

City of London Corporation Committee Report

Committee(s): Finance Committee – For decision	Dated: 10/12/2024
Subject: Finance Committee Operational Budget Estimate 2025/26	Public report: For Decision
This proposal: <ul style="list-style-type: none"> provides business enabling functions 	N/A
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, and The Director of Community and Children’s Services	
Report author: Dawit Araya, Chamberlain’s Department	

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 2024/25 and approve the proposed revenue budget for 2025/26.

The proposed budget for 2025/26 totals net expenditure of £63.5m, which is an increase of £7.6m (13.6%) compared with the 2024/25 original budget of £55.9m. The main variations relate to:

- An increase in City Surveyor Repairs & Maintenance, mainly relating to agreed backlog works mainly at the Guildhall (£5.3m)
- An increase to Capital Recharges to reflect the agreed capital programme (£1.5m)
- Transfer from Policy & Resource Committee following the reorganisation of Commercial division under the Chamberlain (£1.1m)
- Net 2% increase for inflation (£912,000)
- An increase to Insurance Premium (£887,000)
- Partly offset by a net decrease of £2.5m in central recharges based both on latest costs and time allocations and a new method of apportionment with costs charged directly to end recipients rather than to central services. The overall budget is summarized by Chief Officer in the following table.

	Original Budget 2024/25	Approved Revised Budget 2024/25	Movement Original 2024/25 to Approved Revised Budget 2024/25	Estimate 2025/26	Movement Original 2024/25 to Estimate 2025/26
Summary Revenue Budgets 2024/25 and 2025/26 - by Chief Officer	£'m	£'m	£'m	£'m	£'m
Local Risk					
The Chamberlain	(14.511)	(16.530)	(2.019)	(16.324)	(1.813)
The Deputy Town Clerk	(1.273)	(1.273)	-	(1.284)	(0.011)
The City Surveyor	(10.250)	(11.793)	(1.543)	(15.742)	(5.492)
The Remembrancer	0.325	(0.049)	(0.374)	0.358	0.033
Total Local Risk	(25.709)	(29.645)	(3.936)	(32.992)	(7.283)
Central Risk					
The Chamberlain	(17.983)	(19.145)	(1.162)	(18.820)	(0.837)
The Deputy Town Clerk	(1.125)	(1.378)	(0.253)	(1.125)	-
The City Surveyor	(4.667)	(4.667)	-	(4.761)	(0.094)
The Remembrancer	(0.188)	(0.188)	-	(0.188)	-
Director of Community & Children's Services	(0.067)	(0.065)	0.002	(0.252)	(0.185)
Total Central Risk	(24.030)	(25.443)	(1.413)	(25.146)	(1.116)
Capital and Support Services	(6.152)	(6.127)	0.025	(5.356)	0.796
Committee Total	(55.891)	(61.215)	(5.324)	(63.494)	(7.603)

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

The Approved Revised Budget for 2024/25 is also presented for information. The changes compared with the Original Budget 2024/25 are only those essential changes which are required to enable better budget management. For example to reflect the increase in Cyclical Works Programme funding following agreement of the £133m five year works programme or the reorganization of the Commercial team.

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 Approved Revised Budget for 2024/25.
- ii) Review and approve the Estimate for 2025/26.
- iii) Note the approved capital and supplementary revenue budgets.
- iv) Agree that amendments for the 2025/26 Estimate 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.

Main Report

Background

1. The variety and volume of services overseen by the Finance Committee creates some complexity of presentation. Consequently, this report focuses on the bigger picture to aid clarity. An overview of the services provided can be found at Appendix 1.

Estimate for 2025/26

2. This report seeks approval to the estimate for 2025/26 in relation to the operational services overseen by your committee. The overall budget is summarised in Appendix 2. Appendix 5 provides the detail on the movement between the original 2024/25 and proposed budget for 2025/26.

Assumptions

3. The estimate for 2025/26 includes a 2% uplift for inflation and a 3% allowance for any pay increases to staff effective from July 2024, as the July 2024 pay award is yet to be agreed.
4. Members should note this report does not include forecast energy price increases for the 2025/26 financial year, other than the 2% budgetary inflation allowed. Any budget adjustment for rising energy prices will be allocated by the Chamberlain during the financial year from an agreed central budgetary provision.

Original 2024/25, Approved Revised Budget 2024/25 and Estimate 2025/26

5. The approved revised budget for 2024/25 totals net expenditure of £61.2m which is an increase of £5.3m (9.5%) compared with the 2024/25 original budget of £55.9m. The main reasons for this increase are:
 - i) City Surveyor Repairs & Maintenance increase £1.860m mainly for Guildhall as part of the agreed £133m five-year Cyclical Works Programme to clear the backlog of repairs works across the City.
 - ii) Increase of £2.5m for Commercial Division partly for re-organisation of the team with budget transferred from other committees and partly one-off funding, mainly from the transformation fund to improve projects governance and the project programme.
 - iii) An adjustment of £542k in central recharges to reflect the final budgeted cost for 2024/25
 - iv) Increased insurance premiums of £515k.
6. The 2025/26 estimate totals £63.494m, an increase of £7.603m (13.5%) compared with the original budget for 2024/25. The main reasons for this increase are:
 - i) An increase of City Surveyor Repairs and Maintenance £5.299m. The budget increase is following the work being undertaken at Guildhall as part of the agreed £133m five-year Cyclical Works Programme to clear the backlog of repairs works across the City.
 - ii) An increase of Capital Recharges by £1.493m to reflect the current capital programme of works, principally £1.300m for the Central Criminal Court and £174k for Walbrook Wharf. The increase is to match depreciation following capital works undertaken on the site.
 - iii) A net increase of £1.1m for Commercial Services mainly due to reorganization with budget transferred from other committees.
 - iv) A net 2% inflation increase of £912k in accordance with Resource Allocation sub-committee guidelines
 - v) A net increase in insurance premiums of £887k

Partly offset by:

- vi) A net decrease of £2.5m in central recharges, based on latest costs and time allocations and

a new method of apportionment with costs charged directly to end recipients rather than to central services.

7. An analysis of the movement by service from the original budget for 2024/25 to the approved revised budget for 2025/26 is included in Appendix 6 which is the format that will be used in the budget book.

Potential Further Budget Adjustments

8. The provisional nature of the 2025/26 Estimate recognises that further revisions may be required to realign funds for:
- i) Changes to central and departmental support services apportionments as a result of the agreement of the estimates for these services (no changes are at present anticipated) ; and
 - ii) As noted in paragraph 4 the estimate for 2025/26 does not include the estimated energy price increases for the 2025/26 financial year. A separate provision is held, to be allocated where needed during the year, based on the Chamberlain’s assessment that energy cost inflation cannot be contained within local risk budgets.

Staffing Statement

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

Finance Committee Operational Services staffing statement by Chief Officer	Original Budget 2024-25		Estimate 2025-26	
	Staffing Full-time equivalent	Estimated cost £m £m	Staffing Full-time equivalent	Estimated cost £m
Chamberlain	209.7	14.382	227.5	15.887
Deputy Town Clerk	5.0	0.279	4.0	0.206
Surveyor	157.0	7.612	156.0	8.003
Remembrancer	19.0	1.721	19.0	1.735
Community & Children’s Services	1.1	0.033	1.1	0.033
TOTAL FINANCE COMMITTEE	391.8	24.027	407.6	25.864

Draft Capital and Supplementary Revenue Project budgets for 2025/26

10. The latest estimated costs of the Committee’s approved capital and supplementary revenue projects total £12.351m, with a breakdown presented at Appendix 7.

Appendices

- Appendix 1 - Operational Service Overview.
- Appendix 2 - Finance Committee Operational Services 2024/25 and 2025/26 Summary Budget
- Appendix 3 – Finance Committee Operational Services 2024/25 and 2025/26 Summary Budget – by Risk, Fund and Chief Officer
- Appendix 4 – Summary of Budget Movements from 2024/25 Original Budget to 2025/26 Estimate (cash limit)
- Appendix 5 – Movement from 2024/25 Original Budget to 2025/26 Estimate
- Appendix 6 – Movement from 2024/25 Original Budget to Approved Revised Budget 2024/25
- Appendix 7 – Capital and Supplementary Revenue Project budgets

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