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| Committee Finance Committee | Dated: 25th July 2024 |
| Subject: Revenue Outturn 2023/24 – 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 Town Clerk The City Surveyor The Remembrancer Director of Community and Children’s Services | For Information |
| Report author: Dawit Araya, Finance Business Partner, Chamberlain’s Department | |

Summary

This report compares the revenue outturn for the services overseen by your Committee in 2023/24 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 £55.6m, representing an underspend of £3m compared to the final budget of £58.6m as set out in the table below.

| Summary comparison of 2023-24 Revenue Outturn with Final Budget | | | | |
|--|------------------------|---------------------|------------------------|-----------------------------------|
| | Original Budget | Final Budget | Revenue Outturn | Variation Better / (Worse) |
| | £000 | £000 | £000 | £000 |
| Direct Net Expenditure | | | | |
| The Chamberlain | (28,123) | (31,362) | (30,135) | 1,227 |
| The Town Clerk | (1,803) | (1,829) | (3,271) | (1,442) |
| The City Surveyor | (14,506) | (15,440) | (15,972) | (532) |
| The City Surveyor CWP | (2,097) | (2,091) | (2,222) | (131) |
| The Remembrancer | 226 | 56 | 564 | 508 |
| Director of Community and Children's Services | (65) | (65) | (92) | (27) |
| Total Direct Net Expenditure | (46,368) | (50,731) | (51,128) | (397) |
| Capital and Support Services | (7,896) | (7,898) | (4,507) | 3,391 |
| Total Net Expenditure | (54,264) | (58,629) | (55,635) | 2,994 |

Expenditure and unfavourable variances are presented in brackets.

The 2023/24 final budget totals net expenditure of £58.6m, which is an increase of £4.4m (8%), compared with the original budget of £54.3m. The increase is analysed at Appendix 1, which shows the main variations relate to £1.720m for pay award, energy and contract inflation and other minor adjustments, £1.550m for carry forwards from 2022/23 and drawdowns in year from contingency, £500,000 for Commercial Legacy savings pushed back to 2026/27 and £595,000 due to inclusion of Supplementary Revenue Projects and changes in timing of the cyclical works programme.

The overall outturn underspend of £3m comprises variations across several services which are detailed in paragraphs 2 to 5 in this report. The main variations are:

- Chamberlain's - £1.3m reduced net expenditure due to staff vacancies, additional recovery of legal costs from Council Tax and NNDR cases, increased government grant, increase of income from Freedom Fees.
- Town Clerk – £1.442 increased net expenditure due to inflation on electricity cost and an upgrade to reception security.
- City Surveyor - increased net expenditure of £532,000 – mainly due to an overspending on Guildhall Complex due to the employee vacancy factor not being achieved and additional agency staff across the security and function teams.
- Remembrancer- decrease in net expenditure of £508,000 due to an increase in event income.
- Capital and Support Services – decrease in net expenditure of £3.4m. This is largely as a result of a change of basis of allocation (see paragraph 6) and mainly relates to the allocation of the cost of the Guildhall Complex. A further £360,000 of the reduction relates to capital charges and reflects the spend on the capital programme.

Carry forward amounting to £ 750,000 have been requested and were recently agreed. These are detailed at Appendix 2.

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 2023/24 showing an overall favourable variance to final budget of £3m; and
- Draft carry forwards proposed of local risk budgets of £750,000 to 2024/25.

Main Report

Budget Position for 2023/24

1. The 2023/24 original budget for the services overseen by your committee was £54.3m. This has subsequently been increased to a final budget of £58.6m. The increase of £4.4m is summarised below and by Chief Officer at Appendix 1.

| Summary of Movements from 2023/24 Original Budget to 2023/24 Final Budget | Net £000 |
|--|-----------------|
| Original Budget 2022/23 | (54,264) |
| Net movements including pay award, energy & contract inflation, apprentice funding and other minor changes | (1,720) |
| Carry Forwards 2022-23 to 2023-24 | (1,321) |
| Supplementary Revenue Projects and budget adjustments | (816) |
| Commercial Legacy Savings Pushed Back to 2026/27 | (500) |
| Contingency Allocations | (229) |
| Changes in the timing of cyclical repairs and maintenance works programme | 221 |
| Final Budget 2022/23 | (58,629) |

Revenue Outturn for 2023/24

2. Actual net expenditure for the operational services overseen by your Committee totalled £55.6m, a favourable variance of £3m compared to the final budget of £58.6m. A summary comparison with the final budget is shown below.

| Summary comparison of 2023-24 Revenue Outturn with Final Budget | | | | |
|---|-----------------|-----------------|----------------------------|-------|
| | Final Budget | Revenue Outturn | Variation Better / (Worse) | Notes |
| | £000 | £000 | £000 | |
| Local Risk | | | | |
| The Chamberlain | (14,742) | (14,131) | 611 | 3i |
| The Town Clerk | (1,189) | (2,129) | (940) | 3ii |
| The City Surveyor | (9,564) | (10,161) | (597) | 3iii |
| The City Surveyor CWP | (2,091) | (2,222) | (131) | |
| The Remembrancer | 370 | 962 | 592 | 3iv |
| Total Local Risk | (27,216) | (27,681) | (465) | |
| Central Risk | | | | |
| The Chamberlain | (16,620) | (16,004) | 616 | 4i |
| The Town Clerk | (640) | (1,142) | (502) | 4ii |
| The City Surveyor | (5,876) | (5,811) | 65 | 4iii |
| The Remembrancer | (314) | (398) | (84) | 4iv |
| Director of Community and Children's Services | (65) | (92) | (27) | 4v |
| Total Central Risk | (23,515) | (23,447) | 68 | |
| Capital and Support Services | (7,898) | (4,507) | 3,391 | |
| Committee Total | (58,629) | (55,635) | 2,994 | |

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

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

- i **Chamberlain £611,000 underspend** – principally comprises additional income of £122,000 on Chamberlain’s Court from additional Freedom fees, savings of £211,000 on Commercial Team due to staff turnover and on Chamberlain’s General £507,000 due to staff turnover, reduced subscription fees and legal cost recovery. This was offset in part by £57,000 increase in costs of hard/software maintenance services, £92,000 savings not being achieved and £66,000 due to settlement/redundancy cost.
- ii **Town Clerk £940,000 overspend** - is largely due to inflation on energy costs £185,000, upgrading security at reception £461,000 and additional £255,000 relating to security costs under the corporate contract.
- iii **City Surveyor £597,000 overspend** – Mainly due to an overspending on Guildhall Complex due to employee vacancy factor not being achieved and additional agency staff across the security and function teams.
- iv **Remembrancer £592,000 underspend** – Due to additional income generation from events as a result of more and larger events in 2023/24.

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 £616,000 underspend** – Principally due to £488,000 additional allowance for 2023/24 national non-domestic rates to meet the cost of billing and collection.
- ii **Town Clerk £502,000 overspend** - This overspend relates to additional spend on transport, equipment, other office costs and printing as the volume of meetings returns to pre-pandemic levels.
- iii **City Surveyor £65,000 underspend** – largely due to a significant business rebate at the Central Criminal Court and savings on energy and rates at Guildhall Complex offset by overspendings on energy and other premises costs at Walbrook Wharf and Mansion House
- iv **Remembrancer £84,000 overspend** – due to a shortfall on additional income target in the local risk in part offset by savings on committee dinners.
- v **Director of Community and Children’s Services £27,000 overspend.** This is due to higher repairs and maintenance cost as a result of more reactive maintenance expenses.

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

Carry Forwards to 2024/25

5. Details of the carry forwards are set out in Appendix 2.

Recharges

6. During 2023/24 a review of central support services recharges was carried out. This involved updating the basis of apportionment for all recharges following the TOM and Governance Review along with trying to make them more transparent and fairer across all services. The updated basis has led to several variations to the original budget across committees, but overall total recharges have remained within the total original envelope. City Fund Original Budget £29.9m, Outturn £27.9m, and City's Estate Original Budget £24.2m, Outturn £22.9m. Consultation has been held with areas where recharges are funded from local reserves, i.e. HRA and Police, any variation/increase in costs across other services are met from the deficit funding and have no effect on front-line services.

Appendices:

Appendix 1 – Analysis of Movements from 2023/24 Original Budget to 2023/24 Final Budget

Appendix 2 – Agreed Carry Forwards to 2024/25

Appendix 3 – Comparison of 2023/24 Revenue Outturn with the Final Budget and commentaries for Local Risk

Appendix 4 – Comparison on 2023/24 Revenue Outturn with the Final Budget and commentaries for Central Risk

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