

<b>Committee</b>	<b>Dated:</b>
Finance Committee	12 December 2023
<b>Subject:</b> Finance Committee Operational Budget Estimate 2024/25	<b>Public</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	N/A
<b>If so, how much?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b> The Chamberlain, The Deputy Town Clerk, The Chief Operating Officer, The City Surveyor, The Remembrancer, The Director of Community & Children's Services	<b>For Decision</b>
<b>Report author:</b> Dawit Araya, Chamberlain's Department	<b>For Decision</b>

### Summary

This report is the annual submission of the revenue budgets in relation to the operational services directly overseen by your committee. It is asking Members to note the latest revenue budget for 2023/24 and approve the proposed revenue budget for 2024/25.

The proposed budget for 2024/25 totals net expenditure of £55.891m, which is an increase of £3.627m (7%) compared with the 2023/24 original budget of £52.264m.

The main variations relate to:

- An increase in insurance premiums by (£1.943m)
- The full year effect of the July 2023 pay award and Market Forces Supplement (£1.295m)
- Carry forwards from 2022/23 of (£1.179m) to cover additional staff costing pressure.
- Net 3% inflation (£0.453m); and
- Partly offset by the net decrease of capital charges by £1.331m

The overall budget is summarised by Chief Officer in the following table.

	<b>Original Budget 2023/24</b>	<b>Latest Budget 2023/24</b>	<b>Movement 2023/24</b>	<b>Estimate 2024/25</b>	<b>Movement 2023/24</b>
	<b>£m</b>	<b>£m</b>	<b>Original to 2023/24 Latest</b>	<b>£m</b>	<b>Original to 2024/25 Original</b>
			<b>£'m</b>		<b>£'m</b>
<b>Summary Revenue Budgets 2023/24 and 2024/25 - by Chief Officer</b>					
<b>Local Risk</b>					
The Chamberlain	(11.257)	(13.895)	(2.638)	(14.511)	(3.254)
The Deputy Town Clerk	(1.235)	(1.235)	0.000	(1.273)	(0.038)
The City Surveyor	(10.693)	(11.055)	(0.362)	(10.250)	0.443

The Remembrancer	0.414	0.414	0.000	0.325	(0.089)
<b>Total Local Risk</b>	<b>(22.771)</b>	<b>(25.771)</b>	<b>(3.000)</b>	<b>(25.709)</b>	<b>(2.938)</b>
<b>Central Risk</b>					
The Chamberlain	(16.069)	(16.105)	(0.036)	(17.983)	(1.914)
The Deputy Town Clerk	(0.570)	(1.135)	(0.565)	(1.125)	(0.555)
The City Surveyor	(5.152)	(4.667)	0.485	(4.667)	0.485
The Remembrancer	(0.188)	(0.188)	0.000	(0.188)	0.000
Director of Community & Children's Services	(0.065)	(0.065)	0.000	(0.067)	(0.002)
<b>Total Central Risk</b>	<b>(22.044)</b>	<b>(22.160)</b>	<b>(0.116)</b>	<b>(24.030)</b>	<b>(1.986)</b>
<b>Capital and Support Services</b>	<b>(7.449)</b>	<b>(7.574)</b>	<b>(0.125)</b>	<b>(6.152)</b>	<b>1.297</b>
<b>Committee Total</b>	<b>(52.264)</b>	<b>(55.505)</b>	<b>(3.241)</b>	<b>(55.891)</b>	<b>(3.627)</b>

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

Your committee's approved capital budgets are detailed at Appendix 7 and are shown for information, as they will be included in the overall published budget books.

### **Recommendations**

Members are asked to:

- i) Note the latest revenue budget for 2023/24.
- ii) Review and approve the estimate for 2024/25.
- iii) Agree that amendments for 2023/24 and 2024/25 budgets arising from changes to recharges or for any further implications arising from energy price increases and other reviews and changes to the capital charges during budget setting are delegated to the Chamberlain.
- iv) Note the approved capital and supplementary revenue budgets.

## **Main Report**

### **Background**

1. The variety and volume of services overseen by the Finance Committee contain a considerable amount of information and some complexity of presentation. This report endeavors to present the information as clearly as possible and additional financial details on items can be provided on request.
2. Following the reorganization of the Chief of Operations department, both the Commercial and Chief Operations Officer Office is now shown under Chamberlain's.
3. An overview of the services provided can be found at Appendix 1.

### **Estimate for 2024/25**

4. This report seeks approval to the estimate for 2024/25 in relation to the operational services overseen by your committee. The overall budget is summarised in Table1 of Appendix 4, including detail on the movement between the original and latest budget 2023/24, and the movement between the original 2023/24 and proposed budget for 2024/25.

### **Assumptions**

5. The estimate for 2024/25 includes a 3% uplift for inflation and the full year impact of pay increases to staff arising from the pay deal effective from July 2023.
6. Members should note this report does not include the estimated energy price increases for the 2024/25 financial year, other than the 3% budgetary inflation allowed. The Corporation is currently reviewing these additional energy costs considering due to changing market prices together with the power purchase agreement (PPA) credits that are being achieved. Any budget adjustment for rising energy prices will be allocated by the Chamberlain during the financial year.

### **Original 2023/24, Latest Approved Budget 2023/24 and Estimate 2024/25**

7. The latest approved budget for 2023/24 totals net expenditure of £55.505m which is an increase of £3.241m (6%) compared with the 2023/24 original budget of £52.264m. The main reasons for this increase are:
  - i) Carry forwards from 2022/23 £1,179m consisting of allocations from contingency of £411k, £963k transformation fund for supporting change and finance provision for the Chamberlain's department, and £10k for Town Clerk.
  - ii) Pay award July 23 and Market Forces Supplement increase by £0.983m.
  - iii) Inclusion of the Chief Operating Officer's office under this committee totaling £0.353m.
  - iv) Net increase of capital charges by £110k due to a revaluation of assets. This comprises an increase of £236k for Walbrook Wharf offset in part by a reduction for Central Criminal Court of £126K.

Net increase

8. The 2024/25 estimate totals £55.891m, an increase of £3.627m (7%) compared with

the original budget for 2023/24. The main reasons for this increase are:

- i) An increase in insurance premiums of £1.943m.
- ii) The full year effect of the July 2023 pay award and Market Forces Supplement of £1.295m;
- iii) Carry forwards from 2022/23 £1.179m
- iv) A net 3% inflation increase of £453k,

Partly offset by:

- v) A net decrease of capital charges by £1.361m mainly due to decrease in value for Central Criminal Court by £1.293m after revaluation of the asset.
9. Any changes approved by this Committee and Policy and Resources with final approval from Court will be subject to change and will require delegated authority given to the Chamberlain to make the necessary adjustments.
10. An analysis of the movement by service from the original budget for 2023/24 to the latest approved budget for 2023/24 is included in Appendix 6 and this is the format that will be adopted in the budget book.

### Potential Further Budget Adjustments

11. The provisional nature of the revenue budgets recognises that further revisions may be required to realign funds for:
- i) Central and departmental support services apportionments; and
  - ii) Decisions of the Resource Allocation Sub Committee in relation to the Cyclical Works Programme.
  - iii) As noted in paragraph 6 the estimate for 2024/25 does not include the estimated energy price increases for the 2024/25 financial year because it does not allow over the 3% inflation.

### Staffing Statement

12. A summary staffing statement is set out in the following table.

Finance Committee Operational Services staffing statement by Chief Officer	Original Budget 2023-24		Estimate 2024-25	
	Staffing Full-time equivalent	Estimated cost £m	Staffing Full-time equivalent	Estimated cost £m
Chamberlain	201.7	12.031	209.7	14.382
Deputy Town Clerk	6.0	0.252	5.0	0.279
Surveyor	152.2	8.194	157.0	7.612
Remembrancer	20.9	1.596	19.0	1.721
Community & Children's Services	0.7	0.032	1.1	0.033
<b>TOTAL FINANCE COMMITTEE</b>	<b>381.5</b>	<b>22.105</b>	<b>391.8</b>	<b>24.027</b>

### Draft Capital and Supplementary Revenue Project budgets for 2024/25

13. The latest estimated costs of the Committee's approved capital and supplementary

revenue projects total £7.593m, with a breakdown presented at Appendix 7.

### **Appendices**

- Appendix 1 - Operational Service Overview.
- Appendix 2 - Finance Committee Operational Services 2023/24 and 2024/25 budget estimates summary
- Appendix 3 – Finance Committee Operational Services 2023/24 and 2024/25 Summary Budget – by Risk, Fund and Chief Officer
- Appendix 4 – Summary of Budget Movements from 2023/24 Original Budget to 2024/25 Estimate
- Appendix 5 – Movement from 2023/24 Original Budget to 2024/25 Estimate
- Appendix 6 – Movement from 2023/24 Original Budget to Latest approved 2023/24 Budget
- Appendix 7 – Capital and Supplementary Revenue Project budgets

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