

Committee(s):	Date(s):
Finance Committee	27 May 2014
Subject:	Public
Provisional Outturn 2013/14	
Report of:	For Information
The Chamberlain	
Summary	
<p>The 2013/14 provisional outturn is an overall better than budget position of £11.9m comprising £4.9m, £1.0m and £6.0m for City Fund, City's Cash and Bridge House Estates respectively. The report analyses each of these figures by committee and provides the key reasons for variations.</p> <p>However, the favourable impact of these headline numbers on the reserves of each fund will be largely negated when the assessment of budget carry forwards and the slippage/rephasing of projects have been completed.</p> <p>Moore Stephens commenced its audit of City's Cash, Bridge House Estates and the various Trusts on 19 May, and Deloitte will begin its audit of the City Fund and Pension Funds on 9 June. These audited financial statements will be submitted to the Audit and Risk Management and Finance Committees in July as normal.</p>	
Recommendation	
Finance Committee are requested to note the provisional revenue outturn position for the year ended 31 March 2014.	

Main Report

1. With most entries now complete the provisional 2013/14 outturn is an overall better than budget position of £11.9m. The table below summarises this improvement between City Fund, City's Cash and Bridge House Estates.

2013/14 Budget v Outturn - By Fund			
Net Expenditure (Income)	Budget	Provisional Outturn	(Better) Worse
	£m	£m	£m
City Fund	195.0	190.1	(4.9)
City's Cash	2.2	1.2	(1.0)
Bridge House Estates	3.9	(2.1)	(6.0)
Total net expenditure	201.1	189.2	(11.9)

2. However, the favourable impact of these headline numbers on the reserves of each fund will be largely negated when the assessment of budget carry forwards and the slippage/rephasing of projects have been completed. The impact of these items will be included in the covering reports to the financial statements.
3. The following tables take each fund in turn and compare budgets with the outturn by committee with summaries of the main variations set out below each table.

The figures are the totals for each committee including Chief Officers' local risk budgets, central risk budgets, support services and capital charges. A comparison of local risk budgets against outturn is set out in Annex 1.

4. More detailed analyses and explanations will be included in outturn reports to the various service committees.

City Fund

2013/14 Budget v Outturn - City Fund Summary by Committee			
Net Expenditure (Income)	Budget	Provisional Outturn	(Better) Worse
	£m	£m	£m
Barbican Centre	25.4	25.6	0.2
Barbican Residential	0.4	0.2	(0.2)
Community and Children's Services	10.7	9.8	(0.9)
Culture Heritage and Libraries	20.1	20.2	0.1
Finance	74.7	74.1	(0.6)
Licensing	0.2	0.1	(0.1)
Markets	(0.8)	(0.8)	0.0
Open Spaces	1.5	1.4	(0.1)
Planning and Transportation	12.0	11.7	(0.3)
Police	63.3	62.2	(1.1)
Policy and Resources	3.8	3.7	(0.1)
Port Health and Environmental Services	14.3	13.8	(0.5)
Property Investment Board	(30.6)	(31.9)	(1.3)
City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves.	195.0	190.1	(4.9)

5. The better than budget position of £4.9m comprises: £m
- City Fund Property Investment Estate – A combination of net additional rent income across the portfolio (£0.8m) and reduced operating costs (£0.5m). (1.3)
 - City Police – Due to slippage on the capital programme, the funding contribution required from revenue was reduced. The £1.1m is retained within the earmarked Police Reserve. (1.1)
 - Committee contingencies not required. (0.9)
 - Community and Children's Services – Primarily additional funds transferred from the NHS to support adult social care services, lower demand for children's social care and early years services, lower supporting people payments, and lower staff costs due to vacant posts. (0.9)
 - Major revenue repairs, maintenance and improvement projects - slippage/rephasing mainly relating to Barbican Centre and Highways Street Scene schemes. (0.9)
 - Port Health and Environmental Services – Increased income from penalty charge notices, waste disposal and Heathrow Animal Reception Centre; reduced staff costs for Street Cleansing due to vacancies; and lower net expenditure at the Cemetery and (0.5)

- Crematorium.
 - Corporate Procurement Project – Relates to the City Fund share of fees payable to the City’s procurement partner to facilitate an earlier conclusion to the partnership including the bringing forward of payments that would otherwise have been paid later in the contract for ongoing savings already achieved. 1.2
 - Other net reductions in operating costs across services. (0.5)
-
- (4.9)

City’s Cash

2013/14 Budget v Outturn - City's Cash Summary by Committee			
Net Expenditure (Income)	Budget	Provisional Outturn	(Better) Worse
	£m	£m	£m
Culture, Heritage & Libraries	0.3	0.3	0.0
Finance	(9.6)	(9.5)	0.1
G. P. Committee of Aldermen	3.3	3.0	(0.3)
Guildhall School of Music and Drama	9.1	9.1	0.0
Markets	1.0	0.2	(0.8)
Open Spaces :-			
Open Spaces Directorate	0.0	0.0	0.0
Epping Forest and Commons	6.5	6.7	0.2
Hampstead, Queen's Park and Highgate	6.6	6.4	(0.2)
Bunhill Fields	0.3	0.3	0.0
West Ham Park	0.1	0.1	0.0
Planning and Transportation	0.1	0.1	0.0
Policy and Resources	11.2	10.3	(0.9)
Port Health and Environmental Services	0.2	0.2	0.0
Property Investment Board	(32.0)	(31.1)	0.9
Schools :-			
City of London School #	1.5	1.5	0.0
City of London Freeman's School #	2.5	2.5	0.0
City of London School for Girls #	1.1	1.1	0.0
Total net requirement to be met from reserves	2.2	1.2	(1.0)

Shows City Support rather than net expenditure by the schools

The net position of £1.0m better than budget comprises a number of largely offsetting variations:

- Profits on the sale of assets – The budget assumed £9m profit on the sale of assets whereas the outturn was £7.3m. The shortfall relates to two asset disposals that were deferred to 2014/15. One has now been completed and payment received; the other is anticipated shortly. £m 1.7
- Capital grant to Open Spaces Charities – Under United Kingdom Generally Accepted Accounting Practice, the City Corporation’s funding of Opens Spaces capital expenditure must be charged to revenue in the year incurred. This is because such expenditure 1.2

creates an asset on the Open Spaces balance sheets rather than on the City's Cash balance sheet. This increased revenue expenditure will be offset by a compensating reduction in City's Cash capital expenditure.

- Property Investment Estate – Reduction in net income primarily due to the impact of accounting for rent incentives being higher than anticipated. 0.9
 - Corporate Procurement Project – Relates to the City's Cash share of fees payable to the City's procurement partner to facilitate an earlier conclusion to the partnership including the bringing forward of payments that would otherwise have been paid later in the contract for ongoing savings already achieved. 0.7
 - Major revenue repairs, maintenance and improvement projects - slippage/rephasing mainly relating to Guildhall School and Investment Property schemes. (2.1)
 - Committee contingencies not required. (1.0)
 - Markets – Savings on employees, energy and billing costs; lower expenditure on repairs and maintenance; and additional income from rents, parking and dilapidations. (0.8)
 - Non-Property Investments – increase in net income (0.5)
 - Policy Initiatives Fund – balance uncommitted in year (0.4)
 - Grants – budget not fully utilised (0.3)
 - Other net reductions in operating costs across services. (0.4)
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- (1.0)

Bridge House Estates

2013/14 Budget v Outturn - Bridge House Estates Summary by Committee			
<i>Net Expenditure (Income)</i>	Budget	Provisional Outturn	(Better) Worse
	£m	£m	£m
The City Bridge Trust	23.4	19.9	(3.5)
Culture, Heritage and Libraries	0.0	(1.1)	(1.1)
Finance	(9.6)	(10.4)	(0.8)
Planning and Transportation	3.8	3.7	(0.1)
Property Investment Board	(13.7)	(14.2)	(0.5)
Deficit (Surplus) from (to) reserves	3.9	(2.1)	(6.0)

6. The £6m better than budget position comprises:

- City Bridge Trust – The 2013/14 grants budget of £22.3m, which included £2.8m brought forward from 2012/13, was not fully utilised. A quinquennial review of the grants programme has been completed that enabled an up-to-date new programme to be launched but also meant resources had to be diverted from the day to day grants assessments. There were also some capacity issues. £m (3.5)
 - Tower Bridge Tourism - visitor numbers at Tower Bridge exceeded forecasts and various works projects have been postponed to next year. (1.1)
 - Property Investment Estate – Additional net income. (0.5)
 - Non-property investments – Additional net income. (0.4)
 - Other net reductions in operating costs across services. (0.5)
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- (6.0)

External Audit

7. Moore Stephens commenced its audit of City's Cash, Bridge House Estates and the various Trusts on 19 May, and Deloitte will begin its audit of the City Fund and Pension Funds on 9 June. These audited financial statements will be submitted to the Audit and Risk Management and Finance Committees in July as normal.

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2013/14 Local Risk Outturn by Chief Officer

Chief Officer	Local Risk		
	Budget £m	Provisional Outturn £m	(Better)/ Worse £m
Chamberlain	21.5	21.9	0.4
City Surveyor (1)	28.1	27.6	(0.5)
Commissioner of Police	63.3	62.2	(1.1)
Comptroller and City Solicitor	3.3	3.2	(0.1)
Director of Community and Children's Services (2)	7.4	6.5	(0.9)
Director of the Built Environment	16.6	16.0	(0.6)
Director of Culture, Heritage and Libraries	9.7	8.6	(1.1)
Director of Markets and Consumer Protection	4.3	3.7	(0.6)
Director of Open Spaces	11.1	10.9	(0.2)
Managing Director Barbican Centre	16.8	17.0	0.2
Principal Guildhall School of Music and Drama	7.0	6.9	(0.1)
Private Secretary to the Lord Mayor	2.6	2.4	(0.2)
Remembrancer	0.7	0.5	(0.2)
Town Clerk	16.1	15.7	(0.4)
Total (3)	208.5	203.1	(5.4)

(1) Excludes the programme of additional repairs and maintenance which is overseen by the Corporate Asset Sub Committee. The total 2013/14 budget for this programme was £4.9m of which £4.5m was spent. The carrying forward of the £0.4m unspent balance is subject to separate arrangements. Also excludes repairs and maintenance and facilities management undertaken on behalf of the City Police. The budget and outturn for these items are both £1.5m and have been included within the City Police figures.

(2) Excludes the HRA which is ring-fenced and therefore does not impact on the City Fund requirement. The surplus for the year transferred to the HRA general reserve was £0.9m compared to a budget of £0.5m.

(3) The City provides financial support to the three City Schools through the provision of support services and scholarships. This support is treated as central risk and so the Schools are not included above.