Forwards	£000
<u>The Town Clerk</u>	
Cultural Hub	819