

Committee(s)	Dated:
Culture Heritage & Libraries Committee	13 December 2021
Subject: Revenue and Capital Budgets – 2022/23	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	1-4, 7-12
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: The Chamberlain Director, Town Clerk’s Office and Police Authority Director of Innovation and Growth Director of Environment Director of Community and Children’s Services	For Decision
Report author: Graham Nickless - Chamberlains	

Summary

This report is the annual submission of the revenue and capital budgets overseen by your Committee. In particular it seeks approval of the provisional revenue budget for 2022/23, for subsequent submission to the Finance Committee. Details of the Committee’s draft capital budget are also provided.

The proposed budget for 2022/23 has been prepared within the resource envelope allocated to each Director by Resource Allocation Sub Committee.

Summary of Appendix 1	Original 2021/22 £'000	Latest Approved 2021/22 £'000	Original 2022/23 £'000	Movement 2021/22 Original to Original 2022/23 £'000
Net Local Risk	(7,176)	(7,442)	(7,223)	(47)
Net City Surveyor	(198)	(199)	(199)	(1)
Net Cyclical Works Programme	(500)	(541)	(324)	176
Net Central Risk	(6,665)	(7,300)	(6,671)	(6)
Support Services and Recharges (including capital charges)	(5,580)	(5,803)	(5,561)	19
Total Net Expenditure	(20,119)	(21,285)	(19,978)	141

Overall, the provisional 2022/23 revenue budget envelope totals (£19.978m), a decrease of £0.141m compared with the original budget for 2021/22. The local risk budget movements are due to the following:

- Salary adjustments resulting from the expected pay award for lower graded staff in July 2022 and the 1.25% increase in National Insurance contributions (£93,000).
- A reduction in centrally funded apprentices budgets £20,000.
- Previously agreed Fundamental Review savings £26,000.

In addition, there was a reduction in the Cyclical Works Programme (CWP) of £176,000. More information is contained in paragraph 13 and Appendix 6 of the report. There were also minor budget movements in Central Risk (£6,000 increase), City Surveyor budgets (£1,000 increase) and Support Services & Recharges (£19,000 decrease). More detail of the Summary Table can be found in Appendix 1, with explanations on large variances found in paragraphs 9 to 12 of the report.

Recommendation

Members are asked to:

- review the proposed allocation of the 2022/23 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee;
- authorise the Chamberlain, in consultation with the Directors of Community and Children's Services, Environment, Innovation and Growth and the Director, Town Clerk's Office and Police Authority to revise these budgets to allow for any further implications arising from Corporate Projects, the Target Operating Model, and changes to the Cyclical Works Programme following the funding decision on bids for works in 2022/23;
- review and approve the draft capital budget;
- agree that any minor amendments for 2021/22 and 2022/23 budgets arising during budget setting be delegated to the Chamberlain.

Main Report

Introduction

1. The revenue budget management arrangements are to:
 - Provide a clear distinction between local risk, central risk and recharge budgets.
 - Place responsibility for budgetary control on departmental Chief Officers.
 - Apply a cash limit policy to Chief Officers' budgets.
2. The budget has been analysed by the service expenditure and compared with the original budget for the current year.
3. The report also compares the current year's budget with the forecast outturn.

Business Planning Priorities for 2022/23

4. The Town Clerk's Department, Innovation and Growth Department, Environment Department and Department of Community and Children's Services' business priorities for the forthcoming year will be set out in the 2022/23 business plans. The draft business plan priorities for Town Clerk's Department 2022/23 will be covered as part of a separate report presented to this Committee on 31 January 2022. The plans for Innovation and Growth Department (Culture) will be informed by the Strategic Destination Review which is scheduled to be presented to this Committee on 13 December 2021. Subject to approval of the review by this Committee, at Policy and Resources on 16 December 2021, and at Court on 13

January 2022, the Business Plan for the Innovation and Growth Department (Culture) will be developed and presented to your Committee on 31 January 2022. The summary business plan for the open spaces division of the Environment Department is being presented to Open Spaces and City Gardens Committee on 7 December. This plan will be very high level with no direct reference to either Keats House or Monument. Therefore Keats House will bring its 2022/23 Activities and Key Projects Plan to this Committee for approval in January 2022. The Department of Community and Children's Services report is being prepared for the Department of Community and Children's Services Committee in January 2022 and will be brought to this Committee for information on 31 January 2022.

Departmental budget estimates for 2022/23

5. This report presents, at Appendix 1, the budget estimates for 2022/23 for the cultural activities that fall under the Town Clerk's, Innovation and Growth, Environment and Community and Children's Services Department.

Proposed Revenue budget for 2022/23

6. This report presents, in Appendix 1, the budget estimates for 2022/23 for the Culture, Heritage and Libraries Committee analysed between:
 - Local Risk Budgets – these are budgets deemed to be largely within the Chief Officer's control.
 - Central Risk Budgets – these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside of his/her control or are budgets of a corporate nature (e.g. interest on balances and rent incomes from investment properties).
 - Support Services and Capital Charges – these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk. Further analysis can be found in Appendix 3.
7. The provisional 2022/23 budgets, under the control of the Director, Town Clerk's Office and Police Authority, Director of Innovation and Growth, Director of Environment and the Director of Community and Children's Services being presented to your Committee, have been prepared in accordance with guidelines agreed by the Policy & Resources and Finance Committees. These include continuing the implementation of the required budget reductions across both local and central risks, as well as the proper control of transfers of non-staffing budgets to staffing budgets.

For 2022/23 budgets include;

- Budget uplift in respect of staffing increases for the anticipated pay award for lower graded staff (£28K) and 1.25% rise in Employer National Insurance contributions (£65K).
- 2% uplift for inflation offset by 2% efficiency savings (a flat cash position).

- Previously agreed fundamental review savings of £26K.
 - A reduction in centrally funded apprentices budgets £20K.
8. Income, increases in income and reductions in expenditure are shown as positive balances, whereas brackets will be used to denote expenditure, increases in expenditure, or shortfalls in income. Only significant variances (generally those greater than £50,000) have been commented on and are referenced in the relevant table. Overall there is a decrease of £0.141m between the 2021/22 original budget and the 2022/23 original budget. The movement is explained in the following paragraphs.
 9. Analysis of the movement in staff related costs are shown in Appendix 5 below. Staffing levels have reduced between 2021/22 and 2022/23 budgets. This is due to vacancies previously held and flexible retirement proposals within the current establishment. There is also a reduction in staffing for externally funded posts at the London Metropolitan Archives as a result of fewer grant opportunities during lockdown. These posts are grant funded, leading to a commensurate reduction in estimated grant income. The staffing reductions are offset in part by anticipated increases in salary for lower graded staff and an increase in Employer National Insurance contributions of 1.25% from April 2022. In addition, the estimated figures for reapportionments at the Monument that were made last year, were higher than the detailed calculations undertaken this year.
 10. Members should note that the Cyclical Works Programme (CWP) figures included in this report relate only to elements of previously agreed programmes, which will be completed in 2021/22 & 2022/23. The separate bid for CWP works in 2022/23 has not been included in this report, as it is to be considered by Corporate Asset sub-committee in November, and then subsequently by Resource Allocation sub-committee to agree the funding. Once both sub-committees have agreed the 2022/23 programme Members will be advised of the outcome and the estimates adjusted accordingly.
 11. A number of operational posts are being held as vacant for the Monument, although the worst-case scenario for 2022/23, with the possibility the Monument remains closed, leaves it with a high level of unidentified savings. It is entirely likely however that footfall and appetite picks up in 2022/23 to the level where the Monument can reopen fully and start generating income again, although even in this scenario it is likely to still experience a deficit position at the end of 2022/23, as the UK tourism sector continues to slowly recover.
 12. Appendix 3 provides a full analysis of Support Services and Capital costs. The decrease of £19,000 in the budget for Support Services and Capital Charges (City Fund) is mainly due to decreases in support services staff, (including IS support), which is offset by increases to the Admin charges for the Guildhall Complex, of which the Guildhall Art Gallery, Guildhall Library and Small Business Research and Enterprise Centre are recharged a proportion of this.

Revenue Budget 2021/22

13. Budget adjustments included in the 2021/22 latest approved budget are increases in staffing budgets of (£44,000) relating to the pay award to lower graded staff in July 2021 and one-off “covid hero” payments, an allocation of (£45,000) from the Department of Community and Children’s Services relating to children’s community work at the lending libraries and carry forward requests of (£177,000). The forecast for the current year is showing an expected overspend of around £430,000 with the latest approved budget of £7.442m largely due to the restrictions at the Monument. Following closure throughout 2020/21, the Monument trialled periods of reopening this financial year (a week in August and a week in September), with visitor footfall not outweighing the additional cost of providing operational staffing during weekdays, and as such the Monument is currently open on weekends and school holidays only. There remains a lack of public appetite for visiting due to there being no scope for any level of social distancing in terms of severe space constraints within the historic structure. Expenditure budgets have been further reduced but the worst-case scenario is currently forecast at a £394,000 overspend for 2021/22, assuming the Monument remains closed to the end of the year. Movement of the Local Risk Budgets from the 2021/22 Original Budget to the 2021/22 Latest Approved Budget can be found in Appendix 4.
14. To achieve the 12% savings, incremental pay increases and mitigate the income losses owing to the pandemic, officers have planned expenditure reductions in the following areas:
- Direct employee costs £619,000 – removal of vacant posts, flexible retirements, reduction in centrally funded apprentices and redeployment of staff to offset maternity cover and support vacant posts.
 - Efficiencies £383,000 – premises and supplies & services savings primarily from where sites have been closed and activities have ceased or become more digital.
 - Income generation of £25,000 relating to purchased copies of documents to bring in line with recent income levels.

Draft Capital and Supplementary Revenue Project budgets for 2022/23

15. The latest estimated costs for the Committee's current capital and supplementary revenue projects are summarised in the Table below.

	Project	Exp. Pre 01/04/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Later Years £'000	Total £'000
CITY FUND							
	<u>Authority to start work</u>						
Guildhall Art Gallery	Cloakroom & WCs refurbishment	12	-	-	-	-	12
TOTAL CITY FUND		12	-	-	-	-	12

	Project	Exp. Pre 01/04/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Later Years £'000	Total £'000
CITY'S CASH							
	<u>Pre-Implementation</u>						
The Monument	Visitor Centre	41	-	-	-	-	41
TOTAL CITY'S CASH		41	-	-	-	-	41

16. 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.

17. Therefore, the above pre-implementation figures exclude the indicative costs of schemes which have not yet received authority to start work. It should be noted that the Monument Visitor Centre is currently on hold following a review of funding priorities in response to the current financial pressures.

18. The Guildhall Art Gallery cloakroom and WC's refurbishment is now complete.

19. 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 2022.

Strategic Implications

26. None

Financial Implications

27. All financial implications contained within the report.

Resource Implications

28. None.

Legal Implications

29. None.

Risk Implications

30. None.

Equalities Implications

31. None.

Climate Implications

32. None.

Security Implications

33. All events under the Outdoor Arts Programme will require robust Risk Assessment and Method Statements (RAMS) which will be developed in consultation with internal and external security services including the City Police.

Public sector equality duty

34. Our fees and charges are regularly benchmarked with neighbouring / competing facilities, but we will continue to informally assess any negative impact on protected characteristic groups.

Conclusion

35. This report presents the budget estimates for 2022/23 for Members to consider and approve those plans relevant to the work of the Committee.

Appendices

- Appendix 1 – Committee Summary Budget – by risk, Fund and Chief Officer
- Appendix 2 – Analysis by Service Managed
- Appendix 3 – Recharges from/to Culture, Heritage & Libraries
- Appendix 4 – Capital Project Bids 2022/23
- Appendix 5 – Original Local Risk 2021/22 budget to Latest Approved 2021/22 Local Risk Budget and Original Local Risk 2021/22 budget to Original Local Risk 2022/23 budget
- Appendix 6 – Staffing Statement
- Appendix 7 – Cyclical Works Programme and City Surveyors Local Risk

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Analysis of Service Expenditure	Local or Central Risk	Actual	Original Budget	Latest Approved Budget	Original Budget	Movement 2021/22 Original To Original Budget 2022/23 £'000	Para. Ref.
		2020/21 £'000	2021/22 £'000	2021/22 £'000	2022/23 £'000		
EXPENDITURE							
Employees	L	(8,232)	(8,048)	(7,245)	(7,003)	1,045	9
Employees	C	(99)	-	(624)	-	-	
Premises Related Expenses	L	(455)	(440)	(515)	(440)	-	
Premises Related Expenses *	C	(869)	(1,091)	(1,091)	(1,096)	(5)	
Cyclical Works Programme	L	(261)	(500)	(541)	(324)	176	10
City Surveyor – Repairs & Maintenance	L	(237)	(198)	(199)	(199)	(1)	
Transport Related Expenses	L	(43)	(69)	(69)	(69)	-	
Supplies & Services	L	(1,300)	(1,236)	(1,350)	(1,223)	13	
Grants to Museum of London	C	(5,292)	(5,292)	(5,292)	(5,292)	-	
Supplies & Services	C	(10)	-	-	-	-	
City Outdoor Arts Programme	C	(295)	(398)	(377)	(399)	(1)	
Capital Charges – City's Cash	C	(36)	(36)	(36)	(36)	-	
Transfer to Reserves	L	(446)	-	-	-	-	
Unidentified Savings	L	-	1,351	509	508	(843)	11
Total Expenditure		(17,575)	(15,957)	(16,830)	(15,573)	384	
INCOME							
Other Grants, Reimbursements & Contributions	L	1,212	292	292	57	(235)	9
Customer, Client Receipts	L	443	974	936	947	(27)	
LMA Rental, City of London & Outdoor Arts income	C	65	152	120	152	-	
Transfer from Reserves	L	283	-	-	-	-	
Total Income		2,003	1,418	1,348	1,156	(262)	
TOTAL (EXPENDITURE)/ INCOME BEFORE RECHARGES		(15,572)	(14,539)	(15,482)	(14,417)	122	
RECHARGES							
Central Support Services and Capital Charges – City Fund		(6,407)	(5,918)	(6,148)	(5,899)	19	12
Recharges within Fund		(40)	(118)	(25)	(118)	-	
Recharges Across Funds		456	456	456	456	-	
Total Recharges		(5,991)	(5,580)	(5,803)	(5,561)	19	
TOTAL NET EXPENDITURE		(21,563)	(20,119)	(21,285)	(19,978)	141	

*(Barbican & Shoe Lane Libraries and LMA Rates, Service Charges & rent)

Analysis by Service Managed	Fund	Actual	Original Budget	Latest Approved Budget	Original Budget	Movement	Para Ref.
		2020/21 £'000	2021/22 £'000	2021/22 £'000	2022/23 £'000	2021/22 Orig To Orig Budget 2022/23 £'000	
Director of Innovation and Growth							
Guildhall Art Gallery	CF	(2,993)	(2,926)	(3,095)	(3,031)	(105)	9,10, 12
Visitor & City Information Services	CF	(1,024)	(962)	(993)	(827)	135	9,10
City Outdoor Arts Programme	CF	(289)	(339)	(369)	(340)	(1)	
Police Museum	CF	(21)	(18)	(17)	-	18	
Total Director of Innovation and Growth		(4,327)	(4,245)	(4,474)	(4,198)	47	
Director, Town Clerk's Office and Police Authority							
Guildhall Library	CF	(791)	(553)	(710)	(575)	(22)	9
Small Business and Research Enterprise Centre	CF	(646)	(578)	(575)	(602)	(24)	
London Metropolitan Archives	CF	(3,412)	(2,875)	(3,049)	(2,786)	89	9,10
City Records Services	CF	(1,052)	(1,003)	(1,097)	(962)	41	9
Heritage Gallery	CC	(25)	(25)	(25)	(25)	-	
Total Director, Town Clerk's Office and Police Authority		(5,926)	(5,034)	(5,456)	(4,950)	84	
Director of Environment							
Keats House	CC	(335)	(334)	(352)	(266)	68	10
Monument	CC	(268)	108	106	121	13	9,11
Total Director of Environment		(603)	(226)	(246)	(145)	81	
Director of Community & Children's Services							
Barbican & Shoe Lane Libraries	CF	(2,833)	(2,919)	(3,205)	(2,968)	(49)	9
Artizan Street Library & Portsoken Health & Community Centre	CF	(469)	(396)	(523)	(381)	15	9
Total Director of Community & Children's Services		(3,302)	(3,315)	(3,728)	(3,349)	(34)	
City Surveyor							
Roman Remains & Guildhall Complex Land	CF	(58)	(22)	(21)	(21)	1	
Mayoralty & Shrievalty	CC	(74)	(125)	(137)	(115)	10	
Total City Surveyor		(132)	(147)	(158)	(136)	11	
Culture, Heritage & Libraries Directorate^	CF	(1,981)	(1,860)	(1,931)	(1,908)	(48)	12
Museum of London	CF	(5,292)	(5,292)	(5,292)	(5,292)	-	
Total City Fund	CF	(20,861)	(19,743)	(20,877)	(19,693)	50	
Total City's Cash	CC	(702)	(376)	(408)	(285)	91	
Total		(21,563)	(20,119)	(21,285)	(19,978)	141	

^ The Culture, Heritage and Libraries Directorate budget include the costs of the Guildhall Library building and therefore include £0.7m and £0.5m of Capital Recharges for 2021/22 and £0.7m and £0.5m for 2022/23 respectively

Appendix 3 Recharges from/to Culture, Heritage and Libraries	Actual 2020/21 £'000	Original Budget 2021/22 £'000	Latest Approved Budget 2021/22 £'000	Original Budget 2022/23 £'000
Support Service and Capital Charges				
Administrative Buildings	(2,901)	(2,745)	(2,918)	(2,872)
City Surveyor's Employee Recharge	(120)	(129)	(120)	(120)
Insurance	(245)	(240)	(240)	(240)
IS Recharges - Chamberlain	(921)	(661)	(727)	(554)
Capital Charges – City Fund	(1,595)	(1,533)	(1,565)	(1,578)
Support Services -				
Chamberlain and CLPS	(309)	(308)	(259)	(235)
Comptroller and City Solicitor	(2)	(1)	(1)	(1)
Town Clerk	(288)	(266)	(281)	(264)
City Surveyor	(26)	(35)	(37)	(35)
Total Support Services and Capital Charges	(6,407)	(5,918)	(6,148)	(5,899)
Recharges Within Funds				
Utilities recharge - Barbican Centre	(215)	(286)	(279)	(288)
Open Spaces Directorate Recharge	(18)	(27)	(25)	(23)
Technical Services Recharge	(3)	(1)	(3)	(3)
Corporate and Democratic Core – Finance Committee	196	196	196	196
Recharges Across Funds				
Support Services – CHL Guildhall Administration and Open Spaces Directorate Recharge	456	456	456	456
TOTAL SUPPORT SERVICE AND CAPITAL CHARGES	(6,413)	(5,580)	(5,803)	(5,561)

Appendix 4

Capital Project Bids for 2022/23

Project – Libraries Management System £50,000

Status – Amber – Recommended to be deferred

Original to Latest Approved Local Risk Budget	£000
Original Local Risk Budget 2021/22	(7,874)
Budget carry forwards from 2020/21 underspend	(177)
All funds pay (grades A-C), budget uplift	(28)
Covid heroes payment	(16)
Net City Fund budget virements from Community and Children's services relating to children's community work at the lending libraries.	(45)
City Surveyor local risk changes to planned and reactive works and Facilities Management.	(1)
Changes in the phasing over the 3 year cycle of each of the Cyclical Works Programmes.	(41)
Latest Approved Local Risk Budget 2021/22	(8,182)

Original to Original Local Risk Budget	£000
Original Local Risk Budget 2021/22	(7,874)
City Fund reduction in budgets from Fundamental Review income generating proposals and efficiencies in future years	26
City of London Apprenticeship Scheme	20
All funds pay (grades A-C), budget uplift	(28)
NI increase of 1.25%	(65)
City Surveyor local risk changes to planned and reactive works and Facilities Management.	(1)
Changes in the phasing over the 3 year cycle of each of the Cyclical Works Programmes.	176
Original Local Risk Budget 2022/23	(7,746)

Staffing statement	Original Budget 2021/22		Latest Approved Budget 2021/22		Original Budget 2022/23	
	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000	Staffing Full-time equivalent	Estimated cost £000
Guildhall Library	10.72	(533)	9.20	(477)	8.50	(438)
Small Business and Research Enterprise Centre	7.60	(358)	7.10	(329)	6.60	(358)
Barbican and Shoe Lane Libraries	37.71	(1,756)	35.71	(1,709)	35.71	(1,692)
Artizan Street Library & Portsoken Health & Community Health Centre	7.00	(288)	6.00	(243)	6.00	(246)
Guildhall Art Gallery	11.18	(597)	7.63	(429)	7.48	(422)
London Metropolitan Archives	52.20	(2,241)	45.50	(2,045)	36.73	(1,827)
City Records Services	24.59	(1,076)	21.02	(944)	19.75	(958)
Keats House	3.78	(232)	3.78	(232)	3.77	(230)
Visitor Services & City Information Centre	11.81	(704)	9.53	(571)	9.03	(553)
Monument	7.04	(263)	7.04	(266)	5.78	(279)
TOTAL CULTURE, HERITAGE AND LIBRARIES	173.63	(8,048)	152.51	(7,245)	139.35	(7,003)

CYCLICAL WORKS PROGRAMME	Original 2021/22 £'000	Latest Approved Budget 2021/22 £'000	Original Budget 2022/23 £'000
Guildhall Art Gallery	(200)	(248)	(279)
London Metropolitan Archives	(123)	(130)	(45)
Visitor Services & City Information Centre	(108)	(52)	-
Keats House	(60)	(80)	-
Monument	-	(9)	-
Mayoralty and Shrievalty	(9)	(22)	-
Total Cyclical Works Programme	(500)	(541)	(324)

CITY SURVEYOR LOCAL RISK	Original 2021/22 £'000	Latest Approved Budget 2021/22 £'000	Original Budget 2022/23 £'000
Planned & Reactive Works (Breakdown & Servicing)			
Barbican and Shoe Lane Libraries	(6)	(6)	(6)
Guildhall Art Gallery	(12)	(12)	(12)
London Metropolitan Archives	(71)	(86)	(86)
Keats House	(29)	(27)	(27)
Visitor Services & City Information Centre	(13)	(11)	(11)
Monument	(7)	(7)	(7)
Cleaning	(60)	(50)	(50)
Total City Surveyor	(198)	(199)	(199)