



Finance Committee – Supplementary Agenda

Date: TUESDAY, 19 JANUARY 2021
Time: 1.45 pm
Venue: VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

AGENDA

7. **BUDGET MONITORING**
Report of the Chamberlain.

For Information
(Pages 139 - 158)

8. **CHAMBERLAIN'S BUDGET ESTIMATE**
Report of the Chamberlain.

For Decision
(Pages 159 - 176)

Items received too late for circulation in conjunction with the Main Agenda.

John Barradell
Town Clerk and Chief Executive

Committee	Dated:
Finance Committee	19 January 2021
Subject: Revenue Budget Monitoring to November 2020	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chamberlain	For Information
Report author: Laura Yeo, Senior Accountant, Financial Services Division	

Summary

This report provides an update on the financial position and the impact of COVID-19 on the City's budgets. The estimated overall forecast year-end position across all funds is an overspend of £30.8m at the end of November (Period 8). This is an improved position of £2.1m when compared to £32.9m overspend at the end of October (period 7).

The continued impact of COVID-19 is significant across all funds, with a larger impact on City's Cash and Bridge House estates reserves as Government income compensation is only available for City Fund.

To mitigate the losses caused by the City's budgets by the pandemic, Court of Common Council agreed to the resetting of budgets by a net £13.9m to provide realistic baseline budget on which to monitor financial performance moving forward. Similarly, the Property Investment Board agreed to realign the income budgets in November in line with resetting of budgets by a net £12.7m. This results in a net overspend of £4.2m, which mainly relates to TOM expenditure savings yet to be achieved (£4.5m).

The additional budgets will need to be funded from reserves. For City Fund, this will impact on the projected surplus for the year, which is earmarked as a contribution to the major projects reserve. For City's Cash this will impact the level of drawdown from the balance sheet. For Bridge House Estates, the deficit in Tower Bridge income will be offset with a reduction in transfer to the BHE reserves at year end.

The Government's income compensation scheme for Local Authorities is estimated to provide £11.7m of additional funding for the year, of which £1.5m has been received covering losses between April and July. This funding based on actual losses incurred so will vary with changing forecasts.

Month 8 Forecast per Fund (£m)	CF	CC	BHE	Total
Forecast (Local and Central Risk) without budget adjustment	(15.4)	(11.3)	(4.1)	(30.8)
Re-Budgeting adjustment	18.2	7.1	1.3	26.6
Forecast (Local and Central Risk) with budget adjustment	2.8	(4.2)	(2.8)	(4.2)

Financial Impact per Fund (£m)	CF	CC	BHE	Total
Original surplus/(deficit) for the year	27.3	(38.1)	(18.1)	(28.9)
Budget adjustments via resetting	(18.2)	(7.1)	(1.3)	(26.6)
Revised Forecast	2.8	(4.2)	(2.8)	(4.2)
Potential additional funding from Govt income compensation scheme	11.7	0.0	0.0	11.7
Net Impact per Fund after adjustments	23.6	(49.4)	(22.2)	(48.0)

Additional actions are likely to be required to mitigate the impacts of COVID-19 by identifying further savings.

Recommendation(s)

Members are asked:

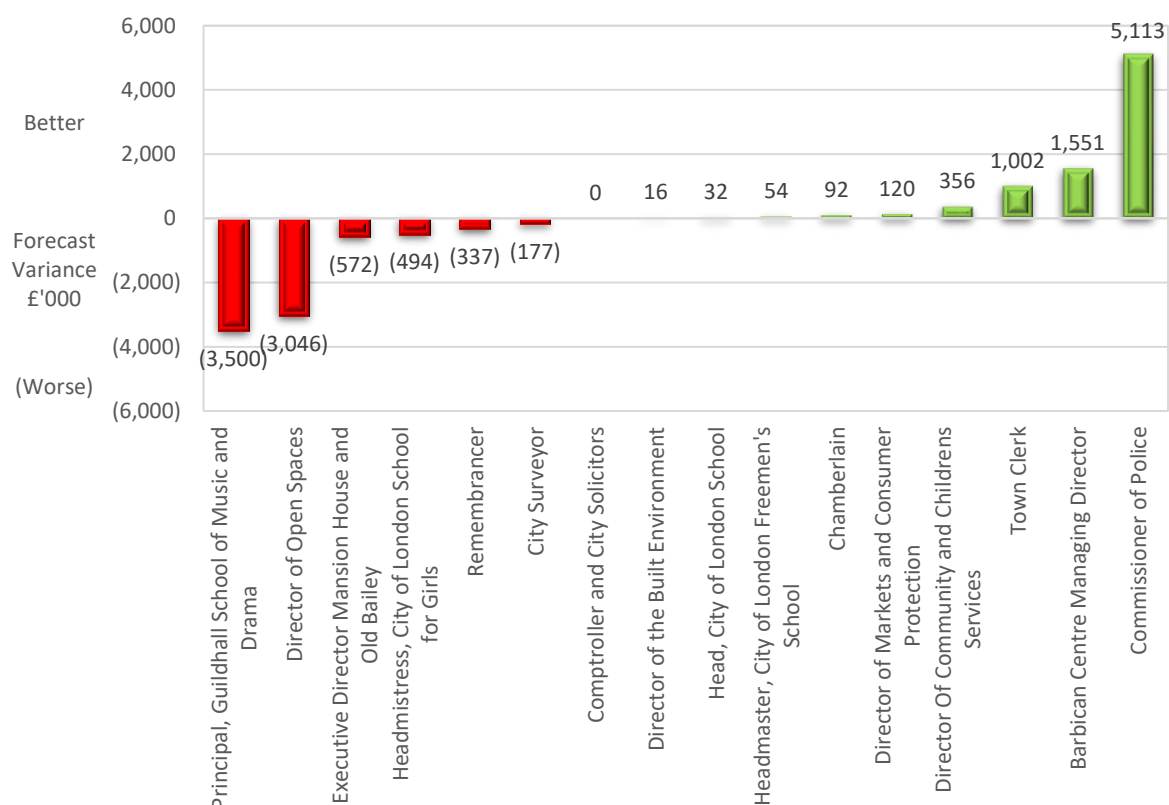
- i. to note the report.

Main Report

Current Position

Chief Officer Cash Limited Budgets

1. The current position for Chief Officer Cash Limited Budgets is a forecast underspend of £0.2m against the latest approved budget of £262.4m. This is an adverse position of £14.4m compared to £14.2m overspend reported at the end of October (Period 7) and is primarily driven by the resetting of budgets (£13.9m). Chief Officer variances against net local risk budgets are shown in the below chart and in Appendix 1 by Fund.



2. Appendix 2 provides income and expenditure budget variances by Chief Officer. The impacts of Covid-19 on the most heavily affected Chief Officers Cash Limited Budgets have been detailed in the paragraphs below.
3. Guildhall School of Music and Drama (GSMD) is forecast to be £3.5m worse than budget, no change from month 7, reflecting lost income due to Covid-19. Income generating activities such as short courses, letting of space and accommodation, removing bar and catering income, and reduced fees from under-18 provision have all ceased. Further losses may arise depending on the number of students returning for the new academic year. In addition, GSMD will incur additional costs for space, equipment and staffing to support socially distanced onsite as well as online teaching as a result of Covid-19. GSMD, as with the independent schools, maintains a reserve which can be used to offset these losses. Should the reserve and further cost reduction prove insufficient, additional financial support may need to be considered later in the year.
4. Open Spaces has also been heavily affected and are forecast to be overspent by £3.0m by year-end, a reduction of £0.4m from month 7. The overspend is due to income shortfalls from closed attractions and facilities as a result of the ongoing pandemic, mainly in relation to Tower Bridge where a forecast net loss of £3.3m is anticipated for the year. The re-budgeting exercise has proposed that an adjustment is made to the year-end transfer to BHE reserves to offset this deficit.

5. The Barbican Centre have been impacted heavily; forecasting an adverse variance of £9.8m at year end. Income losses are due to the centre being closed following Government guidelines, in addition to limited activity being forecast for the remainder of the financial year due to social distancing measures. This is partially offset by expenditure savings due to activity reductions as well as a hold on all non-essential expenditure.
6. The resetting of departmental budgets saw an increase to the Barbican Centre budget by £11.4m, reflecting the anticipated shortfall as at month 6. With the improved forecast position at month 8, Chamberlain's will work closely with the Barbican Centre to monitor the position and release funds on an agreed basis. The £1.6m surplus will be ringfenced with any unused funds returned to the City Fund Reserve.
7. Remembrancer is overspent by £0.3m, an improved position from month 7 by £0.9m. The reduction in overspent has improved following resetting of departmental budgets by £1.1m. The overspend is due to no private event hire at Guildhall taking place following further announcement of National lockdown. The income shortfall will be partially offset by cost savings associated with not hosting these events including staff time, equipment hire, printing and advertising.
8. A full year underspend of £5.1m is projected for the City of London Police (CoLP) based on an escalated recruitment process and a number of new appointments with a further intake in November 2020. This is an improved position by £0.1m from period 7. The projected attrition levels have been revised due to Covid-19, assuming there will be no leavers during the financial year. Police services have remained as business as usual during Covid-19 and a savings target of £5.7m is expected to be achieved in this financial year. Covid-19 pressures do exist for CoLP, however, losses can be claimed from the Home Office as part of the 'ring-fenced £1.2m uplift grant.'

Central Risk Budgets

9. At the end of Period 8 the forecast position for Central Risk Budgets is an adverse variance of £4.4m against the latest approved budget of £43.5m and mainly relates to TOM expenditure savings yet to be achieved (£4.5m). This is an improvement of £14.3m compared to £18.7m forecast at the end of October (Period 7) and is primarily driven by Property Investment income budget adjustments for revised estimates to reflect September rental forecasts (£14.2m).
10. The forecast position excludes CBT grant giving advance commitments (£48.6m) and London Community Response Fund commitments (£12.8m). These variances have been excluded as they are operating within the multi-year funding agreement. So, whilst they are generating in year variances, these differences reflect the profile of grant giving, which is within the overall financial envelope agreed by Court. Further detail on CBT grant giving is given in paragraphs 15-19.

11. Covid-19 has had a severe impact on the Corporate Income Budgets leading to an adverse variance of £12.9m against budgeted income of £241.7m partially offset by a favourable variance of £8.5m on budgeted expenditure of £198.2m. The key budget areas are addressed in the following paragraphs.

Corporate Income Budgets

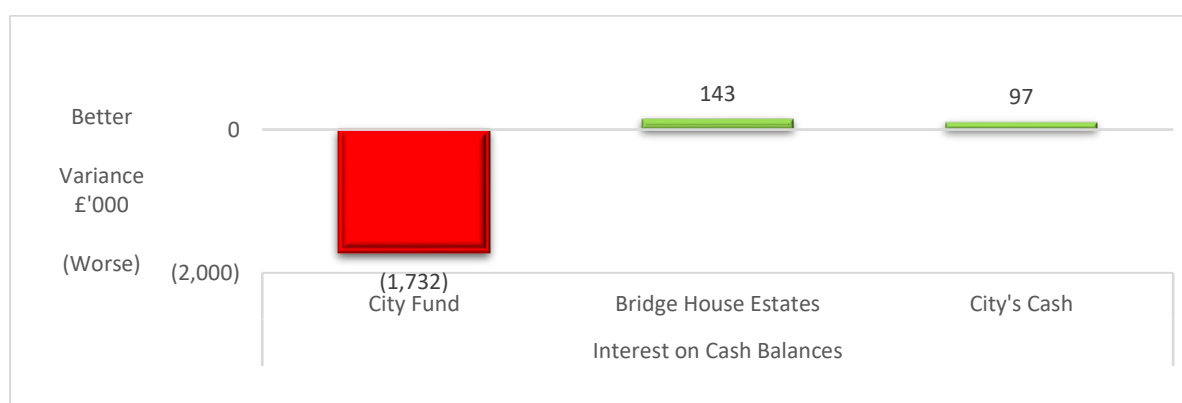
12. Property Investment income budgets have been adjusted for revised estimates in line with the September rental forecast reported to the November Property Investment Board leading to a movement of £14.2m from the position reported at period 7. This incorporates the effect of both June and September rent frees and a provision for turnover rent caps for the highest risk tenants.

The latest forecast of £123.3m comprises:

- City Fund £46.8m
- City's Cash £53.1m
- Bridge House Estates £23.4m

These figures come with a big health warning and forecasts will be closely monitored and revised at each quarter.

13. Interest on cash balances in money market funds are anticipated to be £1.5m below budget of £8.9m at year-end. Elements of the forecast are subject to key assumptions around interest rates and cash balances. At the moment, it is assumed, in line with our treasury advisors, that Bank of England's base rate will stay at 0.10% for the remainder of the year and that our returns will gradually gravitate towards that level over the course of 20/21. It is at least possible that rates could be reduced to zero or go negative in the coming months as the economic damage of Covid-19 is revealed and a fresh attempt at monetary support is required. Naturally, this would reduce interest income even further.

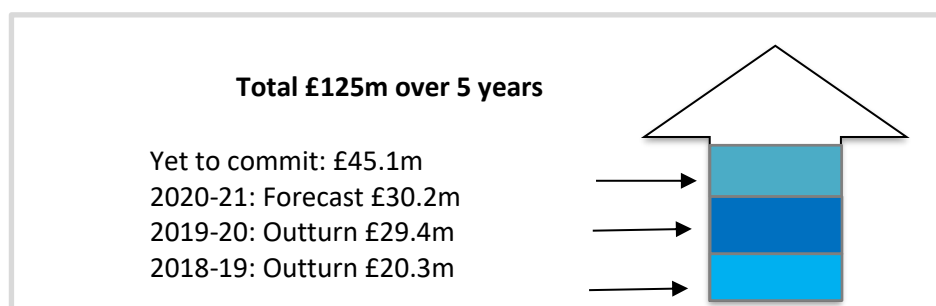


The City Bridge Trust Grants Budget

14. Members are asked to note that 2020/21 is an exceptional year for the activities of City Bridge Trust (CBT) within BHE. This includes the impact of the pandemic

and the consequential establishment of the new BHE collaborative fund – the London Community Response Fund (LCRF) and the decision of the March 2020 Court of Common Council to agree an additional allocation of £200m to support delivery of the charity’s ancillary objects. As a result, the reforecast for 2020/21 includes both the new LCRF’s activity and an initial forecast commitment of £45m of the £200m allocation. Central risk activities for CBT have therefore increased from the original budget of £27.1m to £88.1m (net of grant income of £13.1m). This increase is fully funded from the unrestricted income reserve held by BHE.

15. CBT September 2020 Committee approved a £15m allocation from the agreed 5-year (2018- 2023) budget for expenditure in the 2020/21 financial year to support existing Bridging Divides grants portfolio and application pipeline. CBT July 2020 Committee had already approved £5m from the same agreed 5-year budget.
16. As at the end of November 2020, £18.1m has been awarded in grants under the Bridging Divides programme, £25.04m for the LCRF and £0.1m for the Anniversary Programme Bridge to Work.
17. Third party voluntary donations for LCRF of £15.247m are expected to be received by the end of the 2020/21 financial year. With £1.8m already received in March 2020 and a transfer of £11.25m from BHE, total funds available for the programme is £28.297m. Administrative costs of £0.735m are forecast to be incurred in running the LCRF with £27.562m to be committed as grants by the end of the 2020/21 financial year.



COVID-19 Mitigation, contingency and spend

18. On 23 July, Members of RASC instructed officers to conduct an in-year re-budgeting exercise to assist in repairing the damage to the City’s budgets arising from the COVID-19 pandemic. This was a vital step in ensuring that we put our finances on a sustainable footing for the Medium Term. The proposed budget adjustment is still subject to Court of Common Council approval, so will be formally incorporated into the budget once agreement has been received.
19. The 18 September Resource Allocation Sub Committee noted the steps already taken by officers to reduce the impact of COVID-19 and generate savings

including recruitment controls, review of contracts and the review of the Cyclical Works Programme (CWP); and proposed the following:

- a. Adjust departmental budget totalling £13.9m to reflect to impact of COVID-19.
 - b. Continue work with departments to identify further savings where possible.
 - c. Approve continuation of recruitment controls aligned to the Target Operating Model (TOM) which may give further savings in the year.
20. The Covid-19 contingency fund of £1.5m has at the time of writing this report has total commitments of £1.18m leaving a balance of £392k. Details of the allocations is provided at Appendix 3.
21. Chief Officers are asked to contain COVID expenditure within existing local risk budgets where possible. The expenditure is separately coded to keep a total of all COVID spend not covered by the COVID Contingency. The total spends across all departments included within their local risk projections in 2020/21 is shown in the table below. This is net of furlough support.

City Fund Main Account	1,799,474
City's Cash	2,841,901
HRA	368,014
Bridge House Estates	831,290
Total	5,840,679

Government Support Measures

22. For Local Authorities, the Government has announced financial support for lost income, for which the first claim has been accepted covering losses between April – July to the value of £1.5m. The full year estimate for this compensation is £11.7m, which is a £0.9m reduction from the previous estimate reflecting the improved position for the Barbican offset by further anticipated losses in parking income. The claim is based on actual losses incurred so is subject to changes in forecasts..
23. The scheme covers net income losses for income generating areas linked to service delivery. This will therefore not provide compensation for commercial income streams such as investment property income. Compensation will also not be provided where local decisions contradict Government guidance e.g. continuing to keep services closed where Government guidance allows them to be open. All claim is subject to approval by MHCLG
24. In order to provide a comprehensive view of the financial position, these estimates have been incorporated into the below summary position by fund.

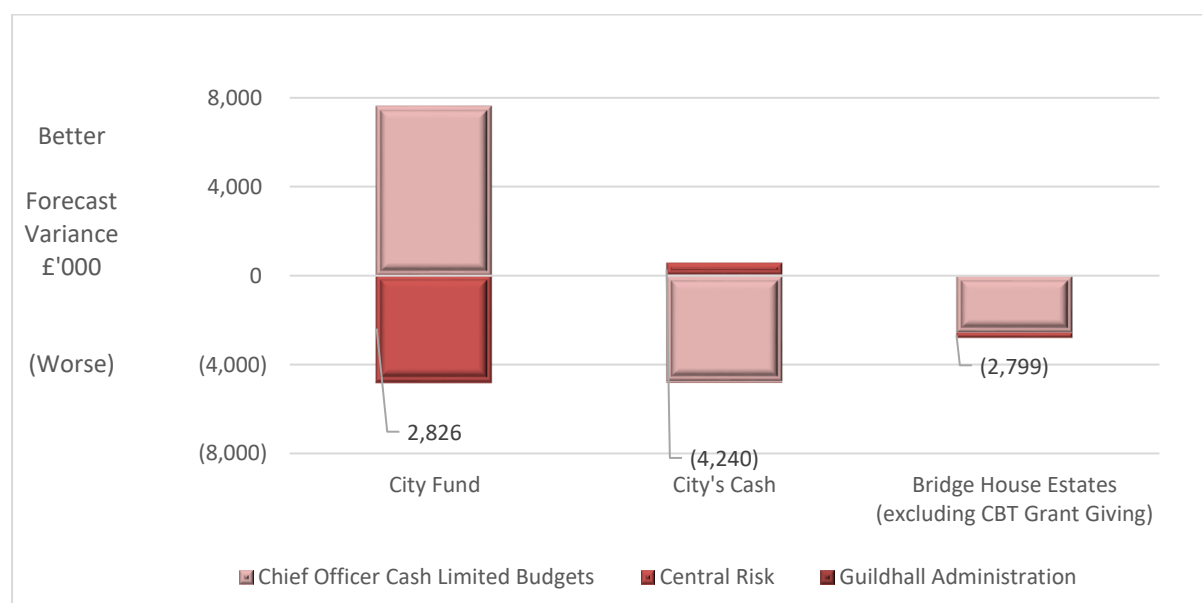
Financial Impact per Fund	CF	CC	BHE
	£m	£m	£m
Original surplus/(deficit) for the year	27.3	(38.1)	(18.1)
Adjusted month 8 forecast	2.8	(4.2)	(2.8)
Budget adjustments	(18.2)	(7.1)	(1.3)
Potential additional funding from Govt income compensation scheme	11.7	0.0	0.0
Net Impact per Fund	23.6	(49.4)	(22.2)

Business Rates

25. For Business Rates, the collection rate has fallen 6.0% below last year's rate at this time. We are continuing to monitor business rate collection closely, with formal recovery activity starting to take place. It should be noted that in year losses in business rates will impact future year budgets as the statutory framework lags these impacts. The Government has also indicated that Local Authorities will be allowed to spread the impact of business rate losses across a 3-year period.

Fund Position

26. Despite the mitigating actions being taken, as a result of COVID-19, the overall (Local and Central Risk) forecast year-end position reported at Period 8 is £4.2m worse than budget. With Guildhall Administration apportioned across the three funds gives adverse positions of £4.2m on City's Cash and £2.8m on Bridge House Estates, partially offset by a favourable position of £2.8m on City Fund.



Conclusion

27. Members are asked to note the forecast year-end overspend position of £4.2m at the end of November (Period 8). The forecast position will continue to be carefully monitored to reflect the mitigating measures being taken.

Appendices

- Appendix 1: Chief Officers Cash Limited Budgets by Fund
- Appendix 2: Chief Officers Cash Limited Budgets – Income and Expenditure Budget Variances
- Appendix 3: COVID Contingency Allocations

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Revenue Budget Monitoring Period 8 2020/21 – Appendices

Appendix 1

Chief Officer Cash Limited Budgets by Fund									
Original Budget £'000	Chief Officer	Full Year Forecast as at 31 October 2020				Full Year Forecast as at 30 November 2020			
		Latest Budget	Forecast	Variance Better / (Worse)		Latest Budget	Forecast	Variance Better / (Worse)	
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
	City Fund								
(1,731)	Chamberlain	(1,759)	(1,380)	379	22%	(1,759)	(1,380)	379	22%
(5,240)	City Surveyor	(5,244)	(5,124)	120	2%	(5,244)	(5,178)	66	1%
(11,168)	Director of Community and Children's Services	(13,114)	(12,671)	443	3%	(13,300)	(12,921)	379	3%
(2,199)	Director of Markets and Consumer Protection	(2,324)	(2,682)	(358)	(15%)	(2,781)	(2,590)	191	7%
564	Director of Open Spaces	537	903	366	68%	685	1,010	325	47%
(20,196)	Director of the Built Environment	(20,362)	(20,587)	(225)	(1%)	(20,672)	(20,672)	0	0%
(402)	Executive Director Mansion House and Old Bailey	(246)	(590)	(344)	(140%)	(246)	(535)	(289)	(118%)
(17,389)	Managing Director, Barbican Centre	(17,508)	(27,349)	(9,841)	(56%)	(28,732)	(27,181)	1,551	5%
(15,065)	Town Clerk	(15,249)	(15,454)	(205)	(1%)	(15,297)	(15,370)	(73)	(0%)
(72,826)	Total City Fund (excluding Police)	(75,269)	(84,935)	(9,666)	(13%)	(87,346)	(84,818)	2,528	3%
	City's Cash								
(99)	Chamberlain	(102)	(174)	(72)	(71%)	(102)	(178)	(76)	(74%)
(16,251)	City Surveyor	(16,121)	(16,544)	(423)	(3%)	(16,121)	(16,570)	(449)	(3%)
(1,052)	Director of Community and Children's Services	(1,127)	(1,122)	5	0%	(1,127)	(1,150)	(23)	(2%)
(1,365)	Director of Markets and Consumer Protection	(1,682)	(1,809)	(127)	(8%)	(1,682)	(1,753)	(71)	(4%)
(11,822)	Director of Open Spaces	(11,899)	(12,080)	(181)	(2%)	(12,321)	(12,406)	(85)	(1%)
(3,334)	Executive Director Mansion House and Old Bailey	(3,260)	(3,578)	(318)	(10%)	(3,260)	(3,543)	(283)	(9%)
(1,217)	Head, City of London Boy's School	(1,217)	(1,185)	32	3%	(1,217)	(1,185)	32	3%
(82)	Headmaster, City of London Freemen's School	(82)	(28)	54	66%	(82)	(28)	54	66%
(275)	Headmistress, City of London School for Girls	(275)	(769)	(494)	(180%)	(275)	(769)	(494)	(180%)
(6,799)	Principal, Guildhall School of Music and Drama	(6,798)	(10,264)	(3,466)	(51%)	(6,798)	(10,299)	(3,500)	(51%)
(1,391)	Remembrancer	(1,400)	(1,332)	68	5%	(1,400)	(1,316)	84	6%
(215)	Town Clerk	(273)	(261)	12	4%	(273)	(211)	62	23%
(43,902)	Total City's Cash	(44,236)	(49,146)	(4,910)	(11%)	(44,658)	(49,407)	(4,749)	(11%)
	Bridge House Estates								
0	Chamberlain	(45)	(45)	0	0%	(45)	(45)	0	0%
(2,703)	City Surveyor	(2,704)	(2,690)	14	1%	(2,704)	(2,691)	13	0%
(243)	Director of Open Spaces	(252)	(3,803)	(3,551)	(1,409%)	(252)	(3,538)	(3,286)	(1,304%)
(275)	Director of the Built Environment	(275)	(259)	16	6%	(275)	(259)	16	6%
(2,920)	Town Clerk	(2,941)	(2,426)	515	18%	(2,941)	(2,242)	699	24%
(6,141)	Total Bridge House Estates	(6,217)	(9,223)	(3,006)	(48%)	(6,217)	(8,775)	(2,558)	(41%)
	Guildhall Administration								
(22,165)	Chamberlain	(22,380)	(22,880)	(500)	(2%)	(22,380)	(22,591)	(211)	(1%)
(8,666)	City Surveyor	(8,481)	(8,288)	193	2%	(8,481)	(8,288)	193	2%
(845)	Comptroller and City Solicitor	(894)	(1,314)	(420)	(47%)	(894)	(894)	0	0%
274	Remembrancer	273	(989)	(1,262)	(462%)	(811)	(1,232)	(421)	(52%)
(6,536)	Town Clerk	(6,641)	(6,327)	314	5%	(6,641)	(6,327)	314	5%
(37,938)	Total Guildhall Administration	(38,123)	(39,798)	(1,675)	(4%)	(39,207)	(39,332)	(125)	(0%)
(160,807)	Grand Total (excluding Police)	(163,845)	(183,102)	(19,257)	(12%)	(177,428)	(182,332)	(4,903)	(3%)
(84,898)	Commissioner of Police (City Fund)	(84,898)	(79,856)	5,042	6%	(84,969)	(79,856)	5,113	6%
(245,705)	Grand Total	(248,743)	(262,958)	(14,215)	(6%)	(262,397)	(262,188)	209	0%

Barbican Centre Managing Director

1,551 Underspend	
Expenditure Underspend 22,549	Income Underachievement (20,998)

At period 8 the Barbican Centre are forecasting an overspend of £9.7m which with the budget reset of £11.2m leads to a surplus of £1.6m. The loss of income forecast is due to the centre closure following the effect of Covid-19 in addition to limited activity being forecast for the remainder of the financial year due to social distancing measures. Expenditure savings are due to activity reductions as well as a hold on all non-essential expenditure.

Chamberlain

92 Underspend	
Expenditure Underspend 68	Income Overachieve... 24

Chamberlain's is overall underspent due to delays in recruiting and an underspend on IT related to the Fundamental Review. Areas of overspend include recruitment campaigns, consultant fees for software changes, tax advice, unbudgeted security resources and additional staff costs to cover essential modelling work for MTFP, Major projects and City's Cash. The additional income is from Covid-19 new burdens and GLA Income maximisation funding.

City Surveyor

(177) Overspend	
Income Underachievement (625)	Expenditure Underspend 448

There have been substantial savings on expenditure made on Guildhall, Walbrook Wharf and Magistrates Court running costs and through reduced reactive repair costs due to lower use of properties. These savings are offset by reduced income through recovery of costs from government grants and service charges; recovery of security and other staff costs relating to Guildhall from external events; and reduced professional fee income due to a lower number of property deals. The Investment Estates are anticipated to be on target but will depend on any significant tenant failures during the pandemic.

Commissioner of Police

5,113 Underspend	
Expenditure Underspend 6,094	Income Under... (981)

The current position is based on an escalated recruitment process and a number of new appointments with a further intake in November 2020. The projected attrition levels have been revised due to Covid-19, assuming there will be no leavers during the financial year. Police services have remained as business as usual during Covid-19 and a challenging savings target of £5.7m is expected to be achieved in this financial year. Covid-19 pressures do exist for CoLP, however, losses can be claimed from the Home Office as part of the 'ring-fenced £1.2m uplift grant.'

Comptroller and City Solicitors

0 Overspend	
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The budget has been reset by £420k for the forecast shortfall in income as a result of external income levels dropping due to the commercial property sector market slowing down due to Covid-19, resulting in a forecast year end on budget position for both income and expenditure.

Director of Community and Children's Services

365 Underspend	
Income Overachievement 1,125	Expenditure Overspend (768)

Largest pressure is within DCCS on Rough Sleepers and Homelessness budgets. Most of these additional costs are being absorbed by a current underspend on Adult/Older People Social Care. This has been based on the current level of clients, however a small change in client numbers can have a major impact on the budget. Libraries forecasting expenditure underspend due to savings on premises, transport and supplies and services as a result of closure due to Covid-19.

Director of Markets and Consumer Protection

120 Underspend	
Expenditure Underspend 231	Income Underachievement... (111)

The forecast underspend is an improved position on previous months, with Brexit grant income received by port services offsetting the impacts of COVID-19 on income generation across services such as the Ports, Heathrow Animal Reception Centre and Licencing.

Additionally there remain losses of car parking income, filming income as a result of Covid-19, reduction in service charge income and recovery of energy and water costs.. Further losses will be incurred if any rent-free periods are offered to qualifying tenants.

The expenditure underspend is mainly due to staff vacancies and reduction in energy, water, car park management, waste collection and repairs and maintenance expenditure costs due to Covid-19. Expense is increasing from the previous period as a result of staff and running costs at the Ports for Brexit preparations, extra costs in relation to COVID-19 adaptations to HARC facilities and for health and safety equipment and additional cleaning at New Spitalfields Market.

Director of Open Spaces

(3,046) Overspend	
Income Underachievement (5,511)	Expenditure Underspend 2,464

Income shortfall due to closed attractions and facilities as a result of the ongoing pandemic, principally due to Tower Bridge Tourism. Forecast is based on current assumption following 4 July reopening. Figures are inclusive of estimated income for Admissions, Filming and Corporate Events. Admissions estimates are based on operational capacity to ensure social distancing. Events is under discussion and the gradual growth for admissions and retails is based on is based on tourism sector predictions and data for recovery. Shortfall of income will be partially offset by savings principally due to Tower Bridge Tourism opening costs and significant cuts to planned minor works budgets.

Director of the Built Environment

16 Underspend	
Expenditure Underspend 3,448	Income Underachievement (3,432)

Income shortfall is mainly due to the significant impact of COVID-19 on income streams across the department, most significantly within off-street parking, traffic management, public conveniences, waste collection, drains & sewers, and building control services, together with a reduction in income from staff recharges to capital projects, also due to COVID-19 and its impact on the phasing and delivery of projects. The forecast expenditure savings is due to a reduction in Highways repairs and maintenance, and in the cost of parking enforcement and street cleansing contracts as a result of COVID-19, together with staff vacancies across the department, one-off costs for review of CIL funding needs no longer required, and savings from closure and early removal of Automatic Public Conveniences. These underspends are partly offset by a carry-forward overspend from 2019/20, increased costs of advertising and recruitment, a contribution to Climate Action Strategy costs, and the cost of the Tulip planning inquiry.

Executive Director Mansion House and Old Bailey

(572) Overspend	
Income Underachievement (523)	Expenditure Overspend (49)

The shortfall in income is due to no events taking place so far this year at Mansion House. The forecast anticipates no income will be received this financial year following Government restrictions. Also, no commission from the catering company will be received. Expenditure overspend is due to additional costs for PPE for staff and cleaning at the Central Criminal Court, offset by significant cost savings against the Lord Mayor's travel budget as no travel has happened so far in this financial year.

Head of the Boys School

32 Underspend	
Expenditure Underspend 1,064	Income Underachievement (1,032)

Forecast expenditure underspend due to miscellaneous potential savings identified to help respond to the ongoing pandemic. The transfer to the Capital Reserve Fund in 2020/21 has been reduced due to the available funding. The School is anticipating a reduction in income from tuition fees as a result of the ongoing pandemic.

Headmaster of the City of London Freemens School

54 Underspend	
Expenditure Underspend 2,055	Income Underachievement (2,001)

Shortfall of income due to a reduction in tuition fees compared to budget, boarding fees and school means as a result of the pandemic. The current forecast transfer from the school's General Reserve Fund to revenue for 2020/21 will result in that fund becoming overdrawn at year end. Expenditure savings due to budgeted transfer to Capital Reserve Fund not going ahead and identified miscellaneous savings due to the pandemic.

Headmistress of City of London School for Girls

(494) Underspend	
Income Underachievement (665)	Expenditure Underspend 171

Expenditure underspend is largely due to the budgeted transfer to Capital Reserve Fund no longer being forecast for 20/21 and a reduction in expenditure following savings identified at the School.

The School is anticipating a reduction in income compared to budget as a result of the ongoing pandemic. This is partly offset by a forecast transfer from the General Reserve Fund which will result in the fund becoming overdrawn at year end.

Principal Guildhall School of Music and Drama

(3,500) Overspend	
Income Underachievement (4,597)	Expenditure Underspend (1,096)

The School will incur additional costs for space, equipment and staffing to support socially distanced onsite as well as online teaching as a result of Covid-19. The School has had to reduce/cease a number of income generating activities due to Covid-19 including stopping short courses, not letting out student accommodation during the Summer term (April to July), not letting out space during the summer to external providers, removing bar and catering income, and reduced fees from under-18 provision. It remains possible that further losses will arise as and when students start to come to the UK for the new Academic Year.

Remembrancer

(337) Overspend	
Income Underachievement (904)	Expenditure Underspend 567

No private event hire at Guildhall has taken place since the start of the financial year and it is now anticipated that almost no income will be received. Due to the impact of not being able to host any events at the Guildhall, there will be significant cost savings associated with not hosting these events including staff time, equipment hire, printing and advertising. With the department budget reset of £1.1m, this leads to an overspend of £0.3m.

Town Clerk

1,002 Underspend	
Income Overachievement 1,738	Expenditure Overspend (736)

The overall underspend is mainly in relation to City Bridge Trust savings due to posts yet to be filled, transfer of some staff costs to LCRF, TNCLF and some operational savings due to staff working remotely.

The additional income primarily relates to Policy and Resources reimbursement in grants for COVID-19 related work, which is offset by the associated expenditure.

COVID spend as at 24 November 2020

The table below shows the approved spend against the COVID Contingency budget of £1.5m

Date	Bid Name	Description	Department	COVID Category	Fund	Allocation 2020/21
						£
		TOTAL BUDGET				1,500,000
03/04/2020	SMTA Rates Bill	For the COL to meet the cost of the Smithfield Market tenants rate bill as they are not covered by the government scheme; the City pays then recharges the tenants. The other Market tenants are covered under the scheme.	Markets & Consumer Protection	2. Support unforeseen expenditure required to support service	CF	67,000
07/04/2020	Provision of laptops	Urgent IT equipment being requested to be able to continue working at a business as usual capacity.	Chamberlains	2. Support unforeseen expenditure required to support service	CF	45,000
21/04/2020	COLPAI - CCTV	Installing CCTV at COLPAI site - Battery: CCTV installation at £35k for equipment + £6k for the fuel replacements for the second year	Communities and Children Services	2. Support unforeseen expenditure required to support service	CF	41,000
17/04/2020	Support the Mortality Management Group	Staffing resource during the COVID-19 crisis	Town Clerks	1. To enact contingency planning arrangements.	CF	27,000
24/04/2020	Direct Access Server Replacement + Additional Server	We have an urgent need to replace 1 Direct Access Server and add an additional server to improve resilience of our critical remote working infrastructure will take approximately 5-6 working days to complete from point of agreement	Chamberlains	2. Support unforeseen expenditure required to support service	GHA	37,000

06/05/2020	PPE Purchasing	London Authorities have formed an Alliance (referred to in this business case as the 'London Alliance') for their authorities key PPE to ensure that they have continuity of supply, to take the pressure of reactive ordering, and to mitigate and need to access emergency stocks that are best reserved for medical response needs.	Chamberlains	1. To enact contingency planning arrangements.	CF	4,000
11/05/2020	CoLP IT Resilience	CoLP had early and critical issues with the remote working infrastructure for the City of London Police. The solution agreed accelerates the CoLP IT Modernisation Programme to deliver new laptops between May and June to all the remote working staff. The 'Accelerated' implementation plan re-profiles the deployment of Windows laptop devices to officers and staff, focussing on core Productivity and Collaboration tools, delivering essential functionality sooner.	CoL Police	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget.	CF	263,000
28/05/2020	Health and safety changes relating to public reception areas and visitor attractions	To reduce workspace risk and provide a safe workspace and safe public reception areas for a range of infrastructure changes required across all the Open Spaces including: Perspex barrier screens, tensator barriers, internal and external floor markers, additional signage, hand sanitiser stands to enable attractions to re-open to the public and generate income.	Open Spaces	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget.	CC	65,000
09/06/2020	Using Public Transport and Social Distancing - Face Coverings	To note the report on face coverings for staff and endorse the proposal to purchase free reusable face coverings for all returning staff as a one off.	HR	3. To support and implement guidance issued by Government where there is no other compensating source of funding.	GHA	25,000

24/06/2020	CoL IT - Remote Working upgrades and expenses	Work required to ensure that systems are more stable to manage the large influx of additional people working at home including; Field Support for build and deploy of laptops at the start of COVID to prepare staff for Remote Working and fast track Intune/Azure Work.	Chamberlain's	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget.	CC	81,000
08/07/2020	Everyone In - Rough sleeping response	Funding hotels on an ad hoc, commercial, basis along with procuring the sole use of a youth hostel, as operated by YHA, by St Paul's cathedral. In addition to this it was necessary to fund an increase in welfare provision, along with ensuring that an increase in safe, accessible, support was enacted by providers.	Communities and Children Services	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget. 3. To support and implement guidance issued by Government where there is no other compensating source of funding.	CF	261,000
09/07/2020	City of London Academies Trust Funding Request for Summer Provision 2020/21	CoLAT proposes a 10-day catch-up programme delivered over August 2020 to address learning gaps in English and Maths and other subject areas. The provision will be for pupils in Years 6 and 10 in preparation for the transition to secondary school and GCSEs respectively.	CoL Academies	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget.	CC	70,000
27/07/2020	Brakespear Mortuary	Support the provision of a resilience mortuary to give a buffer above 3 month discussed below in case things change. We would clearly only spend if the facility continues to be funded on a pan-London basis.	Town Clerks	2. Support unforeseen expenditure required to support service	CF	44,000
05/10/2020	Public Health Communications Officer	The Communications Team requires funding for a Public Health Communications Officer to lead and co-ordinate all City Corporation communications relating to COVID19 and the second wave. Following agreed COVID-19 Outbreak Communications and Emergency Response plans, the post-holder will provide clear communications to City residents, workers and visitors, as London grapples with a rise in	Town Clerks	1. To enact contingency planning arrangements. 2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget. 3. To support and implement guidance issued by Government	CF	50,000

		infections and potential imposition of further restrictions as we head into the winter period.		where there is no other compensating source of funding.		
19/11/2020	Communications with Residents	Extra costs relating to communications with Residents, to a level over and above regularly scheduled communications in relation to COVID19	Town Clerks	2. Support unforeseen expenditure required to support service	CF	28,000
01/12/2020	Dedicated City Corporation news hub on City AM	Funding for three months of unlimited "advertising" on City AM website to help support this valued communications channel and City presence while getting key organisational messages relating to COVID-19 and City recovery to business and City workers.	Town Clerks	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget.	CC	45,000
		TOTAL ALLOCATIONS				1,080,000
		BALANCE AVAILABLE				392,000

Committee(s)	Dated:
Finance Committee	19 January 2021
Subject: Finance Committee Operational Budget Estimate 2021/22	Public
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	Y
Report of: The Chamberlain	For Decision
Report author: Sonia Virdee & Grace Rawnsley, Chamberlain's Department	For Decision

Summary

The Chamberlain's Department is committed to delivering continuous improvement and savings across its portfolio of services. As part of this commitment, the Department has put forward a savings profile of 15% (£3.569m) for the 2021/22 local risk revenue budget which includes the 12% (£2.879m) organisational saving as well as a number of Fundamental Review Projects (£0.690m) aiming to drive departmental efficiency gains.

In December, RASC approved the reprofiling of fundamental review projects which have been impacted by COVID-19 or the Target Operating Model. The majority of FR projects for the Chamberlain's department were heavily impacted and have been delayed. However, through careful planning the Department will be able to meet some of their FR savings target in 2021/22, with the remainder re-phased into 2022/23 and have committed to an additional 3% budget saving to be achieved through these projects.

This report presents for approval the revenue budget for 2021/22 for the Chamberlain's Department. A further revenue budget for 2021/22 in relation to the full operational services directly overseen by your Committee can be found in Appendix 1 for approval.

Recommendations

Members are asked to:

- i) review and approve the Chamberlain's Departmental proposed revenue budget for 2021/22 as set out in table 1;
- ii) review and approve the full operational budget (£62.676m) of the committee as set out in Appendix 1.

- iii) note the approved capital and supplementary revenue projects budgets for 2021/22 (appendix 6);
- iv) authorise the Chamberlain to revise these budgets to allow for any further implications arising from Corporate Projects, other reviews and changes to the Cyclical Works Programme;
- v) agree that minor amendments for 2020/21 and 2021/22 budgets arising during budget setting be delegated to the Chamberlain.

Main Report

Background

1. This report seeks approval to the proposed revenue budget for 2021/22 in relation to the Chamberlain's Department. The overall budget is summarised in the following table.

Proposed Revenue Budget for 2021/22 Chamberlain's Department

2. This table shows a high-level summary of the Chamberlain's budget. Full details of the Finance Committee operational services are shown in Appendices 2 to 4.

Table 1	Original Budget	Latest Budget	Proposed Budget
Summary Revenue Budgets	2020-21	2020-21	2021-22
2020/21 and 2021/22 - by Chief Officer	£m	£m	£m
Local and Central Risk			
The Chamberlain	(37.477)	(37.613)	(34.785)
Total Direct Net Expenditure	(37.477)	(37.613)	(34.785)
Capital and Support Services	(2.943)	(2.943)	(2.634)
Total Net Expenditure	(40.420)	(40.556)	(37.419)

3. The proposed 2021/22 budget has been prepared within the resources allocated to the Chamberlain. It incorporates 12% savings which are required across Corporation budgets in 2021/22. The budget also includes Fundamental Review savings or income budgets where these impact in 2021/22.

The proposed 21/22 budget is net expenditure of £37.419m across local and central risk, and capital and support services – representing a decrease of £3.001m from 20/21 original budget. The decrease in budget can be explained by the 15% savings committed on the departmental local risk budget. This is partly offset by a £0.990m of invest to save funding to enable FR projects in 21/22 and 22/23, as well as some changes to central, and capital and support services. A summary table of the changes to the budget can be found below:

4. **Table 2: Changes to the Chamberlain's Budget between 20/21 and 21/22**

Local Risk	
	£m
CHB original budget 20/21	(23.994)
12% saving	2.879
FR projects (3%)	0.690
Total saving (15%)	3.569
Invest to save for FR projects	(0.990)
Adjustment to central recharges	0.219
CHB proposed budget 21/22	(21.196)
Central Risk	
CHB original budget 20/21	(13.483)
CHB proposed budget 21/22	(13.589)
Capital and Support Services	
CHB original budget 20/21	(2.943)
CHB proposed budget 21/22	(2.634)

5. The savings profile at a divisional level within the department and detailed below:

- a) **Chamberlain's General £0.772m decrease in net expenditure** – due to £0.918m being the share of the 12% savings target, Fundamental Review savings of £0.230m, plus return of centrally funded budgets of £0.128m which is no longer required. £0.530m invest to save allocated to budget to enable savings.
- b) **Chamberlain's Internal Audit £0.171m decrease in net expenditure** – due to £0.104m being the share of the 12% savings target and savings of £0.070m for the CIPFA Hub no longer being required.
- c) **Chamberlain's City Procurement £0.406m decrease in net expenditure** – largely due to £0.325m being the share of the 12% savings target, Fundamental Review savings of £0.040m, plus the transfer of £0.073m for the Responsible Procurement Manager post to Chamberlain's Business Support. As part of the movement from the implementation of TOM related costs will move over to FSD. £0.030m invest to save allocated to budget to enable savings.
- d) **Chamberlain's IT £1.189m decrease in net expenditure** – largely due to £1.231m being the share of the 12% savings target and Fundamental Review savings of £0.350m. £0.430m invest to save allocated to budget to enable savings.
- e) **Cost of Collection £0.498m decrease in net expenditure** – due to £0.208m being the share of the 12% savings target and Fundamental Review savings of £0.070m. There was also a decrease in central recharges of £0.220m.

- f) **Gresham £0.106m increase in net expenditure** – increase in the grant to Gresham College which is based on a 5-year funding arrangement agreed by Finance and Policy and Resources Committees in November 2019.

Staffing Statement

6. A summary staffing statement is set out in the following table. Staffing levels currently remain flat between 2020/21 and 2021/22 budgets, this is due to holding vacancies and flexible retirement proposals within the current establishment. These will be adjusted as TOM and 12% savings are allocated to specific service areas. Full details and breakdown of Finance Committee operational services staffing statement by Chief Officer is further presented in Appendix 5.

A summary staffing statement for the Chamberlain department is set out in the following table. Further detail is presented in Appendix 5.

Table 3 Finance Committee Operational Services staffing statement by Chief Officer	Latest Budget 2020-21		Proposed Budget 2021-22	
	Staffing Full-time equivalent	Estimated cost £m	Staffing Full-time equivalent	Estimated cost £m
Chamberlain	278.8	16.672	275.1	17.114

Draft Capital and Supplementary Revenue Project budgets for 2021/22

7. The latest estimated costs of the Committee's approved capital and supplementary revenue projects total £57.251m, with a breakdown presented at appendix 6.

Finance Committee Operational Service budgets 2021/22

8. Members of the Committee will note that the Finance Committee has a wider grouping of budgets directly under its responsibility. This amounts to £62.676m across budgets held by the Chamberlain's, City Surveyors, Town Clerk's, Mansion House, Remembrancer and Children and Community Services. This is detailed in Appendix 1.

Appendices

- Appendix 1 – Finance Committee Operational Services 2020/21 and 2021/22 budget estimates summary
- Appendix 2 – Finance Committee Operational Services 2020/21 and 2021/22 Summary Budget – by Risk, Fund and Chief Officer
- Appendix 3 – Movement from 2020/21 Original Budget to 2021/22 Proposed Budget
- Appendix 4 – Movement from 2020/21 Latest Approved Budget to 2020/21 Original Budget
- Appendix 5 – Finance Committee Operational Services Staffing Statement
- Appendix 6 – Capital and Supplementary Revenue Project budgets

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Finance Committee Operational Services Summary Budget

This appendix shows a high-level summary of Finance Committee operational services budgets. Further details are shown in Appendices 2 to 4.

Summary Revenue Budgets 2020/21 and 2021/22 - by Chief Officer	Original Budget 2020-21 £m	Latest Budget 2020-21 £m	Proposed Budget 2021-22 £m
Local Risk			
The Chamberlain	(23.994)	(24.216)	(21.196)
The Town Clerk	(0.038)	(0.038)	(0.033)
The City Surveyor	(13.291)	(11.598)	(11.180)
The Remembrancer	0.274	(0.811)	0.307
The Executive Director Mansion House and Old Bailey	(4.161)	(3.248)	(3.674)
Total Local Risk	(41.210)	(39.911)	(35.776)
Central Risk			
The Chamberlain	(13.483)	(13.397)	(13.589)
The Town Clerk	1.078	1.078	1.078
The City Surveyor	(5.172)	(5.295)	(4.397)
The Remembrancer	(0.186)	(0.186)	(0.186)
The Executive Director Mansion House and Old Bailey	(0.716)	(0.618)	(0.644)
Director of Community and Children's Services	(0.059)	(0.059)	(0.059)
Total Central Risk	(18.538)	(18.477)	(17.797)
Capital and Support Services	(9.354)	(9.365)	(9.103)
Committee Total	(69.102)	(67.753)	(62.676)

Finance Committee Operational Services

SUMMARY BY RISK				
Analysis of Service Expenditure by Risk	Original Budget 2020-21 £m	Latest Approved Budget 2020-21 £m	Proposed Budget 2021-22 £m	Movement 2020-21 ORI to 2021-22 ORI £m
LOCAL RISK <i>(budgets largely within direct control of Chief Officer)</i>				
EXPENDITURE				
Employees	(26.041)	(25.173)	(25.750)	0.291
Premises Related Expenses (note i)	(6.866)	(6.846)	(6.292)	0.574
Transport Related Expenses	(0.043)	(0.015)	(0.042)	0.001
Supplies & Services (note ii)	(9.572)	(9.764)	(8.513)	1.059
Third Pay Payments	(0.001)	(0.001)	(0.001)	-
Transfer to Reserves	(0.012)	(0.012)	-	0.012
Savings to be Applied	0.667	0.352	3.748	3.081
Total Expenditure	(41.868)	(41.459)	(36.850)	5.018
INCOME				
Grants, Reimbursements & Contributions (note iii)	4.107	4.169	4.188	0.081
Customer, Client Receipts (note iv)	3.374	1.937	3.504	0.130
Total Income	7.481	6.106	7.692	0.211
TOTAL LOCAL RISK (excl. R&M City Surveyor)	(34.387)	(35.353)	(29.158)	5.229
Repairs & Maintenance (City Surveyor)	(6.823)	(4.558)	(5.153)	1.670
TOTAL LOCAL RISK	(41.210)	(39.911)	(34.311)	6.899
CENTRAL RISK <i>(managed by Chief Officer but outturn can be strongly influenced by factors outside his/her control or are budgets of a corporate nature)</i>				
EXPENDITURE				
Employees	(0.672)	(0.754)	(0.780)	(0.108)
Premises Related Expenses (note v)	(22.801)	(22.801)	(22.161)	0.640
Transport Related Expenses (note vi)	(0.111)	(0.111)	(0.111)	-
Supplies & Services (note vii)	(3.063)	(3.391)	(3.034)	0.029
Council Tax Reduction Scheme	(0.247)	(0.247)	(0.247)	-
Contingency	(0.010)	(0.010)	(0.010)	-
Transfer Payments	(0.009)	(0.009)	(0.009)	-
Savings to be applied	1.500	1.500	1.500	-
Total Expenditure	(25.413)	(25.823)	(24.852)	0.561
INCOME				
Government Grants - Collection of NNDR	1.729	2.022	1.729	-
Other Grants, Reimbursements & Contributions (note viii)	1.991	2.171	2.171	0.180
Customer, Client Receipts (note ix)	3.155	3.153	3.155	-
Total Income	6.875	7.346	7.055	0.180
TOTAL CENTRAL RISK	(18.538)	(18.477)	(17.797)	0.741
TOTAL EXPENDITURE BEFORE SUPPORT SERVICES AND CAPITAL CHARGES	(59.748)	(58.388)	(52.108)	7.640
Revised Rephasing of FR savings	-	-	(1.465)	(1.465)
CONTINUED ON NEXT PAGE				

Analysis of Service Expenditure by Risk	Original Budget 2020-21 £m	Latest Approved Budget 2020-21 £m	Proposed Budget 2021-22 £m	Movement 2020-21 ORI to 2021-22 ORI £m
CONTINUED FROM PREVIOUS PAGE				
SUPPORT SERVICES AND CAPITAL CHARGES				
Central Support Services	(5.976)	(5.976)	(5.603)	0.373
Capital Charges	(5.016)	(5.016)	(5.016)	-
Recharges Within Fund	2.000	1.989	1.878	(0.122)
Recharges Across Funds	(0.362)	(0.362)	(0.362)	-
Total Support Services and Capital Charges	(9.354)	(9.365)	(9.103)	0.251
TOTAL NET EXPENDITURE	(69.102)	(67.753)	(62.676)	6.426

ANALYSIS BY FUND				
City Fund	(10.418)	(8.386)	(8.293)	2.125
City's Cash	(2.538)	(2.882)	(3.009)	(0.471)
Guildhall Administration	(56.146)	(56.485)	(51.374)	4.772
TOTAL NET EXPENDITURE	(69.102)	(67.753)	(62.676)	6.426

ANALYSIS BY CHIEF OFFICER				
The Chamberlain	(40.420)	(40.556)	(37.419)	3.001
The Town Clerk	1.040	1.040	1.045	0.005
The City Surveyor	(19.249)	(17.694)	(16.414)	2.835
The Remembrancer	0.041	(1.040)	0.061	0.020
The Executive Director Mansion House and Old Bailey	(10.453)	(9.442)	(9.888)	0.565
Director of Community & Children's Services	(0.061)	(0.061)	(0.061)	-
TOTAL NET EXPENDITURE	(69.102)	(67.753)	(62.676)	6.426

* Appendix 5 includes total employee expenditure on local and central risk.

Notes

- (i) Premises Related Expenses (local risk) – operational costs of Central Criminal Court, Walbrook Wharf, Guildhall Complex, Mansion House and Mayor's Court.
- (ii) Supplies and Services (local risk) – equipment, furniture, materials, printing, professional fees, grants, subscriptions, communications and computing.
- (iii) Grants, Reimbursements and Contributions – primarily funding for the Central Criminal Court and the Mayor's Court from Her Majesty's Courts and Tribunals Service.
- (iv) Customer, Client Receipts (local risk) – letting of Guildhall function areas, recovery of court costs, services to London Councils, Chamberlain's Court merchandising, and other fees and charges.
- (v) Premises Related Expenses (central risk) – primarily premises insurance premiums together with the cost of national nondomestic rates for the Guildhall Complex and Central Criminal Court.
- (vi) Transport Related Expenses (central risk) – vehicle insurance.
- (vii) Supplies and Services (central risk) – primarily insurances other than premises and transport.
- (viii) Other Grants, Reimbursements and Contributions (central risk) – funding for the Central Criminal Court from Her Majesty's Courts and Tribunals Service.
- (ix) Customer, Client Receipts (central risk) – income received from the letting of Guildhall function areas, insurance commission, dividend income from the City's Reinsurance Captive Company and Gresham Estate income.

Finance Committee Operational Services
Movement from 2020/21 Original Budget to 2021/22 Proposed Budget

Analysis by Chief Officer and Division of Service - all risks	Original Budget 2020-21 £m	Movement (Original 2020-21 to Proposed 2021-22) £m	Proposed Budget 2021-22 £m	Notes
By Chief Officer				
The Chamberlain	(40.420)	2.951	(37.419)	
The Town Clerk	1.040	0.005	1.045	
The City Surveyor	(19.249)	2.835	(16.414)	
The Remembrancer	0.041	0.020	0.061	
The Executive Director Mansion House and Old Bailey	(10.453)	0.565	(9.888)	
Director of Community & Children's Services	(0.061)	-	(0.061)	
Chief Officer Totals	(69.102)	6.426	(62.676)	
By Division of Service				
<u>The Chamberlain</u>				
Chamberlain's - General	(22.577)	0.772	(21.805)	i
Chamberlain's - Internal Audit	(0.867)	0.171	(0.696)	ii
Chamberlain's - Business Support	(1.663)	0.032	(1.631)	
Chamberlain's - City Procurement	(3.192)	0.406	(2.786)	iii
Chamberlain's - IT	(10.704)	1.189	(9.515)	iv
Chamberlain's Court	(0.205)	0.039	(0.166)	
Cost of Collection	(0.883)	0.498	(0.385)	v
Gresham	(0.329)	(0.106)	(0.435)	vi
<u>The Town Clerk</u>				
Corporate Services - Town Clerk	1.040	0.005	1.045	
<u>The City Surveyor</u>				
Mayor's Court	(0.186)	0.135	(0.051)	vii
Walbrook Wharf	(1.552)	0.518	(1.034)	viii
Guildhall Complex - City Surveyor	(17.511)	2.182	(15.329)	ix
<u>The Remembrancer</u>				
Guildhall Complex - Remembrancer	0.368	0.020	0.388	
Corporate Services - Remembrancer	(0.327)	-	(0.327)	
<u>The Executive Director Mansion House and Old Bailey</u>				
Central Criminal Court	(8.174)	0.866	(7.308)	x
Shrieval Support	(0.306)	0.018	(0.288)	
Mansion House Premises	(1.973)	(0.319)	(2.292)	xi
<u>Director of Community & Children's Services</u>				
Gresham	(0.061)	-	(0.061)	
Division of Service Totals	(69.102)	6.426	(62.676)	

Overall, the proposed 2021/22 net revenue budget totals £62.676m, a decrease of £6.426m (9%) compared with the original budget of £69.102m for 2020/21. The main variations within this decrease are:

- i. **Chamberlain's General £0.772m decrease in net expenditure** – due to £0.918m being the share of the 12% savings target, Fundamental Review savings of £0.230m, plus return of centrally funded budgets of £0.128m which is no longer required. £0.530m invest to save allocated to budget to enable savings.
- ii. **Chamberlain's Internal Audit £0.171m decrease in net expenditure** – due to £0.104m being the share of the 12% savings target and savings of £0.070m for the CIPFA Hub no longer being required.
- iii. **Chamberlain's City Procurement £0.406m decrease in net expenditure** – largely due to £0.325m being the share of the 12% savings target, Fundamental Review savings of £0.040m, plus the transfer of £0.073m for the Responsible Procurement Manager post to Chamberlain's Business Support. As part of the movement from the implementation of TOM related costs will move over to FSD. £0.030m invest to save allocated to budget to enable savings.
- iv. **Chamberlain's IT £1.189m decrease in net expenditure** – largely due to £1.231m being the share of the 12% savings target and Fundamental Review savings of £0.350m. £0.430m invest to save allocated to budget to enable savings.
- v. **Cost of Collection £0.498m decrease in net expenditure** – due to £0.208m being the share of the 12% savings target and Fundamental Review savings of £0.070m. There was also a decrease in central recharges of £0.220m.
- vi. **Gresham £0.106m increase in net expenditure** – increase in the grant to Gresham College which is based on a new 5-year funding arrangement agreed by Finance and Policy and Resources Committees in November 2019.
- vii. **Mayor's Court £0.135m decrease in net expenditure** – due to no cyclical works scheduled to be undertaken in 2021/22.
- viii. **Walbrook Wharf £0.518m decrease in net expenditure** – largely due to £0.245m rephasing of the cyclical works programme over a four year period to smooth expenditure and £0.302m reduction in rates as a new tenant is meeting the office costs as part of the lease agreement.
- ix. **Guildhall Complex City Surveyor £2.182m decrease in net expenditure** – comprising £0.876m for the rephasing of the cyclical works programme which involves smoothing the three year programme into a fourth year, and a £0.772m reduction in security operational overtime costs, energy, cleaning and repairs and maintenance costs due to a lesser anticipated requirement after the Covid-

19 pandemic. Restructuring of security staff has reduced the need for overtime, cleaning and repairs and maintenance savings arise from negotiated savings with the contractor and improvements to the BMS system should see lower energy requirements. There is also a £0.338m reduction in rates which will now be met by a third party occupying the building, £0.135m reduction in catering due removal of the catering subsidy following the termination by the supplier of the catering provision in the Gild and a £0.053m reduction in central recharges. Members should note all these savings assume a lower workplace capacity due to new ways of working, and hence less wear and tear on the building. It also assumes that the cost to the Guildhall of providing events will be largely recovered through the trading account currently under discussion.

- x. **Central Criminal Court £0.866m decrease in net expenditure** – largely due to the rephasing of the cyclical works programme £0.752m over a four year period, an increase in the amount chargeable to Her Majesty's Court and Tribunal Service of £0.257m reflecting the proportion of central recharges that are able to be recharged, partly offset by an increase of £0.108m in Judge's staff costs as the new Recorder is now part of the Judge's Pension Scheme. Members should note there will be some additional costs due to the transitioning to the new gas boilers during the year. 95% of the cost should be recoverable from the Court Service and the budget for 2020/21 assumes this will be the case.
- xi. **Mansion House Premises £0.319m increase in net expenditure** – largely due to the increase in value of new cyclical work programme bids of £0.270m and an increase in corporate security contract costs of £0.085m, partly offset by reductions in various areas including cleaning and energy based on prior year spends.

Finance Committee Operational Services
Movement from 2020/21 Original Budget to 2020/21 Latest Budget

Analysis by Chief Officer and Division of Service - all risks	Original Budget 2020-21	Movement (Original 2020-21 to Latest 2020-21)	Latest Budget 2020-21	Notes
	£m	£m	£m	
By Chief Officer				
The Chamberlain	(40.420)	(0.136)	(40.556)	
The Town Clerk	1.040	-	1.040	
The City Surveyor	(19.249)	1.555	(17.694)	
The Remembrancer	0.041	(1.081)	(1.040)	
The Executive Director Mansion House and Old Bailey	(10.453)	1.011	(9.442)	
Director of Community & Children's Services	(0.061)	-	(0.061)	
Chief Officer Totals	(69.102)	1.349	(67.753)	
By Division of Service				
<u>The Chamberlain</u>				
Chamberlain's - General	(22.577)	0.089	(22.488)	i
Chamberlain's - Internal Audit	(0.867)	0.004	(0.863)	
Chamberlain's - Business Support	(1.663)	(0.075)	(1.738)	ii
Chamberlain's - City Procurement	(3.192)	(0.131)	(3.323)	iii
Chamberlain's - IT	(10.704)	(0.308)	(11.012)	iv
Chamberlain's Court	(0.205)	(0.003)	(0.208)	
Cost of Collection	(0.883)	0.289	(0.594)	v
Gresham	(0.329)	(0.001)	(0.330)	
<u>The Town Clerk</u>				
Corporate Services - Town Clerk	1.040	-	1.040	
<u>The City Surveyor</u>				
Mayor's Court	(0.186)	0.105	(0.081)	vi
Walbrook Wharf	(1.552)	0.287	(1.265)	vii
Guildhall Complex - City Surveyor	(17.511)	1.163	(16.348)	viii
<u>The Remembrancer</u>				
Guildhall Complex - Remembrancer	0.368	(1.081)	(0.713)	ix
Corporate Services - Remembrancer	(0.327)	-	(0.327)	
<u>The Executive Director Mansion House and Old Bailey</u>				
Central Criminal Court	(8.174)	1.269	(6.905)	x
Shrieval Support	(0.306)	-	(0.306)	
Mansion House Premises	(1.973)	(0.258)	(2.231)	xi
<u>Director of Community & Children's Services</u>				
Gresham	(0.061)	-	(0.061)	
Division of Service Totals	(69.102)	1.349	(67.753)	

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

- i. **Chamberlain's General £0.089m decrease in net expenditure** – due to the removal of a centrally funded apprentice budget of £0.114m and the transfer of Fundamental Review costs of £0.050m to Chamberlain's IT, partly offset by one-off contribution pay of £0.075m.
- ii. **Chamberlain's Business Support £0.075m increase in net expenditure** – due to £0.073m budget and post transfer from Chamberlain's City Procurement for the Responsible Procurement Manager post and £0.002m one-off contribution pay.
- iii. **Chamberlain's City Procurement £0.131m increase in net expenditure** – due to an approved carry forward of £0.194m and £0.010m one-off contribution pay, partly offset by £0.073m budget and post transfer to Chamberlain's Business Support for the Responsible Procurement Manager post.
- iv. **Chamberlain's IT £0.308m increase in net expenditure** – mainly due to an approved carry forward of £0.153m as there were delays in the delivery of several projects in 2019/20 including; HR & Payroll works, MS Extended Support, and WIFI (which is part of the Fundamental Review savings and IT Transformation Programme) and £0.118m for costs relating to Covid-19 including fast track intune / Azure work, field support for the build and deploy of laptops, increase in the bandwidth at the data centre and additional IT support for direct access. There was also a transfer of Fundamental Review costs of £0.050m from Chamberlain's General to IT and £0.043m budget uplift for one-off contribution pay, partly offset by £0.056m transferred to Internal Audit to reduce the savings target in this area.
- v. **Cost of Collection £0.289m decrease in net expenditure** – mainly due to an increase in Government Grants of £0.293m.
- vi. **Mayor's Court £0.105m decrease in net expenditure** – mainly due to a reduction in the cyclical works programme.
- vii. **Walbrook Wharf £0.287m decrease in net expenditure** – mainly due to the re-phasing of the cyclical works programme over four years to smooth expenditure resulting in a £0.302m reduction.
- viii. **Guildhall Complex City Surveyor £1.163m decrease in net expenditure** - mainly relates to a reduction in cyclical works programme budgets of £1.101m due to re-phasing over a four year period to smooth expenditure, a reduction in staff costs of £0.205m on security operational overtime and agency cover due to the Covid-19 pandemic and the operational efficiencies from the reduced usage of the Guildhall, partly offset by £0.123m budget for the distribution from a single point for deliveries to Guildhall for Freight Consolidation.
- ix. **Guildhall Complex Remembrancer £1.081m increase in net expenditure** – mainly due to the expected loss of event income of £1.437m due to Covid-19,

partly offset by the corresponding savings of not holding any events on staff costs, supplies and services and transportation costs of £0.352m.

- x. **Central Criminal Court £1.269m decrease in net expenditure** – relates to a reduction of £1.015m on repairs and maintenance budgets due to the re-phasing of cyclical works programmes projects, £0.160m overspend carried forward from 2019/20, £0.242m increase in the amount chargeable to Her Majesty's Court and Tribunal Service reflecting the portion of central recharges that are chargeable, partly offset by an increase in staff costs of £0.070m due to additional staff overtime and cleaning staff required from the beginning of lockdown to ensure that the court could remain in operation throughout the Covid-19 pandemic and an increase to the staff costs of the Judges as the new Recorder has joined the Judges Pension Scheme.
- xi. **Mansion House Premises £0.258m increase in net expenditure** – largely due to £0.190m increase in the value of new cyclical work programme bids and an increase in the corporate security contract budget of £0.085m, partly offset by £0.017m decrease in Surveyor's cleaning budget.

Finance Committee Operational Services Staffing Statement by Chief Officer

Finance Committee Operational Services staffing statement by Chief Officer	Latest Budget 2020-21		Proposed Budget 2021-22	
	Staffing Full-time equivalent	Estimated cost £m	Staffing Full-time equivalent	Estimated cost £m
Chamberlain	278.8	16.672	275.1	17.114
Executive Director of Mansion House and Old Bailey	99.3	4.534	99.8	4.566
City Surveyor	61.0	3.509	61.0	3.425
Remembrancer	16.5	0.922	15.5	1.185
Community & Children's Services	0.7	0.030	0.7	0.030
Total	456.3	25.667	452.1	26.320

Staffing Statement	Latest Budget 2020-21		Proposed Budget 2021-22	
	Staffing Full-time equivalent	Estimated cost £m	Staffing Full-time equivalent	Estimated cost £m
Cost of Collection	27.8	1.302	27.8	1.499
Chamberlain's Court	5.4	0.240	4.4	0.220
Chamberlain's - General	124.7	7.450	124.8	7.447
Chamberlain's - Business Support	6.9	0.584	7.0	0.626
Chamberlain's - City Procurement	49.5	2.814	48.5	2.766
Chamberlain's - Internal Audit	10.3	0.692	10.8	0.769
Chamberlain's - IT	54.2	3.590	51.8	3.787
Total Chamberlain	278.8	16.672	275.1	17.114
Central Criminal Court (local risk)	92.3	3.642	92.8	3.649
Central Criminal Court - Judges' Pensions (central risk)	-	0.195	-	0.195
Central Criminal Court - Common Serjeant and Recorder (central risk)	2.0	0.459	2.0	0.485
Shrieval Support	5.0	0.238	5.0	0.237
Total Executive Director of Mansion House and Old Bailey	99.3	4.534	99.8	4.566
Walbrook Wharf	1.0	0.060	1.0	0.060
Guildhall Complex	60.0	3.449	60.0	3.365
Total City Surveyor (local risk)	61.0	3.509	61.0	3.425
Corporate Services (Parliamentary)	1.0	0.070	1.0	0.070
Guildhall Complex (local risk) (Administration & Attendants)	15.5	0.724	14.5	0.702
Guildhall Complex (local risk) (Event related)	-	0.128	-	0.413
Total Remembrancer	16.5	0.922	15.5	1.185
Gresham	0.7	0.030	0.7	0.030
Total Community & Children's Services (central risk)	0.7	0.030	0.7	0.030
Grand Total	456.3	25.667	452.1	26.320

Draft Capital and Supplementary Revenue Budgets

The latest estimated costs of the Committee's current approved capital and supplementary revenue projects are summarised in the Tables below.

	Project	Exp. Pre 01/04/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Later Years £m	Total £m
	BRIDGE HOUSE ESTATES							
	<u>Recharges between Funds</u>							
	Corporate Capital Projects (BHE share)	-	0.032	-	-	-	-	0.032
	TOTAL BRIDGE HOUSE ESTATES	-	0.032	-	-	-	-	0.032

	Project	Exp. Pre 01/04/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Later Years £m	Total £m
CITY'S CASH								
	<u>Recharges between Funds</u>							
	Corporate Capital Projects (City Fund and BHE contributions)	-	(0.552)	-	-	-	-	(0.552)
	<u>Pre-implementation</u>							
Guildhall Complex schemes:	Guildhall Cooling Plant Replacement	-	0.081	0.093	-	-	-	0.174
	Guildhall Installation of Public Address & Voice Alarm System	-	0.030	-	-	-	-	0.030
	Guildhall PAVA Installation & Door Locking Upgrade	-	0.073	-	-	-	-	0.073
	Guildhall Yard - Refurbishment/Replacement of Pavements	-	-	0.023	-	-	-	0.023
IT schemes:	Oracle Property Manager (OPN) Replacement	-	0.065	0.010	-	-	-	0.075
	Unified Communications Programme	0.025	-	0.035	-	-	-	0.060
Other schemes:	Citigen Energy Network Feasibility	0.084	0.016	-	-	-	-	0.100
	Magistrates Court External Repair Work	0.016	0.009	-	-	-	-	0.025
	<u>Authority to start work granted</u>							
Guildhall Complex schemes:	Accommodation & Ways of Working	0.749	0.191	-	-	-	-	0.940
	Visitors Toilet and Cloakroom	1.674	0.057	-	-	-	-	1.731
	Guildhall Event Chairs	0.392	0.084	-	-	-	-	0.476
IT schemes:	CoL IT Transformation PH2 - IT Service 2020 Contract	0.020	1.174	-	-	-	-	1.194
	Committee Rooms Audio Visual Equipment	-	0.175	-	-	-	-	0.175
	Customer Relationship Management	0.319	0.023	-	-	-	-	0.342
	Local Area Network (LAN) Refresh - CoL	2.681	0.013	-	-	-	-	2.694
	Security Assurance Testing	0.157	0.308	-	-	-	-	0.465
	Wide Area Network	3.121	0.189	-	-	-	-	3.310
Security schemes:	Guildhall Security - Bomb Blast Mitigation	0.283	0.074	-	-	-	-	0.357
	Guildhall Security CCTV & Intruder Alarms	1.451	0.476	-	-	-	-	1.927
	Guildhall Security Hostile Vehicle Mitigation	1.180	0.370	-	-	-	-	1.550
Other schemes:	Electric Vehicle Charging Points	0.097	0.001	-	-	-	-	0.098
	TOTAL CITY'S CASH	12.249	2.857	0.161	-	-	-	15.267
	TOTAL FINANCE	38.576	9.286	4.399	4.974	0.016	-	57.251

Notes

1. 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. These figures exclude the implementation costs of those schemes which have yet to receive authority to start work.
2. There are a significant number of schemes in flight which have received authority to start work - mainly relating to the Central Criminal Court, the Guildhall Complex and IT.
3. Recharges between funds reflect contributions from City Fund and Bridge House Estates towards the cost of corporate Guildhall Complex and IT schemes which are initially borne by City's Cash.
4. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2021.