

Committee(s)	Dated:
Culture, Heritage and Libraries	02/07/18
Subject: Revenue Outturn – 2017/18	Public
Report of: The Chamberlain Assistant Town Clerk and Culture Mile Director 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 2017/18 with the final agreed budget for the year. Overall total net expenditure during the year was £24.879m, whereas the total agreed budget was £27.198m, representing a decrease in net expenditure of £2.319m. The favourable variance on the Director's local risk was £673K of which £464K related to Tower Bridge Tourism, mainly as a result of surveyors based works being delayed into the new year and income generation being significantly above target.

Summary Comparison of 2017/18 Revenue Outturn with Final Agreed Budget			
	Final Approved Budget £000	Revenue Outturn £000	Variation Increase/ (Reduction) £000
Local Risk			
Assistant Town Clerk and Culture Mile Director	(5,637)	(5,485)	152
Director of Open Spaces	1,724	2,182	458
Director of Community and Children's Services	(2,383)	(2,292)	91
City Surveyor	(653)	(681)	(28)
Total Local Risk	(6,949)	(6,276)	673
Central Risk			
Assistant Town Clerk and Culture Mile Director	(14,010)	(12,344)	1,666
Director of Open Spaces	199	237	38
Director of Community and Children's Services	(228)	(189)	39
Total Central Risk	(14,039)	(12,296)	1,743
Capital & Support Services	(6,210)	(6,307)	(97)
Overall Expenditure	(27,198)	(24,879)	2,319

The Chief Officers have submitted requests to carry forward £306,000 from the local risk favourable variance, (Assistant Town Clerk and Culture Mile Director £107,000, Director of Open Spaces £130,000 and Director of Community and Children's Services £69,000), and requests to carry forward £15,000 from the central risk favourable variance, and these requests will be considered by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee.

Recommendations

- It is recommended that this revenue outturn report for 2017/18 and the proposed carry forward of underspends to 2018/19 are noted.

Main Report

1. Actual net expenditure for your Committee's services during 2017/18 totalled £24.879m, a favourable variance of £2.319m compared to the final approved budget of £27.198m. 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 now shown as positive balances, whereas brackets are used to denote expenditure, increases in expenditure, or shortfalls in income. A reconciliation of original local risk budget to the final agreed local risk budget is provided in Appendix 1.

**Culture, Heritage and Libraries Committee – Comparison of 2017/18
Revenue Outturn with Final Agreed Budget**

	Original Budget £000	Final Agreed Budget £000	Revenue Outturn £000	Variation Increase/ (Decrease) £000	Paragraph Reference
LOCAL RISK					
Assistant Town Clerk and Culture Mile Director					
City Fund					
Guildhall Library & City Business Library	(1,415)	(1,469)	(1,387)	82	2
Central Management	(103)	-	(21)	(21)	
Guildhall Art Gallery	(357)	(380)	(360)	20	3
London Metropolitan Archives	(1,895)	(1,975)	(1,981)	(6)	
City Records Service	(1,066)	(1,106)	(1,099)	7	
Visitor Services & City Information Centre	(587)	(607)	(546)	61	4
Lower Thames Street*	(8)	(8)	(10)	(2)	
Total City Fund	(5,431)	(5,545)	(5,404)	141	
City's Cash					
Mayoralty & Shrievalty*	(92)	(92)	(81)	11	
Total City's Cash	(92)	(92)	(81)	11	
Total Assistant Town Clerk and Culture Mile Director	(5,523)	(5,637)	(5,485)	152	
Director of Open Spaces					
City's Cash					
Monument	236	228	222	(6)	
Keats House	(194)	(211)	(211)	-	
Total City's Cash	42	17	11	(6)	
Bridge House Estates					
Tower Bridge Tourism	1,563	1,707	2,171	464	5
Total Bridge House Estates	1,563	1,707	2,171	464	
Total Director of Open Spaces	1,605	1,724	2,182	458	

**Director of Community &
Children's Services
City Fund**

Information Services Section	(322)	(310)	(310)	-	
Barbican & Community Libraries	(1,823)	(2,073)	(1,982)	91	6
Total City Fund	(2,145)	(2,383)	(2,292)	91	
Total Director of Community & Children's Services	(2,145)	(2,383)	(2,292)	91	
Total City Surveyor	(1,020)	(653)	(681)	(28)	
TOTAL LOCAL RISK	(7,083)	(6,949)	(6,276)	673	
CENTRAL RISK					
Museum of London Revenue Grant	(5,292)	(5,292)	(5,292)	-	
Museum of London Capital	-	(7,250)	(5,734)	1,516	7
Outdoor Arts Programme	(357)	(359)	(344)	15	8
Other costs including rent, rates, service charges & capital	(660)	(1,138)	(926)	212	9
TOTAL CENTRAL RISK	(6,309)	(14,039)	(12,296)	1,743	
CAPITAL & SUPPORT SERVICES	(6,371)	(6,210)	(6,307)	(97)	10
OVERALL TOTAL	(19,763)	(27,198)	(24,879)	2,319	

*These budgets are held by the Assistant Town Clerk and Culture Mile Director but relate to building maintenance work and as such any underspends relates to the City Surveyor and cannot be carried forward.

Reasons for Significant Variations

2. The main reason for the underspend of £82,000 at Guildhall Library was due to the redundancy costs for the Service Assistants being met centrally.
3. The main reason for the underspend at Guildhall Art Gallery (GAG) was due to income derived from sales (shop, tickets, licensing and schools) having largely been deposited in a special bank account since 2016/17 and not credited to the GAG budget until March leaving no opportunity to plan for it or spend it (£51,000). This was partly offset by an anticipated overspend of £33,000 owing to the maternity cover costs for a Frames Conservator (£15,000), Amphitheatre bookings cancelled by the Remembrancer because of other events (£8,000) and lower sales figures from the Nature Morte Exhibition than anticipated (£10,000), despite the Exhibition being a critical success and receiving good press coverage.

4. The main reasons for the underspend of £61,000 at the Visitor Services & City Information Centre were due to elements of the campaign for the Visitor Trail slipping into 2018/19 (£18,000) and the Easter weekend falling at the end of the financial year in 2018 helping to deliver better than anticipated income at the City Information Centre (£35,000).
5. The favourable variance of £464,000 at Tower Bridge consists of a £136,000 overachievement of income and a £328,000 underspend. The former is the result of positive retail and events performance, despite a significant downturn in the London visitor economy following the terror attacks of 2017. The underspend is attributed to two major business improvement projects at the Bridge, one of which was a capital project where the cost was lower than originally estimated and the other a commercial identity overhaul which has been delayed by factors beyond control (for which a £130,000 carry forward of funds has been requested).
6. The underspend of £91,000 at the Barbican & Community Libraries is due to correct adherence to procurement processes taking longer than anticipated, resulting in the Portsoken Health and Community Centre being unable to spend money set aside for essential roof repairs of £30,000. Staffing efficiency savings of £48,000 for 2018/19 were achieved a year early, with the library being unable to utilise the additional funds in 2017/18. In addition, staff and consultancy costs were lower than anticipated for investigating the feasibility, design, cost and construction of a 'hireable' community room in the Barbican Library, funded from the 2016/17 carry forward (£30,000).
7. The underspend of £1,516,000 is due to delays arising from changes to the Museum relocation project plan.
8. The central risk underspend of £15,000 in the Outdoor Arts Programme is due to no expenditure on a major spring event with an understanding that this may be carried over to 2018/19 as agreed with your Committee in September 2017.
9. The central risk underspend of £212,000 is largely due to a reimbursement from the former City of London Festival of £140,000. In addition, the transfer from City's Cash Finance to Keats House was £38,000 more than the estimated figure and rates costs recharged from Barbican Centre in respect of Barbican Library being £39,000 lower than the estimate.
10. 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 Increase/ (Decrease) £000
CAPITAL & SUPPORT SERVICES				
Capital Charges	(1,959)	(1,845)	(1,847)	(2)
Support Services, including Chamberlains, Comptrollers & Town Clerks	(921)	(948)	(951)	(3)
Surveyors Employee & IT	(972)	(1,194)		(40)
			(
			1	
			,	
			2	
			3	
			4	
)	
Recharges				
Guildhall Admin Buildings	(2,634)	(2,331)	((20)
			2	
			,	
			3	
			5	
			1	
)	
Insurances, including premises & Liability	(254)	(249)	(19
			2	
			3	
			0	
)	
Other recharges	369	357	3	(51)
			0	
			6	
TOTAL CAPITAL & SUPPORT SERVICES	(6,371)	(6,210)	(6,307)	(97)

The variance to Other recharges mainly relate to higher than expected utility recharges from the Barbican Centre to Barbican Library. 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 2018/19

11. The Assistant Town Clerk and Culture Mile Director has a local risk underspend of £143,000 on activities overseen by your Committee, (excluding the two services relating to the City Surveyor), all of which relates to City Fund. The Assistant Town Clerk is proposing to request that £107,000 of City Fund underspend be carried forward.
12. The Assistant Town Clerk and Culture Mile Director has a central risk underspend of £15,000 on the City Outdoor Arts Programme. The Assistant Town Clerk is proposing to request that the full £15,000 underspend be carried forward.

13. The Director of Open Spaces has a favourable variance on local risk of £458,000 on activities overseen by your Committee, of which £464,000 relates to Bridge House Estates, which is partly offset by an underperformance on income generation of £6,000 on City's Cash. The Director is proposing to request that £130,000 of the Bridge House Estates monies be carried forward, all of which relates to activities overseen by your Committee.
14. The Director of Children's and Community Services has a local risk underspend of £91,000 on activities overseen by your Committee, all of which relates to City Fund. The Director is proposing to request that £69,000 of City Fund underspend be carried forward, all of which relates to activities overseen by your Committee.
15. The following purposes are proposed: -
 - the Cultural and Visitor Development Team (CVDT) was holding £37k in its budget (BV900) in 18/19 to deliver elements of a campaign for the City Visitor Trail that was to straddle two financial years using the budget allowance in both years together to create a bigger splash. The CVDT had planned to deliver all elements of phase 1 of the campaign within the 17/18 year and did so excepting £17,568: **£18,000**
 - The CVDT had anticipated that it would commission much-needed interpretation of the Billingsgate Roman House and Baths within the 17/18 financial year as part of *Londinium* noting the new Bloomberg Temple of Mithras opening close by and the significant interest in the City's Roman assets this would spark. The impact of the CVDT covering for the Head of Cultural Programming and Partnerships for six months (while the post was vacant) meant little time was available to dedicate to this. In the interim - and by chance - two potential sponsors have been identified for this work but they are likely to offer no more than £10-15k a piece - a £30k "match" from the City would likely secure this funding. It is suggested that a £30k carry forward is made available so interpretation may be carried out with or without a sponsor (at the lowest level) but that every best effort is made to secure a sponsor to deliver an interpretation of up to £60k (allowing use of AV): **£30,000**
 - Income derived from sales (shop, tickets, licensing and schools) at Guildhall Art Gallery (GAG) had largely been deposited in a special bank account since 2016/17 and not credited to the GAG budget until very late in the financial year with no opportunity to plan for it or spend it. Because of an anticipated overspend of £41k, the GAG restrained its activities in 2017/18 and stopped or stalled a number of significant projects it was hoping to realise. Not least of these was the appointment of a fundraising consultant (for a year) and the delivery of impact assessments for the GAG public offer. The total amount for this work is £51k and - because of the limitations of budget (last year and this) - a successful bid was made to the Transformation Fund for a loan over two years (with repayments to be made from money raised). It is proposed that the additional £51k income identified is used in its entirety to pay off this loan putting the GAG in a more robust financial position going forward: **£51,000**

- Because of the forecast £41,000 overspend in GAG, some planned and essential expenses were postponed because of the lack of budget. The related tasks include: Moving Watt's sculpture Clytie and her plinth from the picture store to the Main Balcony, together with transferring Mignon from the Undercroft c.£3500; the creation of a new map for GAG, following feedback that visitors are confused by the layout and often miss entire areas for use by front of house staff/volunteers as part of the visitor welcome on arrival c.£4500: **£8,000**
- The central risk request is for the City Outdoor Arts Programme to underpin the very ambitious and significant *Women: Work and Power* programme following an understanding that this may be carried over to 2018/19 as agreed with your Committee in September 2017: **£15,000**
- Specified as a headline 2017/18 objective for Tower Bridge in the divisional business plan, although intentionally delayed part-way through the year to allow for further audience and stakeholder research and focus groups in late 2017/18. The project now rolls into 2018/19 and comprises the overhaul of signage, uniforms, interpretation and all promotional activities, including the website, social media channels and advertising: **£130,000**
- To provide essential roof repairs to the Portsoken Health and Community Centre. Currently, the roof is leaking in several places which is causing damage to the fabric of the building and equipment stored therein: **£30,000**
- In 2019, the City's policy to move to emission-free transport comes into operation and penalty charges will be introduced for non-compliant transport. The library van which provides a twice weekday service to the lending and reference libraries, Tower Bridge, Monument and the City Information Centre is not compliant. City Procurement is looking at leasing as a viable option. However, they have now advised that the lease cost for three years would be more than £48,000 excluding VAT so at £57,000, the cost of buying a replacement van outright would be more economical. Proposals to provide departments with a top up fund to enable them to replace the current fleet with compliant vehicles are still being written and information on the size of the individual grants is not yet available: **£39,000**

Appendices

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

Contact:

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Appendix 1

Original to Final Approved Local Risk Budget	£000
Original Local Risk Budget	(7,083)
City Fund carry forwards	(100)
All funds contribution pay, budget uplift	(60)
Increase to Superannuation budgets following 3.5% increase in April 2017	(233)
City of London Apprenticeship Scheme	(148)
Net City Fund and Bridge House Estates budget virements following reorganisation.	91
Net Lending libraries budget uplift owing to a 50% contribution towards the Portsoken Health and Community Centre's roof repairs of £15,000, which was offset partly by a contribution from Barbican Library to Barbican Centre for a library exhibition (£9,000)	(6)
Bridge House Estates local risk - one-off transfer from local risk to revenue to fund the education and community engagement centre capital project	80
Bridge House Estates – Shift of resources of £112,000 to Tower bridge Operational in respect of additional security cover at the Bridge in light of the increased Terror threat and a net increase to income targets at Tower Bridge of £31,000.	143
City Surveyor local risk changes in the phasing over the 3 year cycle of each of the Cyclical Works Programmes, planned and reactive works and Facilities Management.	367
Final Approved Local Risk Budget	(6,949)