

<b>Committee</b>	<b>Dated:</b> 18th July 2023
Finance Committee	
<b>Subject:</b> Revenue Outturn 2022/23 – Finance Committee Operational Services	<b>Public</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N/A</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of:</b> The Chamberlain The Chief Operating Officer The Town Clerk The City Surveyor The Remembrancer Director of Community and Children’s Services	<b>For Information</b>
<b>Report author:</b> John James, Head of Finance, Chamberlain’s Department Dawit Araya, Finance Business Partner, Chamberlain’s Department	

### Summary

This report compares the revenue outturn for the services overseen by your Committee in 2022/23 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 £54.5m, representing an underspend of £1.3m compared to the final budget of £55.8m as set out in the table below.

<b>Summary comparison of 2022-23 Revenue Outturn with Final Budget</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Revenue Outturn</b>	<b>Variation Better / (Worse) £000</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Direct Net Expenditure</b>				
The Chamberlain	(23,136)	(25,033)	(25,714)	(681)
The Chief Operating Officer	(1,694)	(1,869)	(1,897)	(28)
The Town Clerk	(2,572)	(2,663)	(2,469)	194
The City Surveyor	(14,337)	(16,459)	(14,355)	2,104
The City Surveyor CWP	(2,250)	(2,421)	(2,414)	7
The Remembrancer	247	199	59	(140)
Director of Community and Children's Services	(59)	(59)	(80)	(21)
<b>Total Direct Net Expenditure</b>	<b>(43,801)</b>	<b>(48,305)</b>	<b>(46,870)</b>	<b>1,435</b>
<b>Capital and Support Services</b>	<b>(7,367)</b>	<b>(7,459)</b>	<b>(7,600)</b>	<b>(141)</b>
<b>Total Net Expenditure</b>	<b>(51,168)</b>	<b>(55,764)</b>	<b>(54,470)</b>	<b>1,294</b>

Expenditure and unfavourable variances are presented in brackets.

The 2022/23 final budget totals net expenditure of £55.8m, which is an increase of £4.6m (9%), compared with the original budget of £51.2m. The increase is analysed at Appendix 1, which shows the main variations relate to £2.439m for pay award, energy and contract inflation and other minor adjustments, £1.141m for carry-forwards from 2021/22 and drawdowns in year from contingency, £290,000 for pension strain funding and £726,000 due to inclusion of Supplementary Revenue Projects and changes in timing of the cyclical works programme.

The overall outturn underspend of £1.3m comprises variations across several services which are detailed in paragraphs 2 to 5 in this report. The main variations are:

- Chamberlain's increased net expenditure of £681,000– Although underspent on local risk an increase in insurance costs operational and other properties that are not recoverable from tenants, mainly due to inflation, held under central risk has meant the Chamberlain is overspent overall.
- Town Clerk – £194,000 reduced net expenditure due to slippage of cyclical repairs and maintenance works schemes at Mansion House.
- City Surveyor - decreased net expenditure of £2.104m – mainly due to a significant one -off business rate refund at the Central Criminal Court.
- Remembrancer- increased net expenditure of £140,000 due to fewer events than anticipated generating less income.

Carry forward amounting to £152,000 on local risk and £411,000 on central risk have been requested, and was agreed on 30 June. These are detailed at Appendix 2. Both of these relate to the Chamberlain's department. It should be noted that the central risk carry-forwards are being funded from underspending not covered by this report.

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 as does Appendix 4 for central risk outturn.

### Recommendations

Members are asked to note the:

- revenue outturn for 2022/23 showing an overall favourable variance to final budget of £1.3m; and
- carry forwards proposed of £152,000 on local risk budgets and £411,000 on central risk budgets to 2023/24.

## Main Report

### Budget Position for 2022/23

1. The 2022/23 original budget for the services overseen by your committee was £51.2m. This has subsequently been increased to a final budget of £55.8m. The increase of £4.6m is summarised below and by Chief Officer at Appendix 1.

Summary of Movements from 2022/23 Original Budget to 2022/23 Final Budget	Net £000
<b>Original Budget 2022/23</b>	<b>(51,168)</b>
Net movements including pay award, energy & contract inflation, apprentice funding and other minor changes	(2,439)
Carry Forwards 2021-22 to 2022-23	(843)
Supplementary Revenue Projects and budget adjustments following TOM restructure	(514)
Contingency Allocations	(298)
Net movement in pension strain budget	(290)
Changes in the timing of cyclical repairs and maintenance works programme	(212)
<b>Final Budget 2022/23</b>	<b>(55,764)</b>

Expenditure and unfavourable variances are presented in brackets.

### Revenue Outturn for 2022/23

2. Actual net expenditure for the operational services overseen by your Committee totalled £54.5m, a favourable variance of £1.3m compared to the final budget of £55.8m. A summary comparison with the final budget is shown below.

Summary comparison of 2022-23 Revenue Outturn with Final Budget				Notes at para
	Final Budget £000	Revenue Outturn £000	Variation Better / (Worse) £000	
<b>Local Risk</b>				
The Chamberlain	(10,292)	(10,121)	171	3 i
The Chief Operating Officer	(1,770)	(1,952)	(182)	3 ii
The Town Clerk	(2,083)	(1,691)	392	3 iii
The City Surveyor	(10,803)	(10,608)	195	3 iv
The City Surveyor CWP	(2,421)	(2,414)	7	
The Remembrancer	392	412	20	
<b>Total Local Risk</b>	<b>(26,977)</b>	<b>(26,374)</b>	<b>603</b>	
<b>Central Risk</b>				
The Chamberlain	(14,741)	(15,593)	(852)	4 i
The Chief Operating Officer	(99)	55	154	4 ii
The Town Clerk	(580)	(778)	(198)	4 iii
The City Surveyor	(5,656)	(3,747)	1,909	4 iv
The Remembrancer	(193)	(353)	(160)	4 v
Director of Community and Children's Services	(59)	(80)	(21)	
<b>Total Central Risk</b>	<b>(21,328)</b>	<b>(20,496)</b>	<b>832</b>	
<b>Capital and Support Services</b>	<b>(7,459)</b>	<b>(7,600)</b>	<b>(141)</b>	
<b>Committee Total</b>	<b>(55,764)</b>	<b>(54,470)</b>	<b>1,294</b>	

Expenditure and unfavourable variances are presented in brackets.

3. The main local risk variations by chief officer comprise:

- i. **Chamberlain's General £171,000 underspend** - comprises an underspending on Cost of Collection of £514,000 due to additional grant income, savings of £99,000 on internal audit due to staff turnover and reduced professional fees requirement and additional income of £48,000 on Chamberlain's Court from additional Freedom fees. This was offset in part by additional staff costs of £452,000 to support corporate initiatives and data cleansing in anticipation of the new ERP project and £38,000 for legal advice.
- ii. **Chief Operating Officer £182,000 overspend** – principally due to £114,000 overspending on Commercial team mainly due to an income shortfall arising from too ambitious Fundamental Review income targets not being achievable. There was also a £68,000 overspend on the COO office due to a planned additional post. Both overspendings were funded by savings on COO budgets held under other committees.

- iii. **Town Clerk £392,000 underspend** - is largely due to savings of £532,000 at Mansion House mainly due to cyclical works which have been slipped to 2023/24. This has in part been offset by an overspending on Shrieval of £61,000 due to an additional post added to support Sheriff's activities and an overspending on Corporate Services of £79,000 due to additional, print, fees furniture and equipment.
- iv. **City Surveyor £195,000 underspend** – Mainly due to reduced repairs and maintenance spend at the Central Criminal Court of £427,000 due to slippage which more than offset the operational deficit of £117,000. This saving was offset in part by minor overspendings at Guildhall, Walbrook Wharf and Mayor's Court.

An analysis of local risk variances by division of service is shown at Appendix 3

4. The main central risk variations by chief officer comprise:

- i. **Chamberlain £852,000 overspend** – Principally due to an overspending on insurance premiums not recoverable from tenants of £1.158m due to changes in declared values as a result construction inflation and changes in the property portfolio and to net additional bank charges of £111,000 arising from the volume of Worldpay transactions. This has been offset in part by £382,000 underspending on Cost of Collection mainly due to additional income principally for the 2022/23 national non-domestic rates cost of collection allowance.
- ii. **Chief Operating Officer £154,000 underspend** – Underspending principally due to reduced professional fees spend due to slippage of review of procurement procedures which is now taking place in 2023/24
- iii. **Town Clerk £198,000 overspend** - This overspend relates to additional spend on transport, equipment, expenses and catering as the volume of meetings returns to pre-pandemic levels.
- iv. **City Surveyor Central Criminal Court £1,909,000 underspend** – largely due to a significant business rate rebate as a result of a successful appeal.
- v. **Remembrancer £160,000 overspend** - This overspend is mainly due to a shortfall in event income. As a result of fewer commercial events taking place in the year the income target was not achieved. Going forward it is hoped to return to pre-pandemic levels.

An analysis of central risk variances by division of service is shown at Appendix 4

#### **Carry Forwards to 2023/24**

- 5. Total agreed carry forward is £563,000, of which £152,000 relate to local risk for the Chamberlain and £411,000 relate to central risk. Details of the carry forwards are set out in Appendix 2. The carry-forward for £411,000 is being met from savings not covered by this report.

## **Year-end position and financial pressure in 2023/24**

6. Looking forward to 2023/24 departments need to ensure that permanent savings are identified for any remaining unidentified savings arising from savings exercise to ensure these savings are embedded. As we have now moved back to a level of pre-pandemic activity, focus should be to ensure that expenditure budgets reflect this higher level of activity and that corresponding income is being maximised to fund this higher level of spend.

### **Appendices:**

Appendix 1 – Analysis of Movements from 2022/23 Original Budget to 2022/23 Final Budget

Appendix 2 – Agreed Carry Forwards to 2023/24

Appendix 3 – Comparison of 2022/23 Revenue Outturn with the Final Budget and commentaries for Local Risk

Appendix 4 – Comparison on 2022/23 Revenue Outturn with the Final Budget and commentaries for Central Risk

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**Finance Committee Operational Services**  
**Analysis of Movements from 2022/23 Original Budget to 2022/23 Final Budget**

Analysis of Movements from 2022/23 Original Budget to 2022/23 Final Budget	
<b>Local Risk Budget Movements by Chief Officer</b>	<b>£000</b>
<b>Original Local Risk Budget (Chamberlain)</b>	<b>(9,051)</b>
July 22 Pay Award, apprentice funding and salary budget to City Surveyor for Horizon property management system	(539)
Carry Forwards 2021-22 to 2022-23 - Transformation Fund & Cost of Collection Transformation	(513)
Director of Community and Children's Services Housing benefit budget transfer to Cost of Collection	(170)
Contingency Allocation for Chamberlains Bid for supporting Finance resource	(110)
Internal Audit budget adjustment following TOM restructure	91
<b>Final Local Risk Budget (Chamberlain)</b>	<b>(10,292)</b>
<b>Original Local Risk Budget (COO)</b>	<b>(1,694)</b>
July 22 Pay Award	(76)
<b>Final Local Risk Budget (COO)</b>	<b>(1,770)</b>
<b>Original Local Risk Budget (Town Clerk)</b>	<b>(2,002)</b>
Increase in Surveyor's Repairs & Maintenance, Cleaning & Security budget	(41)
Mansion House Cleaning Contribution Jan-Mar 2023	4
July 22 Pay Award	(14)
Security Upgrades to Mansion House	(30)
<b>Final Local Risk Budget (Town Clerk)</b>	<b>(2,083)</b>
<b>Original Local Risk Budget City Surveyor</b>	<b>(11,302)</b>
July 22 Pay Award, Energy & Contract inflation budget uplift	(1,645)
Increase in Surveyor's Repairs & Maintenance budget	(171)
COVID fund contingency allocation for 65a Basinghall Street	(90)
Budget transfer from Mansion House to Central Criminal Court following TOM restructure	(16)
<b>Final Local Risk Budget City Surveyor</b>	<b>(13,224)</b>
<b>Original Local Risk Budget (Remembrancer)</b>	<b>433</b>
July 22 Pay Award	(41)
<b>Final Local Risk Budget (Remembrancer)</b>	<b>392</b>
<b>Total Local Risk Final Budget</b>	<b>(26,977)</b>

Analysis of Movements from 2022/23 Original Budget to 2022/23 Final Budget (continued overleaf)

<b>Central Risk Budget Movements by Chief Officer</b>	<b>£000</b>
<b>Original Central Risk Budget (Chamberlain)</b>	<b>(14,085)</b>
Pension Strain Budget	(246)
Carry Forwards 2021-22 to 2022-23 - Income Management system & Midland Payroll system	(214)
Redundancy costs	(98)
Contingency allocation to fund the Charities Review for Open Spaces	(98)
<b>Final Central Risk Budget (Chamberlain)</b>	<b>(14,741)</b>
<b>Original Central Risk Budget (COO)</b>	<b>0</b>
Carry Forwards 2021-22 to 2022-23 - Transformation Fund	(99)
<b>Original Central Risk Budget (COO)</b>	<b>(99)</b>
<b>Original Central Risk Budget (Town Clerk)</b>	<b>(570)</b>
Carry Forwards 2021-22 to 2022-23 - RASC Away Day	(10)
<b>Final Central Risk Budget (Town Clerk)</b>	<b>(580)</b>
<b>Original Central Risk Budget (City Surveyor)</b>	<b>(5,285)</b>
Increase in Supplementary Revenue Projects	(327)
Pension Strain Budget	(44)
<b>Final Central Risk Budget (City Surveyor)</b>	<b>(5,656)</b>
<b>Original Central Risk Budget (Remembrancer)</b>	<b>(186)</b>
Carry Forwards 2021-22 to 2022-23 - Barbican Residential Committee Dinner	(7)
<b>Final Central Risk Budget (Remembrancer)</b>	<b>(193)</b>
<b>Original Central Risk Budget (Director of Community and Children's Services)</b>	<b>(59)</b>
<b>Final Central Risk Budget (Director of Community and Children's Services)</b>	<b>(59)</b>
<b>Total Central Risk Final Budget</b>	<b>(21,328)</b>
<b>Original Capital and Support Services Budget</b>	<b>(7,367)</b>
Net movement in central recharges	(92)
<b>Final Capital and Support Services Budget</b>	<b>(7,459)</b>
<b>TOTAL 2022/23 ORIGINAL BUDGET</b>	<b>(51,168)</b>
<b>MOVEMENT</b>	<b>(4,596)</b>
<b>TOTAL 2022/23 FINAL BUDGET</b>	<b>(55,764)</b>

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

## Finance Committee Operational Services Agreed Carry Forwards to 2023/24

Local Risk Carry Forwards by Chief Officer	£000
<p><u>The Chamberlain</u></p> <p>Delays in implementing Horizon and Income Manager systems has pushed out the testing of systems into 2023/24, these works were scheduled to be carried out during 2022/23 by the transactional and oracle teams - now pushed out to July 2023 and September 2023 respectively. Underspend requested to support this work as the department cannot continue to cover additional pressures over and above BAU - highlighted under Chamberlain's department risk register - red rating. Chamberlain's department is going through significant changes with systems (income generation, horizon and ERP), this requires a huge amount of work over and above BAU - data cleansing, embedding new ways of working, procedure notes, and significant testing.</p>	152
<b>Total Chamberlain (Local Risk)</b>	<b>152</b>
<b>Total Local Risk Carry Forwards</b>	<b>152</b>
<p><b>Central Risk Carry Forwards</b></p> <p><u>The Chamberlain</u></p> <p>Financial Services Division business case (presented to Finance Committee in April 2023) – Town Clerk and Chief Operating Officer supported the approval of temporary funding (from 2022/23 central contingency underspend to be carried forward) to support additional costs incurred from employing interim appointments into key positions, until vacant positions are permanently filled £0.411m (net funding required). Approved under the carry forward process in consultation with the Chairman and Deputy Chairman of Resource Allocation Sub Committee.</p> <p>Note this is to be met from the 2022/23 central contingency underspend, not the operational budgets covered by this report</p>	£000 411
<b>Total Chamberlain (Central Risk)</b>	<b>411</b>
<b>Total Central Risk Carry Forwards</b>	<b>411</b>
<b>TOTAL APPROVED CARRY FORWARDS</b>	<b>563</b>

**Finance Committee Operational Services Comparison of 2022/23 Revenue  
Outturn with Final Budget for Local Risk**

<b>Comparison of 2022-23 Revenue Outturn with Final Budget - Local Risk</b>				
<b>Local Risk</b>	<b>Final Budget £000</b>	<b>Revenue Outturn £000</b>	<b>Variation Better / (Worse) £000</b>	<b>Notes</b>
<b>By Chief Officer</b>				
<b>Local Risk</b>				
The Chamberlain	(10,292)	(10,121)	171	
The Chief Operating Officer	(1,770)	(1,952)	(182)	
The Town Clerk	(2,083)	(1,691)	392	
The City Surveyor	(10,803)	(10,608)	195	
The City Surveyor CWP	(2,421)	(2,414)	7	
The Remembrancer	392	412	20	
Director of Community and Children's Services	0	0	0	
<b>Total Local Risk</b>	<b>(26,977)</b>	<b>(26,374)</b>	<b>603</b>	
<b>By Division of Service</b>				
Chamberlain's - General	(7,241)	(7,693)	(452)	i
Chamberlain's - Internal Audit	(577)	(478)	99	ii
Chamberlain's - Business Support	(681)	(719)	(38)	iii
Chief Operating Officer- City Procurement	(1,479)	(1,593)	(114)	iv
Chief Operating Officer	(291)	(359)	(68)	v
Chamberlain's Court	(108)	(60)	48	vi
Cost of Collection	(1,685)	(1,171)	514	vii
Corporate Services - Town Clerk	(33)	(112)	(79)	viii
Central Criminal Court	(1,495)	(1,185)	310	ix
Shrieval Support	(282)	(343)	(61)	x
Mansion House Premises	(1,768)	(1,236)	532	xi
Mayor's Court	(40)	(76)	(36)	
Walbrook Wharf	(1,117)	(1,147)	(30)	
Guildhall Complex - City Surveyor	(10,572)	(10,614)	(42)	
Guildhall Complex - Remembrancer	392	412	20	
<b>Division of Service Totals</b>	<b>(26,977)</b>	<b>(26,374)</b>	<b>603</b>	

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

The local risk favourable variance of £603,000 against the final budget principally comprises of:

- i. **Chamberlain's General £452,000 overspend** – largely relates to additional staff costs to support corporate initiatives and data cleansing in anticipation of the new ERP project.
- ii. **Chamberlain's Internal Audit £99,000 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 £38,000 overspend** – largely relates to the increase in legal costs recharges.
- iv. **Chamberlain's Court £48,000 underspend** - Underspend relates to increased income from Freedom ceremonies as the level of activity returns to pre pandemic levels.
- v. **Cost of Collection £514,000 underspend** – principally due to additional income of £299,000 in New Burdens Grant Funding for administering the Covid Business Support Grants plus £129,000 from NNDR and Council Tax legal costs being recovered. Further savings on salaries, due to staff vacancies and additional recovery of costs from third parties largely offset by additional costs for offsite processing of NNDR and residual unidentified savings relating to the implementation of the ERP.
- vi. **Chief Operating Officer £68,000 overspend** – principally due to additional unbudgeted post funded from savings on other committees.
- vii. **Chief Operating Officer City Procurement £114,000 overspend** – Reduced income due to Fundamental Review targets not being met in part offset by savings on staff salaries due to turnover – to be addressed under Income Generation targets.
- viii. **Town Clerk Corporate Services £79,000 overspend** – principally due to expenditure on furniture on equipment higher than anticipated.
- ix. **City Surveyor Central Criminal Court £310,000 underspend** – Mainly due to reduced repairs and maintenance spend of £427,000 due to slippage which more than offset the net overspending of £117,000 on salary, energy and other costs.
- x. **Town Clerk Shrieval Support £61,000 overspending** – Largely due to an additional post added under the ToM to support sheriffs' activities.
- xi. **Town Clerk Mansion House Premises £532,000 underspend** – is largely due to savings on cyclical works much of which have been slipped to 2023/24 so can be delivered with other projects to minimise disruption in part offset by increased security costs.

**Finance Committee Operational Services Comparison of 2022/23 Revenue  
Outturn with Final Budget for Central Risk**

<b>Comparison of 2022-23 Revenue Outturn with Final Budget - Central Risk</b>				
<b>Central Risk</b>	<b>Final Budget</b>	<b>Revenue Outturn</b>	<b>Variation Better / (Worse)</b>	<b>Notes</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>By Chief Officer</b>				
<b>Central Risk</b>				
The Chamberlain	(14,741)	(15,593)	(852)	
The Chief Operating Officer	(99)	55	154	
The Town Clerk	(580)	(778)	(198)	
The City Surveyor	(5,656)	(3,747)	1,909	
The Remembrancer	(193)	(353)	(160)	
Director of Community and Children's Services	(59)	(80)	(21)	
<b>Total Central Risk</b>	<b>(21,328)</b>	<b>(20,496)</b>	<b>832</b>	
<b>By Division of Service</b>				
Chamberlain's - General	(15,749)	(16,907)	(1,158)	i
Chamberlain's - Business Support	0	(111)	(111)	ii
Chief Operating Officer- City Procurement	(99)	55	154	iii
Cost of Collection	1,482	1,864	382	iv
Corporate Services - Town Clerk	(432)	(627)	(195)	v
Central Criminal Court	(588)	1,399	1,987	vi
Mansion House Premises- Town Clerk	(148)	(151)	(3)	
Walbrook Wharf	(535)	(548)	(13)	
Guildhall Complex - City Surveyor	(4,533)	(4,598)	(65)	
Guildhall Complex - Remembrancer	204	0	(204)	vi
Corporate Services - Remembrancer	(397)	(353)	44	
Gresham	(533)	(519)	14	
<b>Division of Service Totals</b>	<b>(21,328)</b>	<b>(20,496)</b>	<b>832</b>	

The Central risk favourable variance of £832,000 against the final budget principally comprises of:

- i. **Chamberlain General £1,158,000 overspend** – Principally due to insurance cost, not recoverable from tenants, being higher than budgeted. This is a result of changes in declared values due to construction cost inflation and other changes in the property portfolio.

- ii. **Chamberlain Business Support £111,000 overspend** – Principally due to an increase in WorldPay charges as a result of more transactions going through this means of payment offset in part by higher interest receipts on cash balances as a result of higher interest rates.
- iii. **Chamberlain Cost of Collection £382,000 underspend** - mainly due to additional income principally for the 2022/23 national non-domestic rates cost of collection allowance.
- iv. **Chief Operating Officer City Procurement £154,000 underspend** – underspending principally due to reduced professional fees spend due to slippage of review of procurement procedures which is now taking place in 2023/24
- v. **Town Clerk Corporate Services £195,000 overspend** - This overspend relates to additional spend on transport, equipment, expenses and catering as the volume of meetings returns to pre-pandemic levels.
- vi. **City Surveyor Central Criminal Court £1,987,000 underspend** – principally due to a significant one-off business rate rebate as a result of a successful appeal.
- vii. **Remembrancer £204,000 Overspend** - This overspend is mainly due to a shortfall in event income, as a result of fewer commercial events taking place in the year than anticipated in the budget. Going forward it is hoped to return to pre-pandemic levels will resolve this income shortfall.