

Committee(s):	Date(s):
Finance	25 March 2014
Subject: Revenue Budget Monitoring to February 2014	Public
Report of: The Chamberlain	For Decision

Summary

Net local risk expenditure at the end of February, excluding the ring-fenced Police account, is £3.2m (2%) within the profiled budget of £129.4m.

The forecast year end position, excluding the ring-fenced Police account, is £1.6m (1%) within the budget of £147.3m.

The most significant variations anticipated at year end are:

- Director of Community and Children's Services – £0.7m (10%) better than budget.
- Director of Culture, Heritage and Libraries – £0.6m (49%) better than budget.
- City Surveyor – £0.3m (11%) better than budget.
- Chamberlain – £0.4m (2%) worse than budget. An allocation of £136,000 from the Finance Committee's City's Cash Contingency is requested towards this projected overspend to meet the unforeseen costs of complying with the Government's public service network security arrangements.
- Managing Director of the Barbican Centre – £0.2m (1%) worse than budget.

Details of these variations are set out in paragraph 4.

The City Police is forecasting a year end worse than budget position of £0.8m (1%), i.e. the anticipated transfer from reserves is now £1.2m compared to £0.4m included in the budget.

Central Risk Budgets

The performance of corporate central risk income budgets, comprising property investment incomes, funds with investment managers and interest on cash balances is reported on a quarterly basis. As reported in January, the year-end forecast as at the end of December indicated an increase in income of £2.4m (1.9%) compared to the budget of £127.1m.

One significant variation is anticipated on service committee central risk budgets. The City Bridge Trust is forecasting a year end underspend of some £3.5m (16%) on its grants budget.

Uncommitted contingencies total £1.1m as set out in paragraph 9.

Recommendations

Members are asked to;

- note the report; and
- agree the allocation of £136,000 from the Finance Committee's City's Cash Contingency to meet the unforeseen costs of complying with the Government's public service network security arrangements.

Main Report

Local Risk Budgets

1. A summary of the financial position on Chief Officers' local risk (cash limited) budgets as at 28 February is set out in the following table.

Chief Officer	Year To Date - 28 Feb					Full Year Forecast			
	Budget £000	(Better)/Worse				Budget £000	(Better)/Worse		
		£000	%				£000	%	
Chamberlain	19,786	377	2	x	21,359	415	2	x	
City Surveyor - City Fund (CF)	5,688	(180)	(3)	√	6,395	(8)	(0)	√	
City Surveyor - City's Cash (CC)	11,861	(243)	(2)	√	13,333	(18)	(0)	√	
City Surveyor - Bridge House Estates (BHE)	2,367	(402)	(17)	√	2,591	(293)	(11)	√	
City Surveyor - Guildhall Administration (GA)	5,808	71	1	x	6,375	10	0	x	
Comptroller & City Solicitor	3,028	(136)	(4)	√	3,303	(121)	(4)	√	
Director of the Built Environment - CF	15,269	(426)	(3)	√	16,657	(103)	(1)	√	
Director of the Built Environment - BHE	219	(13)	(6)	√	239	(1)	(0)	√	
Director of Community & Children's Services	6,837	(667)	(10)	√	7,458	(680)	(9)	√	
Director of Culture, Heritage & Libraries - CF	7,640	123	2	x	8,335	90	1	x	
Director of Culture, Heritage & Libraries - CC	59	(39)	(66)	√	64	0	0	-	
Director of Culture, Heritage & Libraries- BHE	1,178	(624)	(53)	√	1,285	(624)	(49)	√	
Director of Markets & Consumer Protection - CF	2,229	(347)	(16)	√	2,432	(75)	(3)	√	
Director of Markets & Consumer Protection - CC	1,753	(162)	(9)	√	1,912	(108)	(6)	√	
Director of Open Spaces	10,263	(215)	(2)	√	11,196	0	0	-	
Headmaster, City of London School	(1,351)	15	1	x	512	10	2	x	
Headmaster, City of London Freemen's School	(920)	(38)	(4)	√	255	(24)	(9)	√	
Headmistress, City of London School for Girls	(732)	(26)	(4)	√	357	(8)	(2)	√	
Managing Director, Barbican Centre	15,159	356	2	x	16,825	222	1	x	
Principal, Guildhall School of Music and Drama	5,375	(45)	(1)	√	6,974	27	0	x	
Private Secretary & Chief of Staff to the Lord Mayor	2,338	(120)	(5)	√	2,644	20	1	x	
Remembrancer	502	(50)	(10)	√	735	(38)	(5)	√	
Town Clerk	15,010	(380)	(3)	√	16,070	(249)	(2)	√	
Totals (Period 11) Excluding Police	129,366	(3,171)	(2)	√	147,306	(1,556)	(1)	√	
Totals (Period 10) Excluding Police	112,283	(2,632)	(2)	√	146,387	(1,889)	(1)	√	
Police (Period 11)	52,453	486	1	x	57,401	840	1	x	
Police (Period 10)	47,768	988	2	x	57,401	1,182	2	x	

2. Net local risk expenditure across all funds, excluding the ring-fenced Police account, was £3.2m (2%) within the budget profile at the end of February – an increase of £0.6m in the better than budget position since the end of January. The main variations at 28 February are outlined below.

- (i) Chamberlain, £377,000 (2%) worse - the overspend is due to staffing pressures in the two areas which are going through significant change, namely the IS Division and the CLPS; additional bonus payments due to Liberata for the collection levels being achieved for rates and council tax; and unforeseen costs to comply with the Government's new, highly prescriptive, public service network security arrangements in order to be able to continue to exchange data with Government departments.
- (ii) City Surveyor, Bridge House Estates £402,000 (17%) better – this relates to staff vacancies together with underspends on professional

fees and cleaning and domestic services, offset in part by a reduction in service charge income.

- (iii) The City Surveyor is also advising that his department is in receipt of a number of supplementary claims across all funds from the building repairs and maintenance contractor which are being investigated. To date a provision has been included within the figures in respect of those claims that have been verified but there are some outstanding claims yet to be verified and these have not been included.
- (iv) Director of the Built Environment, City Fund £426,000 (3%) better – additional income from off-street car parking; savings on advertising costs for planning applications; together with a number of smaller underspends across the department identified as part of the revised estimate process. However, this better than budget position is forecast to reduce to £103,000 at year end due to the funding of the first year of a professorship for the departing City Planning Officer, a budget transfer to fund the capital purchase of the Highways Management System (HYMS), and less staff time chargeable to capital projects.
- (v) Director of Community & Children's Services, £667,000 (10%) better – The variance relates to a number of services including Adult Social Care, Looked After Children, the Children's Information Service, Transforming Families, Special Education Needs and Inclusion, Youth Programmes and Student Support. It is mainly attributable to changes in the actual mix of client numbers and their requirements compared to the assumptions used in budget planning together with underspendings across a number of budget heads.
- (vi) Director of Culture Heritage and Libraries, City Fund £123,000 (2%) worse – income targets have not been met for the year to date and expenditure is higher than anticipated across a number of budget heads. The Director is reviewing all non-essential expenditure planned for the remainder of this year to achieve an outturn which is closer to budget.
- (vii) Director of Culture Heritage and Libraries, B.H.E. £624,000 (53%) better – visitor numbers at Tower Bridge continue to exceed forecasts and various works projects have been postponed to next year.
- (viii) Director of Markets and Consumer Protection, City Fund £347,000 (16%) better – additional income has been generated at the Heathrow Animal Reception Centre (HARC) from 'Passports for Pets' and to a lesser extent quarantine and fish imports. The underspend will be largely eliminated at year end as the planned use of the Products of Animal Origin Reserve will no longer be required due to the additional income generated at the HARC.
- (ix) Managing Director Barbican Centre, £356,000 (2%) worse – the box office for the Gallery and Cinema have been lower than expected for the year to date, and some International Enterprise touring dates have been postponed to 14/15.
- (x) Town Clerk, £380,000 (3%) better – savings on employees due to a number of senior staff vacancies in the HR division, together with lower than expected expenditure on consultancy and restructuring costs

budgeted for in this financial year which will now fall into next financial year.

3. Police, £486,000 (1%) worse – There was an expectation that the City Police would benefit from efficiency savings by joining East Coast IT Services (ECIS). However, the existing partners have decided not to extend the collaboration. Consequently, the City Police is incurring unbudgeted costs in maintaining existing arrangements whilst other options are considered.
4. At year end, net local risk expenditure across all funds is forecast to be £1.6m within budget excluding the ring-fenced Police account – a reduction of £0.3m on the last update. The most significant variations anticipated at year end are as follows.
 - (i) Chamberlain, £415,000 (2%) worse – The main reasons for this forecast year end position are as set out in paragraph 2(i) above. Although experience in previous years suggests that this position may be mitigated by small underspends on a number of budget heads at year end it is now clear that the final position will show an overspend. Previous reports have indicated that should an overspend be confirmed, a retrospective request may be made to the Finance Committee for an allocation from its contingency to cover the unforeseen costs of £136,000 required to comply with the Government's public service network security requirements. A formal request is therefore now being made for the allocation of this sum from the Finance Committee's City's Cash Contingency.
 - (ii) City Surveyor, Bridge House Estates £293,000 (11%) better – The reasons for this better than budget position are as set out in paragraph 2 (ii).
 - (iii) Director of Community & Children's Services, £680,000 (9%) better – Given the City's small client base for adult and children's social care services, it is recognised that small changes in the mix of clients and their requirements can have a disproportionate impact on budgets. However, based on current clients and most of the year now passed, there is confidence on the potential size of the year end underspend.
 - (iv) Director of Culture Heritage and Libraries B.H.E. £624,000 (49%) better – the favourable year to date variance is assumed to flow through in full to the year end position.
 - (v) Managing Director Barbican Centre, £222,000 (1%) worse - the remaining month of the year is anticipated to be stronger than the year to date and some changes to the programme have been made resulting in a year end forecast deficit of £222,000. The Centre is hopeful that this gap will be further reduced by year end.
5. The City Police is forecasting a year end worse than budget position of £840,000 (1%) - i.e. the anticipated transfer from reserves is now £1.2m compared to £0.4m included in the budget. This relates to the IS costs referred to in paragraph 3 together with allocations from reserves by the Force's Resource Allocation Board for operational projects and a reduction in external contributions, partly offset by reduced requirements for training, premises and transport costs.

6. A more detailed analysis of the year end forecast for local risk budgets, by Chief Officer within Fund, is set out in Appendix 1.

Central Risk Budgets

Corporate Budgets

7. The performance of corporate central risk income budgets, comprising property investment incomes, funds with investment managers and interest on cash balances is reported on a quarterly basis. As reported in January, the year-end forecast as at the end of December indicated an increase in income of £2.4m (1.9%) compared to a budget of £127.1m.

Service Budgets

8. The City Bridge Trust has now completed its 2013/14 schedule of grant giving meetings and is forecasting a year end underspend of some £3.5m (16%) on its grants budget. The Chief Grants Officer has identified several areas of important work that he feels should continue into next year and which could be resourced from the balance of the 2013/14 grants budget. He is preparing a report outlining his proposals and this will be submitted to the April meeting of the City Bridge Trust followed by the Finance and Policy and Resources Committees as appropriate.

Contingencies

9. The table below indicates the level of uncommitted Finance Committee contingencies and that the Policy and Resources Committee's contingencies have been fully committed:

Uncommitted Balances on 2013/14 Contingencies as at 13 March				
	City Fund £'000	City's Cash £'000	BHE £'000	Total £'000
General Contingencies				
Policy and Resources Committee	0	0	0	0
Finance Committee	737	361	30	1,128
Total General Contingencies	737	361	30	1,128
National and International Disasters	0	25	0	25

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Summary Position - Local Risk Budgets

Chief Officer	Full Year Forecast as at 31 Jan			Full Year Forecast as at 28 Feb			Forecast ↑ better ↓ worse ↔ no change
	Budget	(Better)/Worse		Budget	(Better)/Worse		
	£000	£000	%	£000	£000	%	
City Fund							
Chamberlain	2,271	141	6	2,279	164	7	↓
City Surveyor	3,528	(175)	(5)	3,562	(98)	(3)	↓
City Surveyor - R & M for other depts.	2,814	75	3	2,833	90	3	↓
Director of the Built Environment	16,657	(491)	(3)	16,657	(103)	(1)	↓
Director of Community & Children's Services	7,325	(650)	(9)	7,458	(680)	(9)	↑
Director of Culture, Heritage & Libraries	8,501	40	0	8,335	90	1	↓
Director of Markets & Consumer Protection	2,432	(59)	(2)	2,432	(75)	(3)	↑
Director of Open Spaces	(490)	0	0	(485)	0	0	↔
Managing Director, Barbican Centre	16,600	275	2	16,825	222	1	↑
Town Clerk	7,309	(25)	(0)	7,349	(12)	(0)	↓
Total City Fund (excluding Police)	66,947	(869)	(1)	67,245	(402)	(1)	↓
Commissioner of Police	57,401	1,182	2	57,401	840	1	↑
Total City Fund	124,348	313	(1)	124,646	438	0	↓
City's Cash							
Chamberlain	182	16	9	185	14	8	↑
City Surveyor	11,416	(67)	(1)	11,435	(117)	(1)	↑
City Surveyor - R & M for other depts.	1,873	77	4	1,898	99	5	↓
Director of Culture, Heritage & Libraries	(129)	0	0	64	0	0	↔
Director of Markets & Consumer Protection	1,912	(106)	(6)	1,912	(108)	(6)	↑
Director of Open Spaces	11,647	0	0	11,681	0	0	↔
Headmaster, City of London School	512	0	0	512	10	2	↓
Headmaster, City of London Freeman's School	255	(19)	(7)	255	(24)	(9)	↑
Headmistress, City of London School for Girls	357	(9)	(3)	357	(8)	(2)	↓
Principal, Guildhall School of Music and Drama	6,914	27	0	6,974	27	0	↔
Private Secretary & Chief of Staff to the Lord Mayor	2,626	0	0	2,644	20	1	↓
Remembrancer	1,039	0	0	1,045	(20)	(2)	↑
Town Clerk	896	0	0	900	(37)	(4)	↑
Total City's Cash	39,500	(81)	(0)	39,862	(144)	(0)	↑
Bridge House Estates							
City Surveyor	2,474	(238)	(10)	2,466	(293)	(12)	↑
City Surveyor - R & M for other depts.	81	2	2	125	0	0	↑
Director of the Built Environment	239	0	0	239	(1)	(0)	↑
Director of Culture, Heritage & Libraries	1,283	(676)	(53)	1,285	(624)	(49)	↓
Town Clerk	1,003	0	0	1,030	0	0	↔
Total Bridge House Estates	5,080	(912)	(18)	5,145	(918)	(18)	↑
Guildhall Administration							
Chamberlain	18,814	188	1	18,895	237	1	↓
City Surveyor	6,336	4	0	6,375	10	0	↓
Comptroller and City Solicitor	3,282	(94)	(3)	3,303	(121)	(4)	↑
Remembrancer	(310)	0	0	(310)	(18)	(6)	↑
Town Clerk	6,738	(125)	(2)	6,791	(200)	(3)	↑
Total Guildhall Administration	34,860	(27)	(0)	35,054	(92)	(0)	↑
Grand Totals (excluding Police)	146,387	(1,889)	(1)	147,306	(1,556)	(1)	↓
Grand Totals	203,788	(707)	(1)	204,707	(716)	(0)	↑