

Committee(s): Corporate Asset Sub (Finance) Committee	Date(s): 29 January 2020
Subject: FM arrangements for Guildhall events -update	Public
Report of: The City Remembrancer	For information
Report author: Paul Double	

Summary

At its meeting on 10 December 2019, the Finance Committee approved the creation of a single profit and loss (P&L) account showing the full direct and indirect cost of events, and the setting of charges for commercial events and those subject to a charity discount to exceed the direct and indirect cost of events. The Remembrancer was also to act as the single Chief Officer responsible for the P&L account, a joint operating plan which identifies event-related facilities requirements, and a forward plan for the maintenance of the Guildhall event spaces. An update was requested to be submitted to this meeting of the Corporate Asset Sub-Committee together with the report submitted to Finance Committee (at Appendix 1), and that it should include greater clarity in relation to the cost allocations for commercial and non-commercial activities across the Guildhall complex.

Members are asked to note this update.

Main Report

1. Since the Finance Committee meeting, further work has been undertaken by the City Surveyor, Chamberlain's and Remembrancer departments to identify the full direct and indirect event-related facilities costs.
2. Costs have been calculated on the basis of-
 - identification of the rooms and other spaces in the Guildhall primarily used for events, including the Great Hall, Old Library, kitchens and other relevant spaces;
 - drawing up of a list of facilities-related costs borne by City Surveyor's;
 - adding the costs incurred by the Remembrancer's Office;
 - apportioning the total costs between commercial and other categories of events taking place in Guildhall.
3. The costs used in this exercise have been for the last financial year with full accounts (2018/19). For the Remembrancer's costs and some of the City Surveyor costs (eg staff costs) the amounts reflect actual costings. For other costs where there is no breakdown between different parts of the Guildhall (such as energy costs), the amount has been derived by taking the percentage of the floor space

occupied by areas used for events purposes compared to the whole of the Guildhall complex (calculated as 16%).

4. Following discussion with the Chamberlain, the figures proceed on the basis that 100% of rates, depreciation, repairs and maintenance, and energy costs referable to the event spaces and the cyclical works programme for these spaces, together with the associated staff costs, will be attributed to “events” to reflect the full cost of occupying the space. For example, the approximately £300,000 total cost of repairs and maintenance for the Guildhall event spaces in 2018/19 has been imputed to events.
5. Using the costings derived from this review, a trading account for the 2018/19 financial year has been calculated and is attached at appendix 2. This shows direct and indirect costs, and also an apportionment across the different charging categories. The apportionment is on the basis of the number of events in each category in that year. This does not take into account the complexity and scale of commercial and some charity events, which may have a large number of attendees and use several rooms for a whole day or longer, compared to a short internal meeting in a smaller room. This information will be incorporated in future cost assessments.
6. The costs allocated to events for 2018/19 have increased to a total of £4million, approximately £500,000 more than the comparable amount in the account provided for the Hospitality Working Party last year and in the attached Report to Finance Committee, primarily due to the inclusion of additional City Surveyor staff costs and the inclusion for the first time of the cost of depreciation in respect of previous capital works on the event spaces. No charge has been made, however, to reflect a contribution towards the cost of future major works. This is something that will be considered for future statements if Members agree to the creation of a sinking fund to cover the cost of such works. The revised account shows that the income from commercial and charity events in 2018/19 substantially exceeded costs attributed to such events, but by a lesser amount than previously estimated.
7. In light of this assessment, the charges for paid-for events will be reviewed and Members’ views will be invited as to whether any further steps should be taken in respect of internal events run by departments of the Corporation or other non-event uses. Work will be undertaken to agree a joint operating plan which identifies event-related facilities requirements and a forward plan for the maintenance of the Guildhall event spaces. This will form part of the work to increase income generation obtained from the commercial use of Guildhall which is being carried out pursuant to the fundamental review.

Appendices

Appendix 1 Report on FM arrangements for Guildhall events

Appendix 2 Revised draft P&L account

Paul Double

City Remembrancer