

Addendum to Item 8b City Fund Budget

Museum of London grant, uplift request

The Museum of London have requested a 3% uplift to their grant from both the City Corporation and the Greater London Authority in 2023/24 and each year until 2026.

The grant from the City Corporation has been frozen at £5,292k since 2012/13. With inflation now at 10.5%, pressures on staff pay (including the increase in employer's National Insurance Contributions this year) and forecast energy price increases over the next 2-3 years, the Museum have highlighted that without an increase in grant it will be very difficult to maintain general reserves at suitable operating levels.

The 3% request equates to £159k.

The Museum is mitigating cost pressures by maximising savings following the closure of the London Wall site to the public in December 2022. During the pandemic years of 2020/21 and 2021/22, the Museum carried out wide-scale restructuring and significantly reduced costs to remain solvent. This Committee considers any pay award requests.

As members will see from the City Fund 2023/24 Budget report, the starting point for net budget items is a 4% inflationary uplift, with a 2% efficiency saving. The 2% efficiency saving is then held centrally to bolster the inflation contingency should it be needed in year. Consequently, a 3% request is within the City Fund financing assumptions.

In light of inflationary pressures and the Museum's cost saving plans, it is recommended that Finance Committee uplifts the grant to the Museum of London by £159k in 2023/24, but that no commitment is made for subsequent years.

The request for further 3% uplifts in both 2024/25 and 2025/26 is problematic, for the following reasons:

- The local government settlement is agreed annually, so the Corporation is unable to make the commitment across the 3 years; and
- The Office for Budget Responsibility forecast a return to c 2% inflation in 2024/25; so an uplift in excess of this is not advised.

The GLA has acknowledged the Museum's request, which it is considering as part of finalising its budget for 2023-24.

Recommendation 1.1.6 (page 65)

That members approve an uplift in the grant to the Museum of London by £159k in 2023/24.