

<b>Committee</b>	<b>Date:</b>
Establishment Committee	28 October 2015
<b>Subject:</b> Future funding of the Pensioners' Annual Lunch	<b>Public</b>
<b>Report of:</b> The Town Clerk	<b>For Decision</b>

### Summary

The purpose of this report is to provide options for the future funding of the City of London Pensioners' Annual Lunch. In September 2014 the Policy and Resources Committee was asked to consider a Service Based Review saving proposal of £42k to be achieved by stopping the grant funding for the annual City of London Pensioners' Lunch. The total budget of £42k has been underspent in recent years, with the total cost to hold the dinner for 2015 was approximately £33k, with Pensioners' contributions of around £3k reducing the net spend to approximately £30k. Officers were asked by the Policy and Resources Committee to reconsider this saving, because of the potential reputational damage it may cause to the organisation, and report back to the Establishment Committee with alternative options. A series of potential cost saving ideas were put to the Pensioners' Lunch Organisation Committee during consultation. These included:

- Linking the Pensioners' lunch with the Staff Annual Lunch
- Altering the format of the lunch
- Limiting numbers by holding a smaller function
- Altering how the event is managed

A formal response has been received from the Pensioners' Lunch Organisation Committee. They propose to reduce the overall cost of the event by increasing the contribution by pensioners from £5 to £10 (increasing the total income from approximately £3k to £6k). This will reduce the overall City Corporation contribution to the event to £27k (£33k cost to hold the dinner minus the £6k in pensioners' contributions). This will provide an overall saving of £15k against the current budget, but allows the event to continue in its current format.

In addition, two alternative models are suggested; the first brings the grant in line with the cost per head subsidy provided for the Staff Annual Lunch. This option will achieve savings of £26.85k, but will have a significant impact on the nature of the event. The second offers Members the opportunity to set a fixed grant that they feel appropriate, based on the information contained in this report and the response from the Pensioners' Lunch Organisation Committee.

If Members choose one of the alternative proposals, substitute savings will need to be found from an alternate budget within City's Cash to cover any shortfall.

## Recommendations

Members are asked to:

- Consider the response from the Pensioners' Lunch Organisation Committee following the consultation exercise.
- Agree one of the funding options, which are:
  - **Option 1** -Endorse the original budget reduction of £42k and remove the grant budget for the annual Pensioners' Lunch.
  - **Option 2** - Adopt the model proposed by the Pensioners' Lunch Organisation Committee, which suggests an increase in the cost for attending the lunch from £5 to £10, making an overall saving of £15k by reducing the total net grant to £27k.
  - **Option 3** - Adopt a grant in line with the Staff Annual Lunch cost per head subsidy, achieving a saving of £26.85k by reducing the total net grant to £15.15k.
  - **Option 4** - Adopt a fixed grant of an amount Members feel appropriate taking into account the facts in this report and the response from the Pensioners' Lunch Organisation Committee

## Main Report

### Background

1. One of the Service Based Review budget reductions submitted to the Policy and Resources Committee for approval in September 2014 related to the removal of the grant given to fund an annual lunch for City of London Pensioners, saving £42k per annum (the total budget). This saving is due to commence during the 2016/17 financial year.
2. There was concern amongst the Members of the Committee that this particular saving represented a significant reputational risk to the organisation. The Committee agreed to refer the saving back to officers to establish whether the savings could be achieved without completely removing the grant and report back to the Establishment Committee with further options.
3. A consultation meeting was held with the Pensioners' Lunch Organising Committee (Organising Committee) at which notice was given of the intention to remove the grant. At this meeting they were also asked to consider potential changes to the way that the event is organised and delivered to make savings. These included:
  - Linking the event to the Staff Annual Lunch event to achieve greater economies of scale
  - Altering the format of the lunch such as the type of meal, the number of courses, venue etc.
  - Altering how the event is managed by utilising City of London Corporation staff instead of volunteers.
  - Limiting the number of attendees by holding a smaller function.

4. The Organising Committee have given consideration to the proposed reduction and the alternatives suggested to reduce the overall cost of the event. They have provided a formal response (The response can be found at Appendix A).
5. The Organising Committee recognises the need to make savings but makes a case to retain the character and nature of the event. They propose to reduce the cost by increasing the contribution made by pensioners from £5 to £10.

### Current Position

6. The existing grant budget used to fund the Pensioners Lunch is £42k. The overall cost of the event has been significantly less than this for a number of years. In 2014/15 the total spend on the event was as follows:

Type of expenditure	Amount
Organising committee expenses	169
Event catering	28,281
Event expenses	945
Honoraria	1,675
Printing and postage	789
Income	(3,030)
<b>Total Expenditure</b>	<b>28,829</b>

These differ slightly from the cost estimates provided in Appendix A. The figures in Appendix A are estimates for the 2015/16 dinner.

7. The Organising Committee consists mainly of City of London Corporation pensioners. Some are given an honoraria payment to recognise the amount of work involved in organising the event.
8. The income is the £5 per head contribution from the pensioners (total attendance last year 606). The event is generally over-subscribed.
9. The event expenses include a church service, flowers, a toast master and Red Cross attendance on the day.

### Options

10. Following the receipt of the formal response from the Organising Committee and some analysis of the costs of the Pensioners' Lunch in comparison to the staff annual lunch, the following options are suggested.
11. **Option 1** – Proceed with the original savings proposal and completely remove the budget of £42k. This option will deliver the previously agreed savings requirement but will stop this annual event completely from 2016.
12. **Option 2** - The Organising Committee have proposed in their response that no changes are made to the nature of the event, which they claim will preserve the integrity of the experience for the pensioners that attend. They have offered to increase the contribution per person from the existing £5 to £10, generating an additional income of approximately £3k, assuming that the attendance remains at

current levels. Allowing for the additional income, the net grant will need to be £27k, giving a total saving of £15k. For the reasons outlined in their response they have chosen not to include any of the measures suggested at the consultation meeting to help reduce the cost of the event.

13. **Option 3** – The Staff Annual Lunch is also subsidised by a grant in a similar fashion to the Pensioners' Lunch. The net cost of the Staff Annual Lunch in 2014/15 was £46,650. In total 1,865 staff attended over the 3 days that the event was held, which means the subsidy per head was £25.00. Using the same method to calculate the subsidy per head for the pensioners lunch results in a subsidy of £47.57 per head. The staff currently contribute £11 per head towards the event. If the grant per head that is made to the staff lunch were applied to the pensioners lunch, the total grant would be £15,150, which would give a revised saving of £26,850. To achieve this level of saving, significant changes would need to be made to the nature of the event in line with the suggestions made during the consultation with the Organising Committee.
14. **Option 4** – Members might wish to consider an alternative, fixed level of grant that they feel appropriate, taking in to account the submission from the Organising Committee and the information within this report about the similar staff annual lunch event.

### **Corporate & Strategic Implications**

15. If Members do not choose option 1, alternative, compensating savings will need to be found from other budgets in City's cash to achieve the previously agreed £42k.

### **Conclusion**

16. The Policy and Resources Committee had some concerns over the impact of this proposed Service Based Review saving, particularly the reputational risk to the organisation that taking the full saving might have. The Committee asked officers to reconsider the saving and present alternatives to this Committee for decision. The options offered in this report provide alternative choices, based upon consultation with the Organising Committee and comparison with the Staff Annual Lunch, which is a similar event. Members are asked to review the options and decide which to adopt.

### **Appendices**

- Appendix A – Response letter from the Pensioners' Lunch Organising Committee

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