

Committee	Dated: 19 July 2022
Finance Committee	
Subject: Revenue Outturn 2021/22 – Finance Committee Operational Services	Public
Does this proposal require extra revenue and/or capital spending?	N/A
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 The Chief Operating Officer The Town Clerk The City Surveyor The Remembrancer Director of Community and Children’s Services	For Information
Report author: John James, Head of Finance, Chamberlain’s Department Abiola Yusuff, Senior Accountant, Chamberlain’s Department	

Summary

This report compares the revenue outturn for the services overseen by your Committee in 2021/22 with the final budget for the year. It also details the carry forward requests which have now been approved.

Overall total net expenditure on the operational services overseen by your Committee was £63.4m, representing an underspend of £2.9m compared to the final budget of £66.3m as set out in the table below.

Summary comparison of 2021-22 Revenue Outturn with Final Budget				
	Original Budget	Final Budget	Revenue Outturn	Variation Better / (Worse) £000
	£000	£000	£000	£000
Direct Net Expenditure				
The Chamberlain	(23,786)	(23,961)	(21,980)	1,981
The Chief Operating Officer	(11,407)	(12,520)	(12,113)	407
The Town Clerk	(2,838)	(2,221)	(2,317)	(96)
The City Surveyor	(14,095)	(15,507)	(15,292)	215
The City Surveyor CWP	(3,413)	(3,987)	(2,634)	1,353
The Remembrancer	121	106	(350)	(456)
Director of Community and Children's Services	(59)	(59)	(60)	(1)
Total Direct Net Expenditure	(55,477)	(58,149)	(54,746)	3,403
Capital and Support Services	(8,811)	(8,103)	(8,655)	(552)
Total Net Expenditure	(64,288)	(66,252)	(63,401)	2,851

Expenditure and unfavourable variances are presented in brackets.

The 2021/22 final budget totals net expenditure of £66.3m, which is an increase of £2m (3.1%), compared with the original budget of £64.3m. The increase is analysed at Appendix 1, which shows the main variations relate to timing in Supplementary Revenue Projects £1.1m; £0.7m COVID-19 impacts in revised budgets and £0.6m for pension strain partly offset by fundamental review changes (pump priming) amounting to £0.5m.

The overall outturn underspend of £2.9m comprises variations across several services which are detailed in paragraphs 2 to 5 in this report. The main variations are:

- Chamberlain's decreased net expenditure of £1.981m – largely due to a net increase in insurance commissions, dividend, and additional grant income.
- Chief Operating Officer- decreased net expenditure of £0.407m – mainly due to slippage of IT projects into 22/23.
- Town Clerk – £0.096m increased net expenditure largely due to additional spend in security requirements and a shortfall in income due to part closure in the year.
- City Surveyor CWP & City Surveyor - decreased net expenditure of £1.568m – mainly due to slippage of cyclical works programmes and Covid-19 measures in place causing reduced expenditure in the Guildhall complex.
- Remembrancer- increased net expenditure of £0.456m due to fewer events generating less income as a result of Covid-19 restriction.

Agreed carry forward amount to £773k and are detailed at Appendix 2. Of these amounts, £272k are for the Chamberlain's department and £501k relates to Chief Operating officer.

Appendix 3 provides a detailed comparison of the local risk outturn against the final budget for each Chief Officer broken down by Division of Service and includes explanations of significant variations.

Recommendations

Members are asked to note the:

- revenue outturn for 2021/22 showing an overall favourable variance to final budget of £2.9m; and
- Agreed carry forward of local and central risk budget of £773k to 2022/23.

Main Report

Budget Position for 2021/22

1. The 2021/22 original budget for the services overseen by your Committee was £64.3m. This has subsequently been increased to a final budget of £66.3m. The increase of £2m is summarised below and by Chief Officer at Appendix 1.

Summary of Movements from 2021/22 Original Budget to 2021/22 Final Budget	Net £000
Original Budget 2021/22	(64,288)
Supplementary Revenue Projects, Transformation Fund budgets and budget adjustments	(1,134)
Realignment of budget to reflect impact of Covid on income generation	(687)
Changes in the timing of cyclical repairs and maintenance works programme	157
Net movement in pension strain budget	(646)
Fundamental review changes (pump priming)	500
Net movements including carry forward, contingency allocation, apprentice funding and other minor changes	(154)
Final Budget 2021/22	(66,252)

Expenditure and unfavourable variances are presented in brackets.

Revenue Outturn for 2021/22

2. Actual net expenditure for the operational services overseen by your Committee totalled £63.4m, a favourable variance of £2.9m compared to the final budget of £66.3m. A summary comparison with the final budget is shown below.

Summary comparison of 2021-22 Revenue Outturn with Final Budget				
	Final Budget	Revenue Outturn	Variation Better / (Worse)	Notes at para.
	£000	£000	£000	
Local Risk				
The Chamberlain	(9,360)	(9,264)	96	3i
The Chief Operating Officer	(11,490)	(11,679)	(189)	3ii
The Town Clerk	(1,555)	(1,739)	(184)	3iii
The City Surveyor	(9,356)	(9,310)	46	3iv
The City Surveyor CWP	(3,987)	(2,634)	1,353	3iv
The Remembrancer	292	(83)	(375)	3v
Total Local Risk	(35,456)	(34,709)	747	
Central Risk				
The Chamberlain	(14,601)	(12,716)	1,885	4i
The Chief Operating Officer	(1,030)	(434)	596	4ii
The Town Clerk	(666)	(578)	88	4iii
The City Surveyor	(6,151)	(5,982)	169	4iv
The Remembrancer	(186)	(267)	(81)	4v
Director of Community and Children's Services	(59)	(60)	(1)	
Total Central Risk	(22,693)	(20,037)	2,656	
Capital and Support Services	(8,103)	(8,655)	(552)	
Committee Total	(66,252)	(63,401)	2,851	

Expenditure and unfavourable variances are presented in brackets.

3. The main local risk variations comprise:

i. **Chamberlain £96,000 underspend**

The underspend is mainly due to additional grant income and savings from holding vacancies across several services partly offset by an overspend which relates to the 12% savings target not being fully achieved and a reduction in income as a result of fewer Freedom ceremonies taking place.

ii. **Chief Operating officer £189,000 overspend**

The overspend is mainly due to additional revenue pressures in IT costs partly offset by a reduction in internal legal fees and savings from vacancies.

iii. **Town Clerk £184,000 overspend**

Overspend is mainly due to additional security requirements which were over and above the corporate contract amount and only 9 months commission was received as Mansion House was not open for events in the first quarter of the year.

iv. **City Surveyor & City Surveyor CWP £1,399,000 underspend**

Underspend is mainly due to slippage of the cyclical works programmes and reduction in reactive and maintenance work at the Guildhall and Walbrook Wharf due to reduced occupancy during Covid. This was partly offset by

additional costs incurred to ensure the Central Criminal Court remained operating throughout the year.

v. Remembrancer £375,000 Overspend

This is mainly due to the pandemic restrictions in the first half of the year. Fewer events were able to take place than budgeted therefore the income target was not achieved. This was partly offset by the reduction in requirement for security, overtime and equipment hire.

4. The main central risk variations comprise:

i. Chamberlain £1,885,000 underspend

This comprises a net increase in insurance commissions and dividend, together with additional income received from the National non-domestic rates allowance to cover running costs of the department.

ii. Chief Operating officer £596,000 underspend

This is mainly due to several IT projects which were not completed in 2021/22 which will be rolled over to 2022/23.

iii. Town Clerk £88,000 underspend

This underspend relates to reduced catering cost at Guildhall club due to part closure for the year as a result of the pandemic.

iv. City Surveyor £169,000 underspend

This is mainly due to reduced employer pension contributions at the Central Criminal Court, due to fewer judges in the scheme plus an additional recovery of premises insurance, rates and other premises costs, partly offset by additional rates and energy costs at Guildhall complex.

v. Remembrancer £81,000 Overspend

This overspend is mainly due to a shortfall in income, as a result of fewer events taking place in the year.

Carry Forwards to 2022/23

5. Total agreed carry forward is £773,000, of which £58,000 relate to local risk for the Chamberlain and £715,000 relate to central risk which comprises £214,000 for the Chamberlain and £501,000 for the Chief Operating officer. Details of the carry forwards are set out in Appendix 2.

Year-end position and financial pressure in 2022/23

Looking forward to 2022/23 there are a number of identified financial risks

i. Whilst departments managed to find the 12 % savings targets with one off savings in 2021/22 a number still have to identify permanent savings to meet their 12% savings target in 2022/23 and future years. If they fail to do so, there is a risk that these savings will not be sustainable in the medium term.

ii. In 2020/21 the Remembrancer's shortfall was as a result of reduced events due to the pandemic. Going forward the Remembrancer needs to ensure the

number of fee paying events held recovers to pre pandemic levels to avoid further overspendings.

Appendices:

Appendix 1 – Analysis of Movements from 2021/22 Original Budget to 2021/22 Final Budget

Appendix 2 – Agreed Carry Forwards to 2022/23

Appendix 3 – Comparison of 2021-22 Revenue Outturn with the Final Budget for Local Risk

Appendix 4 – Commentaries on 2021-22 Revenue Outturn with the Final Budget for Local Risk & Central Risk

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**Finance Committee Operational Services
Analysis of Movements from 2021/22 Original Budget to 2021/22 Final Budget**

Local Risk Budget Movements by Chief Officer	£000
Original Local Risk Budget (Chamberlain)	(9,789)
Income from support service to use of Facilities/Outside organisation, central to local budget	247
Fundamental review changes	500
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(318)
Final Local Risk Budget (Chamberlain)	(9,360)
Original Local Risk Budget (COO)	(11,407)
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(83)
Final Local Risk Budget (COO)	(11,490)
Original Local Risk Budget (Town Clerk)	(2,285)
Decrease in Surveyor's Repairs & Maintenance budget	731
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(1)
Final Local Risk Budget (Town Clerk)	(1,555)
Original Local Risk Budget City Surveyor	(12,662)
Increase in Surveyor's Repairs & Maintenance budget	(574)
Realignment of budget to reflect impact of Covid on income generation	(115)
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	8
Final Local Risk Budget City Surveyor	(13,343)
Original Local Risk Budget (Remembrancer)	307
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(13)
Contribution Pay	(2)
Final Local Risk Budget (Remembrancer)	292
Total Local Risk Final Budget	(35,456)

Analysis of Movements from 2021/22 Original Budget to 2021/22 Final Budget (continued)

Central Risk Budget Movements by Chief Officer	£000
Original Central Risk Budget (Chamberlain)	(13,997)
Pension Strain Budget	(269)
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(270)
Change in insurance premium and software licence costs	178
Estimate provided by the Mercers company for expected rental income	4
Income from support service to use of Facilities/Outside organisation, central to local budget	(247)
Final Central Risk Budget (Chamberlain)	(14,601)
Original Central Risk Budget (COO)	0
Pension Strain Budget	(58)
Increase in Supplementary Revenue Projects	(366)
Increase Communications and Computing budget	(498)
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(108)
Original Central Risk Budget (COO)	(1,030)
Original Central Risk Budget (Town Clerk)	(553)
Pension Strain Budget	(38)
Net movements including pay award, carry forward, contingency allocation, apprentice funding and other minor changes	(75)
Final Central Risk Budget (Town Clerk)	(666)
Original Central Risk Budget (City Surveyor)	(4,846)
Pension Strain Budget	(281)
Increase in Supplementary Revenue Projects	(279)
Budget from transformation fund for offsite delivery hub	(173)
Budget for COVID project	(572)
Final Central Risk Budget (City Surveyor)	(6,151)
Original Central Risk Budget (Remembrancer)	(186)
Final Central Risk Budget (Remembrancer)	(186)
Original Central Risk Budget (Director of Community and Children's Services)	(59)
Final Central Risk Budget (Director of Community and Children's Services)	(59)
Total Central Risk Final Budget	(22,693)
Original Capital and Support Services Budget	(8,811)
Net movement in central recharges	708
Final Capital and Support Services Budget	(8,103)
TOTAL 2021/22 ORIGINAL BUDGET	(60,875)
MOVEMENT	(1,390)
TOTAL 2021/22 FINAL BUDGET	(62,265)

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

**Finance Committee Operational Services
Agreed Carry Forwards to 2022/23**

Local Risk Carry Forwards by Chief Officer	£000
<u>The Chamberlain (City Fund)</u> Fundamental Review Projects 2021/22 Delays due to COVID presenting other priorities for the IT team. The delayed projects include: New Burden Fund to provide support to Revenues Teams in delivering Covid 19 Business Support Grants.	58
Total Chamberlain (Local Risk)	58
Total Local Risk Carry Forwards	58
Central Risk Carry Forwards The delayed projects include: <u>The Chamberlain (Guildhall Admin)</u> Funding to improve the functionality on the payroll Midland IT system. (GA) Implementation of a replacement income management system	£000 70 144
Total Chamberlain (Central Risk)	214
<u>The Chief Operation Officer IT (Guildhall Admin)</u> Microsoft E5 Telephony, Security & Power BI Implementation	501
Total Chief Operating Officer (Central Risk)	501
Total Central Risk Carry Forwards	715
Total Central Risk Carry Forwards	715
TOTAL APPROVED CARRY FORWARDS	773

**Finance Committee Operational Services
Comparison of 2021/22 Revenue Outturn with Final Budget for Local Risk**

Comparison of 2021-22 Revenue Outturn with Final Budget				
	Final Budget	Revenue Outturn	Variation Better / (Worse)	Notes
	£000	£000	£000	
By Chief Officer				
Local Risk				
The Chamberlain	(9,360)	(9,264)	96	i-v
The Chief Operating Officer	(11,490)	(11,679)	(189)	vi-vii
The Town Clerk	(1,555)	(1,739)	(184)	viii
The City Surveyor	(9,356)	(9,310)	46	x-xii
The City Surveyor CWP	(3,987)	(2,634)	1,353	ix
The Remembrancer	292	(83)	(375)	xiii
Total Local Risk	(35,456)	(34,709)	747	
Central Risk				
The Chamberlain	(14,601)	(12,716)	1,885	xiv
The Chief Operating Officer	(1,030)	(434)	596	xv
The Town Clerk	(666)	(578)	88	xvi
The City Surveyor	(6,151)	(5,982)	169	xvii
The Remembrancer	(186)	(267)	(81)	xviii
Director of Community and Children's Services	(59)	(60)	(1)	
Total Central Risk	(22,693)	(20,037)	2,656	
Capital and Support Services	(8,103)	(8,655)	(552)	
Committee Total	(66,252)	(63,401)	2,851	
By Division of Service				
Chamberlain's - General	(22,262)	(21,197)	1,065	
Chamberlain's - Internal Audit	(812)	(702)	110	
Chamberlain's - Business Support	(1,433)	(1,635)	(202)	
Chamberlain's Court	(174)	(232)	(58)	
Cost of Collection	(610)	355	965	
Chief Operating Officer- City Procurement	(2,235)	(2,093)	142	
Chief Operating Officer- IT	(10,907)	(10,701)	206	
Chief Operating Officer	(221)	(197)	24	
Corporate Services - Town Clerk	(455)	(409)	46	
Central Criminal Court	(6,367)	(6,107)	260	
Shrieval Support	(327)	(313)	14	
Mansion House Premises	(1,712)	(1,869)	(157)	
Mayor's Court	(129)	(81)	48	
Walbrook Wharf	(928)	(854)	74	
Guildhall Complex - City Surveyor	(17,251)	(16,505)	746	
Guildhall Complex - Remembrancer	389	(190)	(579)	
Corporate Services - Remembrancer	(327)	(213)	114	
Gresham	(491)	(458)	33	
Division of Service Totals	(66,252)	(63,401)	2,851	

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

The local risk favourable variance of £747,000 against the final budget comprises of:

- i. **Chamberlain's General £497,000 overspend** – largely relates to the vacancy factor and the 12% savings target not being fully achieved.
- ii. **Chamberlain's Internal Audit £112,000 underspend** – largely relates to savings from holding vacant posts and a reduction spend for fees and services provided by a third-party partner provider.
- iii. **Chamberlain's Business Support £14,000 overspend** – largely relates to shortfall in the 12% savings required, offset by underspends across several supplies and services headings including equipment, stationery and printing as a result of the office being closed during the pandemic.
- iv. **Chamberlain's Court £53,000 overspend** - Overspend relates to shortfall in income due to the pandemic. The court performs 'in person' ceremonies and with the restrictions to ensure safety of officers and visitors reduced number of ceremonies were performed compared to budget.
- v. **Cost of Collection £548,000 underspend** – additional income of £511,000 in New Burdens Grant Funding for administering the Covid Business Support Grants plus £102,000 from the Greater London Authority which supports a Business Rates maximisation project offset by extra running costs.
- vi. **Chief Operating officer City Procurement £87,000 underspend** – relates to a reduction in internal legal fees of £98,000 offset by lower income of £11,000 from payment scheme relating to a corporate supplier.
- vii. **Chief Operating officer IT £276,000 overspend** – is largely due to additional revenue pressures in areas such as Telephony, Virtual Private Network, and the migration to Microsoft Azure Cloud.
- viii. **Mansion House Premises £191,000 overspend** – is largely due to additional security requirements which were over and above the corporate contract amount. Also only 9 months commission was received as Mansion House was not open for events in the first quarter of the year.
- ix. **City Surveyor CWP £1,353,000 underspend** – is mainly due to slippage of cyclical works programmes expected to be completed in 2021/22 will now roll over into 2022/23 as reported to Operational Property and Project Sub Committee May 2022
- x. **City Surveyor £274,000 underspend** is mainly due to reduction in reactive and maintenance work due to the reduced occupancy and no requirement for any overtime in 2021/22 at the Guildhall Complex.
- xi. **Walbrook Wharf £53,000 underspend** - Works planned for 2021/22 were deferred until 2022/23 so that they could align with other projects commencing in that year

- xii. **Central Criminal Court £280,000 overspend** – largely due to additional costs of £213,000 incurred on temporary cleaning staff, overtime, and equipment to ensure the Court remained Covid safe and operational throughout the year and £75,000 overspend on energy due to the increased prices in the latter part of the year.
- xiii. **Remembrancer £375,000 overspend** - This is mainly due to the pandemic restrictions in the first half of the year, fewer events were able to take place than budgeted therefore the income target was not achieved which was offset by the reduction in requirement for security, overtime and equipment hire.

The Central risk favourable variance of £3,150,000 against the final budget comprises of:

- xiv. **Chamberlain £1,885,000 underspend** – This is mainly due to a net increase in insurance commissions and dividend from City RE the City's wholly owned insurance subsidiary company totalling £1,400,000 plus additional income received from National non-domestic rates allowance £423,000 for running cost of the department.
- xv. **Chief Operating officer £596,000 underspend** – This is due to slippage of IT projects such as the IT Transformation project, Microsoft E5 and Security & power BI implementation which was not completed in 2021/22 to be rolled over to 22/23.
- xvi. **Town Clerk £88,000 underspend** - This underspend relates to reduced catering cost at Guildhall club due to part closure for the year as a result of the pandemic.
- xvii. **City Surveyor £169,000 underspend** – Underspend comprises of a reduction in judges pension requirements, increased recharges of previous costs to courts services plus a further reimbursement of judges pension contribution from the court service (including for 2020/21). This was offset by an overspending on the Guildhall complex due to business rates and some historic energy costs.
- xviii. **Remembrancer £81,000 Overspend** - This overspend is mainly due to a shortfall in income, as a result of fewer events taking place in the year income target was not achieved Fewer committee dinners took place. Some salary costs were also recovered from the Market Relocation Project in respect of work on the Markets bill.