

<b>Committee(s):</b>	<b>Date(s):</b>
Culture, Heritage and Libraries	04 December 2013
<b>Subject:</b>	<b>Public</b>
REVENUE AND CAPITAL BUDGETS - 2014/15	
<b>Report of:</b>	<b>For Decision</b>
Joint Report of the Chamberlain & the Director of Culture, Heritage and Libraries	

### Summary

This report is the annual submission of the revenue and capital budgets overseen by your Committee. In particular it seeks approval to the provisional revenue budget for 2014/15, for subsequent submission to the Finance Committee. Details of the Committee's draft capital budget are also provided. The budgets have been prepared within the resources allocated to the Director.

<b>Summary Of Table 1</b>	<b>Latest Approved Budget 2013/14 £'000</b>	<b>Original Budget 2014/15 £'000</b>	<b>Movement £'000</b>
Expenditure	20,886	20,491	(395)
Income	(5,613)	(5,043)	570
Support Services and Capital Charges	4,909	4,758	(151)
<b>Total Net Expenditure</b>	<b>20,182</b>	<b>20,206</b>	<b>24</b>

Overall, the 2014/15 provisional revenue budget totals £20.206m, an increase of £24,000 compared with the latest approved budget for 2013/14. Main reasons for this increase are :-

- Latest Approved budget for 2013/14 included expenditure of £500,000 funded from the previous year's underspend.
- Increase to the local risk budgets following the net 1% allowance given towards any potential pay and price increases including a £328,000 increase in staffing costs.

- Increase in the City Surveyor's repairs and maintenance programme of £464,000.
- Increase in both client receipts and supplier and services costs of £551,000 relating to the accounting treatment of the sale of tickets at the City Information Centre.
- Decrease in support services and capital charges of £151,000.

### **Recommendations**

The Committee is requested to:

- review the provisional 2014/15 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee;
- review and approve the draft capital budget;
- authorise the Chamberlain, in consultation with the Director of Culture, Heritage and Libraries, to revise these budgets to allow for any further implications arising from Corporate Projects, departmental reorganisations and other reviews and changes to the Additional Works Programme.

## **Main Report**

### **Introduction**

1. The department comprises three lending libraries (Barbican, Artizan Street and Shoe Lane), two reference libraries (City Business Library and Guildhall Library), Guildhall Art Gallery, Keats House, London Metropolitan Archives (LMA), City Records Services, City of London Information Centre, Tower Bridge and The Monument. This front line activity is assisted by a number of non-public services including Bibliographical Services, the Visitor Development Team and Support Services.
2. This report sets out the proposed revenue budget and capital budgets for 2014/15. The revenue budget management arrangements are to:
  - Provide a clear distinction between local risk, central risk and recharge budgets.
  - Place responsibility for budgetary control on departmental Chief Officers.
  - Apply a cash limit policy to Chief Officers' budgets.
3. The budget has been analysed by the service expenditure and compared with the original budget for the current year.
4. The report also compares the current year's budget with the forecast outturn.

### **Business Planning Priorities**

5. The department vision is to educate, entertain and inform, through discovery of our amazing range of resources.

The three Strategic Aims are:

- To refocus our services with more community engagement and partnerships with others.
- To transform the sense of the City as a destination.
- To continue to use technology to improve customer service and increase efficiency.

### **Proposed Revenue Budget for 2014/15**

6. The proposed Revenue Budget for 2014/15 is shown in Table 1 below analysed between:

- Local Risk budgets – these are budgets deemed to be largely within the Chief Officer's control.
- Central Risk budgets – these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside of his/her control or are budgets of a corporate nature (e.g. interest on balances and rent incomes from investment properties).
- Support Services and Capital Charges – these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk.

7. The provisional 2014/15 budgets, under the control of the Director of Culture, Heritage and Libraries being presented to your Committee, have been prepared in accordance with guidelines agreed by the Policy & Resources and Finance Committees. These include continuing the implementation of the required budget reductions across both local and central risks, as well as the proper control of transfers of non-staffing budgets to staffing budgets. The 2% efficiency savings to be achieved by 2014/15 comprise 1% saving in 2013/14 and a further 1% saving in 2014/15. An allowance was also given towards any potential pay and price increases of 1% for 2013/14 (already applied) and a further 2% in 2014/15. The budget has been prepared within the resources allocated to the Director.

**TABLE 1 CULTURE, HERITAGE AND LIBRARIES COMMITTEE SUMMARY – ALL FUNDS**

Analysis of Service Expenditure	Local or Central Risk	Actual 2012-13 £'000	Latest Approved Budget 2013-14 £'000	Original Budget 2014-15 £'000	Movement 2013-14 to 2014-15 £'000	Paragraph Reference
<b>EXPENDITURE</b>						
Employees	L	9,089	8,843	9,171	328	14
Employees (redundancy costs)	C	65	-	-	-	
Premises Related Expenses	L	1,163	1,639	1,178	(442)	11
Premises Related Expenses *	C	972	907	982	75	12
City Surveyor – Repairs & Maintenance	L	173	569	1,052	464	10
Transport Related Expenses	L	132	70	68	(2)	
Supplies & Services	L	2,753	3,134	2,349	(785)	13
Supplies & Services (Grants to outside bodies)	C	5685	5,691	5,691	-	
Transfer to Reserves – Heritage projects	L	-	33	-	(33)	
<b>Total Expenditure</b>		<b>20,032</b>	<b>20,886</b>	<b>20,491</b>	<b>(395)</b>	
<b>INCOME</b>						
Other Grants, Reimbursements and Contribution	L	(55)	(22)	(3)	19	
Other Grants, Reimbursements and Contribution	C	(17)	-	-	-	
Customer, Client Receipts	L	(5,230)	(5,519)	(4,968)	551	13
Customer, Client Receipts **	C	(72)	(72)	(72)	-	
Transfer from Reserves – Heritage projects / Local Area Agreement	L	(66)	-	-	-	
<b>Total Income</b>		<b>(5,440)</b>	<b>(5,613)</b>	<b>(5,043)</b>	<b>570</b>	
<b>TOTAL EXPENDITURE/ (INCOME) BEFORE SUPPORT SERVICES AND CAPITAL CHARGES</b>		<b>14,592</b>	<b>15,273</b>	<b>15,448</b>	<b>175</b>	
<b>SUPPORT SERVICES AND CAPITAL CHARGES</b>						
Central Support Services and Capital Charges		4,281	5,760	5,609	(151)	
Recharges within Fund		56	62	62	-	
Recharges Across Funds		(1,226)	(913)	(913)	-	
<b>Total Support Services and Capital Charges</b>		<b>3,111</b>	<b>4,909</b>	<b>4,758</b>	<b>(151)</b>	15
<b>TOTAL NET EXPENDITURE/(INCOME)</b>		<b>17,703</b>	<b>20,182</b>	<b>20,206</b>	<b>24</b>	

\*(Barbican & Community Libraries and LMA Rates & Service Charges and LMA rent)

**\*\*LMA Rent**

8. Income and favourable variances are presented in brackets. An analysis of this Revenue Expenditure by Service Managed is provided in Appendix 1. Only significant variances (generally those greater than £50,000) have been commented on in the following paragraphs.
9. Overall there is an increase of £24,000 in the overall budget between the 2013/14 latest approved budget and the 2014/15 original budget. This movement is explained by the variances explained in the following paragraphs.
10. The 2013/14 Latest Approved Budget reflects the re-allocation of the full 2013/14 Additional Works Programme to reflect the expenditure that is anticipated will be incurred in the year.

The budget movement of £464,000 for Repairs and Maintenance relates to the re-phasing and level of new bids within the Additional Works Programme. Furthermore, budgets have provisionally been included for the 2014/15 Additional Works Programme based on the bids considered by the Corporate Asset Sub Committee in July 2013. A decision on the funding of the programme will be made by the Resource Allocation Sub Committee. It may therefore be necessary to adjust the budgets to reflect the Resource Allocation Sub Committee's decision. Following the implementation of the MITIE contract in July 2012, budgets have been re-aligned to reflect the tendered cost of the new contracts. See Table 2 below.

<b>TABLE 2 - CITY SURVEYOR LOCAL RISK</b>	<b>Latest Approved Budget 2013/14 £'000</b>	<b>Original Budget 2014/15 £'000</b>
<b>Repairs &amp; Maintenance</b>		
<b>Additional Works Programme</b>		
Barbican and Community Libraries	138	243
London Metropolitan Archives	101	358
Keats House	13	86
Visitor Services & City Information Centre	-	12
Monument	-	63
Roman Bath House	71	24
Mayoralty and Shrievalty	5	6
<b>Planned &amp; Reactive Works (Breakdown &amp; Servicing)</b>		
Culture Heritage & Libraries Directorate	3	3
City Business Library	1	1
Barbican and Community Libraries	7	7
Guildhall Art Gallery	6	6
London Metropolitan Archives	73	73
Keats House	7	7
Visitor Services & City Information Centre	11	11
Monument	3	3
<b>Cleaning</b>	130	149
<b>Total City Surveyor</b>	<b>569</b>	<b>1,052</b>

11. The net decrease of £442,000 to the local risk budget for Premises Related Expenses is mainly due to the fallout of £412,000 of carry forward funding from 2012/13 underspend.
12. The increase of £75,000 to the central risk budgets for Premises Related Expenses is mainly due to a rent review at the London Metropolitan Archives resulting in an expected increase in rent of £55,000 and a 5% increase in rates.
13. The decrease in local risk on Supplies and Services Expenditure is largely offset by an increase to Customer, Client Receipts Income, which has arisen due to a change in how the accounting treatment of the sale of tickets at the City Information Centre will be reported from 2014/15. This change is on the advice of the VAT Accountant. Additional decreases to the Supplies and Services Expenditure budget is mainly from the fallout of £88,000 of carry forward funding from 2012/13 underspend.

14. The increase to the local risk Employees budget is due to the July 2013 1% pay award and anticipated incremental rises. The increase in Full-time equivalent staff arises from a restructure at Tower Bridge between Tourism and Operational. An analysis of the movement in manpower and related staff costs are shown in Table 3 below.

<b>Table 3 - Manpower statement</b>	<b>Latest Approved Budget 2013/14</b>		<b>Original Budget 2014/15</b>	
	<b>Manpower Full-time equivalent</b>	<b>Estimated cost £000</b>	<b>Manpower Full-time equivalent</b>	<b>Estimated cost £000</b>
Guildhall Library	18.50	758	19.00	792
City Business Library	9.50	403	9.50	414
Barbican and Community Libraries	41.50	1,412	40.36	1,437
Artizan Street Library	7.00	215	7.00	219
Culture Heritage & Libraries Directorate	14.71	634	14.71	641
Guildhall Art Gallery	7.47	302	7.47	306
London Metropolitan Archives	53.31	2,002	51.19	2,014
City Records Services	25.92	969	25.04	976
Keats House	4.37	183	3.88	189
Visitor Services & City Information Centre	12.26	507	12.71	538
Monument	6.50	231	6.50	241
Tower Bridge Tourism	25.20	1,227	30.90	1,404
<b>TOTAL CULTURE, HERITAGE AND LIBRARIES</b>	<b>226.24</b>	<b>8,843</b>	<b>228.26</b>	<b>9,171</b>

15. The decrease of £151,000 to Support Services and Capital Charges is mainly due to a reduction in Capital Costs of £108,000, largely due to a reduction in Equipment depreciation arising from assets at Barbican Library and LMA being fully depreciated. Appendix 2 provides an analysis of Support Services and Capital Costs.

### **Potential Further Budget Developments**

16. The provisional nature of the 2014/15 revenue budget recognises that further revisions may be required, including in relation to:

- budget reductions to capture savings arising from the on-going PP2P
- decisions on funding of the Additional Works Programme by the Resource Allocation Committee.

Any revisions will be agreed after consultation with the Director of Culture, Heritage and Libraries.

## **Revenue Budget 2013/14**

17. The forecast outturn for the current year is £19.902m compared to the latest approved budget of £20.182m showing a potential underspend of £280,000. This potential underspend relates to a significant increase in income for the first half of the year at Tower Bridge.

## **Draft Capital Budget**

18. No new bids were submitted recently by the Committee to the Policy and Resources Committee for resources to evaluate new capital or supplementary revenue projects.
19. The Committee's draft capital and supplementary revenue project budgets are summarised in the Tables below.

	Exp. Pre 01/04/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Later Years £'000	Total £'000
Access to cultural collections (City Fund contribution)	103	26	21					150
Externally funded: - Camomile Street library replacement	277	31						308
<b>Total</b>	<b>380</b>	<b>57</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>458</b>

	Exp. Pre 01/04/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Later Years £'000	Total £'000
Option appraisal costs	15	9	20					44
<b>Total</b>	<b>15</b>	<b>9</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44</b>

	Exp. Pre 01/04/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Later Years £'000	Total £'000
Access to cultural collections (City's Cash contribution)	26	8						34
Guildhall Art Gallery heritage gallery, design costs	0	32	7					39
<b>Total</b>	<b>26</b>	<b>40</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73</b>



<b>Table 7 - City's Cash Draft Supplementary Revenue Budget</b>								
	Exp. Pre 01/04/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Later Years £'000	Total £'000
The Monument, additional works	0	9	96					105
Historic carriages	134	5	20	40				199
<b>Total</b>	<b>134</b>	<b>14</b>	<b>116</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>304</b>

<b>Table 8 - Bridge House Estates Draft Capital Budget</b>								
	Exp. Pre 01/04/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Later Years £'000	Total £'000
Tower Bridge glass viewing panels	0	60	65					125
<b>Total</b>	<b>0</b>	<b>60</b>	<b>65</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>125</b>

20. It should be noted that the above figures exclude the implementation costs of the Tower Bridge glass viewing panels and the Guildhall Art Gallery heritage gallery, which have not yet received authority to start work. Work to the roof at the London Metropolitan Archives is also planned for 2014/15.

21. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2014.

**Contact Officer(s):**

Mark Jarvis (x1221)  
Alison Elam (x1081)

**Appendices**

Appendix 1 - Revenue Expenditure by Service Managed

Appendix 2 - Support Services and Capital Costs

## APPENDIX 1

Analysis by Service Managed	Actual 2012- 13 £'000	Latest Approve d Budget 2013-14 £'000	Original Budget 2014- 15 £'000	Movemen t 2013-14 to 2014-15 £'000	Paragrap h Referenc e
<b>CITY FUND</b>					
Guildhall Library	996	979	985	6	
City Business Library	1,118	780	779	(1)	
Barbican and Community Libraries	2,581	2,701	2,704	3	
Artizan Street Library	155	285	292	7	
Culture Heritage & Libraries Directorate^	8,448	8,514	8,505	(9)	
Guildhall Art Gallery	577	2,155	2,130	(25)	
London Metropolitan Archives	2,750	2,985	3,274	289	10
City Records Services	578	413	421	8	
Keats House	-	257	330	73	10
Visitor Services & City Information Centre	813	866	870	4	
Roman Bath House (City Surveyor)	25	94	47	(47)	
Roman Remains and Guildhall Complex Land (City Surveyor)	98	98	98	-	
<b>TOTAL CITY FUND</b>	<b>18,139</b>	<b>20,127</b>	<b>20,435</b>	<b>308</b>	
<b>CITY'S CASH</b>					
Monument	(97)	(100)	(41)	59	10
Mayoralty & Shrievalty (City Surveyor)	134	113	113	-	
<b>TOTAL CITY'S CASH</b>	<b>37</b>	<b>13</b>	<b>72</b>	<b>59</b>	
<b>BRIDGE HOUSE ESTATES</b>					
Tower Bridge Tourism	(473)	42	(301)	(343)	11
<b>TOTAL BRIDGE HOUSE ESTATES</b>	<b>(473)</b>	<b>42</b>	<b>(301)</b>	<b>(343)</b>	
<b>TOTAL</b>	<b>17,703</b>	<b>20,182</b>	<b>20,206</b>	<b>24</b>	

^ The Culture, Heritage and Libraries Directorate budget include the costs of the Guildhall Library building and therefore include £0.8m of Capital Recharges for 2013/14 and 2014/15, as well as a grant to the Museum of London for £5.3m for 2013/14 and 2014/15.

APPENDIX 2

<b>Support Service and Capital Charges from/to Culture, Heritage and Libraries</b>	<b>Actual 2012/13 £000</b>	<b>Latest Approved Budget 2013/14 £000</b>	<b>Original Budget 2014/15 £000</b>
<b>Support Service and Capital Charges</b>			
Administrative Buildings	1,958	2,106	
City Surveyor's Employee Recharge	149	158	2,106
Insurance	222	252	152
IS Recharges - Chamberlain	738	771	239
Capital Charges	771	2,000	758
Support Services -			
Chamberlain and CLPS	141	163	1,892
Comptroller and City Solicitor	60	63	
Town Clerk	187	191	160
City Surveyor	31	31	60
Support services with Other services*	24	25	186
			31
			25
<b>Total Support Services and Capital Charges</b>	<b>4,281</b>	<b>5,760</b>	<b>5,609</b>
<b>Recharges Within Funds</b>			
Utilities recharge - Barbican Centre	225	231	231
Corporate and Democratic Core – Finance Committee	(169)	(169)	(169)
<b>Recharges Across Funds</b>			
Support Services – CHL Guildhall Administration	(913)	(913)	(913)
Contribution from Finance Committee - City's Cash – Keats House	(313)	-	-
<b>TOTAL SUPPORT SERVICE AND CAPITAL CHARGES</b>	<b>3,111</b>	<b>4,909</b>	<b>4,758</b>

\* Various services including central training, corporate printing, occupational health. Union costs and environmental and sustainability section.