

Committee:	Dated:
Corporate Asset Sub Committee – For Information	18 January 2021
Subject: Guildhall Complex budget performance 2020/21 update report	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	5.
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	n/a
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain’s Department?	n/a
Report of: The City Surveyor	For Information
Report author: Dorian Price	

Summary

This report compares Guildhall Administration 2020/21 budget with performance to the end of Q2 and for the forecast year end.

During this period, officers have been monitoring and dealing with the effects of the COVID-19 pandemic in order to ensure Guildhall offices are safe and Covid-19 secure for staff and Members to utilise. The phased return to our workplace has been guided by three principles:

- Our staff safety is paramount.
- Our workplaces are COVID-19 secure.
- Our new flexible ways of working are embedded.

The cost to deliver these principles at Guildhall (estimated at £770k), has been absorbed into the City Surveyor’s Guildhall Administration local risk and offset against some of the savings from lower usage of contract cleaning and reduced energy costs during lockdown. The net outturn expenditure is projected to be £8,342m, against an annual budget of £8,473m, representing a forecast underspend of £131k (-2%), as set out in Table 1 below.

Table 1 Guildhall Administration 2020/21 outturn revenue performance

	Annual Budget	Projected Outturn Cost	Variance		Variation	Brief Explanation
			£	%	Increase ▲ Decrease ▼	
LOCAL RISK Expenditure	£	£	£	%		
TOTAL Employees	3,467,000	2,729,355	-737,645	-21%	▼	Reduced operational security overtime due to lower building use during the covid-19 lockdown - see para 4

TOTAL Premises Expenses	5,055,000	5,243,729	188,729	4%	▲	Absorbing exceptional items such as covid costs – see para 4
TOTAL Supplies and Services	526,000	787,299	261,299	50%	▲	Absorbing exceptional items such as covid costs – see para 4
TOTAL Expenditure	9,048,000	8,760,383	-287,617	-3%	▼	
TOTAL Income	-575,000	-418,816	156,184	-27%	▼	No security event overtime , normally charged to events, taking place due to covid lockdown. See para 4
Projected Outturn Net Expenditure	8,473,000	8,341,567	-131,433	-2%	▼	

The City Surveyor will continue to manage and absorb the exceptional items of cost of COVID-19 in the workplace over the forthcoming months. Officers have commenced reviewing each budget line for next year 2021/22 Guildhall Administration budget in order to contain and mitigate any ongoing impact of Covid-19 over the next 12 months affecting the new budget for 2021/22. Any changes to the new budget that may have an effect on the operating services, standards and upkeep will be reported to Members.

Recommendations

Members are asked to:

- Note the Guildhall Administration revenue outturn forecast for 2020/21, that is absorbing exceptional costs of £770k due to covid and showing an estimated underspend to the annual budget of £131k.
- Note that the City Surveyor will continue to review current budget lines and identify how Guildhall services can be delivered more smartly and efficiently, informed by our covid experience and different ways of working in order to deliver 2021/22 revenue savings.

Main Report

Background

1. The Guildhall Administration budget has experienced increased cost pressures since 2013/14 as a result of increased workplace utilisation, larger commercial events taking place at Guildhall complex and increases in the level of reactive repairs driven by greater usage of the building.

Current Position

2. The COVID-19 pandemic in March 2020 had an instant and unprecedented effect on working patterns all over the country, with the enforced lockdown and the resultant increased working from home.

3. The vast majority of City Corporation colleagues were suddenly expected to work from home, and this has had an effect on the Guildhall Administration budget, as the offices were largely vacated suddenly, only leaving some Key Workers, and services were reduced.
4. The net outturn expenditure on Guildhall Administration projected to be £8,342m, against an annual budget of £8,473m, representing a forecast underspend of £131k.
5. The main local risk variations comprise:
 - a. **Employment Costs - £737,645 projected underspend**
Primarily due to no operational security overtime required during the covid lockdown.
 - b. **Premises Expenses - £188,729 projected overspend**
Due to estimated costs of £770k to make Guildhall North and West Wings covid safe, being absorbed into the City Surveyor's Guildhall Administration local risk and offset by other costs reducing such as energy costs and soft FM costs.
 - c. **Supplies and Services - £261,299 projected overspend**
Due to the estimated covid costs, as above, for reconfiguration of desks and IT to make Guildhall North and West Wings covid safe and to support new ways of working during these times.
 - d. **Income - £156,184 projected underspend**
A shortfall in income is projected mainly due to extra security, normally charged to events, now not taking place during the covid lockdown.

Corporate & Strategic Implications

- **Strategic implications** – Guildhall Management at the City supports the following objective in the City Surveyors Business Plan:
 - **Property assets and facilities management:** We will ensure buildings are fit for purpose, sustainable, safe and secure, providing access for all, meeting service needs and community expectations and delivering value for money through enhancing our efficiencies; this includes asset management plans, facilities management including hard (planned and reactive maintenance) and soft services (cleaning, security, etc.), cyclical projects and minor improvements and delivery of major capital projects for refurbishments and new builds
- **Financial implications** - The City Surveyor will continue to review current budget lines and identify how Guildhall services can be delivered more smartly and efficiently, informed by our COVID experience and new ways of working in order to deliver 2021/22 revenue savings.
- Q3 estimate report is currently being prepared by the central finance team for Finance Committee and if there are any material changes in the forecast, Members will be updated verbally at CASC.
- Members should note that it is planned to spend an estimated total of £5.0m in 2020/21 and the next two financial years from the Cyclical Works Programme (CWP) on the Guildhall to tackle the backlog of cyclical repairs. This expenditure is required to prevent further deterioration of the building; and the expenditure is in addition to the City Surveyor's Local Risk budget.

- Members should also note there are further projects that sit outside the CWP of minor works and arise from the 20 year Forward Maintenance Plans. These Major projects are subject to Member approval, and are required to address the higher value upkeep and the backlog of deferred works (Guildhall complex major projects currently estimated at £21.6m), and ensure the operational assets remain in a good, safe and statutory compliant condition, as outlined in the Corporate Property Asset Management Strategy.

Conclusion

6. It is the intention of the City Surveyor to continue to operate the Guildhall complex on the existing budget allocation. Exceptional costs to maintain covid secure buildings have been absorbed within the current budget and offset by savings from other services e.g. soft FM contract and energy costs. This is enabling the City Surveyor to forecast a potential small underspend at year end, subject to any unforeseen demands made on the buildings between now and then, or any unknown carried forward covid-19 costs.

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