

Committee:	Date:
Finance	23 September 2014
Subject: Revenue Budget Monitoring to August 2014	Public
Report of: The Chamberlain	For Information

Summary

Local Risk Budgets (Chief Officer Cash Limits)

Net local risk expenditure at the end of August, excluding the ring-fenced Police account, is £2.3m (4%) within the profiled budget of £57.6m.

The forecast year end position, excluding the ring-fenced Police account, is £1.6m (1%) within the budget of £140.3m.

The most significant variations forecast to local risk budgets at year end are a better than budget position of £0.5m (3%) by the Director of the Built Environment and a £0.6m (9%) favourable variance by the Director of Community and Children's Services – both variations due to a combination of factors as set out in paragraphs 2(vi) and 3(v) respectively.

The City Police is forecasting a broadly break even position at year end due to a number of largely compensating variations.

Central Risk Budgets

The contract procured last year by City Procurement for agency staff is forecast to produce a corporate year-end saving of at least £0.4m.

As previously reported, income from on-street parking is forecast to reduce following the Government's Deregulation Bill which will ban the use of CCTV for static parking enforcement and is due to come into effect by October. The year end forecast is for a reduction of £0.6m to £8.1m. This will result in a reduced transfer to the ring-fenced On-Street Parking Reserve although, departmentally, it is now forecast to be largely offset by increased income from planning application fees.

Uncommitted Policy and Resources Committee and Finance Committee general contingencies total £1.1m.

Risks

The Chamberlain and City Surveyor have reported risks to their budgets as set out in paragraphs 8 and 9.

Recommendation

Members are asked to note the report.

Main Report

Local Risk Budgets

1. A summary of the financial position on Chief Officers' local risk (cash limited) budgets as at 31st August is set out in the following table.

Chief Officer	Year To Date - 31st August				Full Year Forecast			
	Budget £000	(Better)/Worse			Budget £000	(Better)/Worse		
		£000	%			£000	%	
Chamberlain	9,127	(31)	(0)	√	21,688	52	0	x
City Surveyor - City Fund (CF)	2,085	302	14	x	5,232	85	2	x
City Surveyor - City's Cash (CC)	4,900	118	2	x	12,392	(15)	(0)	√
City Surveyor - Bridge House Estates (BHE)	1,040	(129)	(12)	√	2,493	(199)	(8)	√
City Surveyor - Guildhall Administration (GA)	2,686	105	4	x	6,369	134	2	x
Comptroller & City Solicitor	1,344	(423)	(31)	√	3,226	(326)	(10)	√
Director of the Built Environment - CF	6,623	(429)	(6)	√	15,896	(544)	(3)	√
Director of the Built Environment - BHE	100	(6)	(6)	√	240	0	0	-
Director of Community & Children's Services	2,607	(84)	(3)	√	6,367	(598)	(9)	√
Director of Culture, Heritage & Libraries - CF	3,451	(72)	(2)	√	8,282	0	0	-
Director of Culture, Heritage & Libraries - CC	27	(16)	(59)	√	64	0	0	-
Director of Culture, Heritage & Libraries- BHE	379	(176)	(46)	√	909	0	0	-
Director of Markets & Consumer Protection - CF	983	(202)	(21)	√	2,359	(40)	(2)	√
Director of Markets & Consumer Protection - CC	812	(92)	(11)	√	1,949	0	0	-
Director of Open Spaces	4,506	(70)	(2)	√	10,815	0	0	-
Head, City of London School	712	10	1	x	(392)	0	0	-
Headmaster, City of London Freemen's School	398	(15)	(4)	√	(50)	0	0	-
Headmistress, City of London School for Girls	(2,971)	(255)	(9)	√	313	0	0	-
Managing Director, Barbican Centre	7,204	(638)	(9)	√	16,366	(30)	(0)	√
Principal, Guildhall School of Music and Drama	3,436	64	2	x	6,701	(20)	(0)	√
Private Secretary & Chief of Staff to the Lord Mayor	1,074	12	1	x	2,522	(50)	(2)	√
Remembrancer	181	(4)	(2)	√	703	0	0	-
Town Clerk	6,906	(252)	(4)	√	15,884	0	0	-
Totals (Period 5) Excluding Police	57,610	(2,283)	(4)	√	140,328	(1,551)	(1)	√
Police (Period 5)	23,717	3	0	x	54,308	84	0	x

Variations at 31 August

2. Net local risk expenditure across all funds, excluding the ring-fenced Police account, was £2.3m (4%) within the budget profile at the end of August. The main variations at 31 August are outlined below.
- (i) City Surveyor, City Fund £302,000 (14%) worse – a combination of repairs and maintenance being ahead of budget profile and a shortfall in service charge income. These pressures are anticipated to have largely been mitigated by year end to leave a broadly break even position.
 - (ii) City Surveyor, City's Cash £118,000 (2%) worse – this is due to increased expenditure on repairs and maintenance. Again, there is anticipated to be a broadly break even position by year end.
 - (iii) City Surveyor, Bridge House Estates £129,000 (12%) better – underspends in a number of areas including employees, repairs and maintenance, and cleaning and domestic costs.

- (iv) City Surveyor, Guildhall Administration £105,000 (4%) worse – an overspend on repairs and maintenance not covered by the BRM contract. The Building Repairs and Maintenance contract is moving to charges based on assets to be maintained rather than area size. The scrutiny and verification of those assets may reduce the costs, but until the review has been completed, there is an expectation the budget will be overspent due to the number of out of scope works required.
- (v) Comptroller and City Solicitor, Guildhall Administration, £423,000 (31%) better – additional income from property based transactions and other legal fees, together with underspends on employees.
- (vi) Director of the Built Environment, City Fund £429,000 (6%) better – savings from the new On Street Parking enforcement contract and staffing vacancies. In addition, income for hoardings, scaffolding and road closure licences has been received ahead of the profiled budget. Increased activity in Off-Street car parks has generated additional income, and there has been a saving on Town Planning due to vacant posts waiting to be filled following the proposed Planning Service restructure.
- (vii) Director of Culture, Heritage and Libraries, BHE £176,000 (46%) better – this is due to higher than anticipated income at Tower Bridge.
- (viii) Director of Markets and Consumer Protection, City Fund £202,000 (21%) better - additional income has been generated at the Heathrow Animal Reception Centre (HARC) from 'Passports for Pets', however this is not expected to continue in future months. Some of this additional income has been offset by reduced revenue from Port Health Authority work following the closure of Thamesport and there is uncertainty on the levels of trade following the opening of the new London Gateway Port.
- (ix) Director of Markets and Consumer Protection, City's Cash £92,000 (11%) better – due to underspends on vacant staff posts and savings on energy budgets for the Smithfield Market. Underspends will be offset at year end by adjusting service charges due from tenants to achieve a break even position.
- (x) Managing Director, Barbican Centre, City Fund £638,000 (9%) better – due to a strong start to the year at the Box Office with 'Testament of Mary', 'Gautier', and 'Digital Revolution' all significantly outperforming their income targets. Membership and booking fees have benefitted from the advance ticket sales for Hamlet, starring Benedict Cumberbatch.

Variations Forecast at Year End

3. At year end, net local risk expenditure across all funds is forecast to be £1.6m (1%) within budget excluding the ring-fenced Police account. The most significant variations anticipated at year end are as follows.
 - (i) City Surveyor, Bridge House Estates, £199,000 (8%) better.
 - (ii) City Surveyor, Guildhall Admin, £134,000 (2%) worse.
 - (iii) Comptroller and City Solicitor, £326,000 (10%) better.

(iv) Director of the Built Environment, City Fund £544,000 (3%) better.

In relation to items (i) to (iv), the reasons for the anticipated year end positions are essentially the same as set out in Paragraphs 2 (iii), (iv), (v), and (vi) respectively.

(v) Director of Community and Children's Services £598,000 (9%) better – underspends are anticipated in the Youth Programme and the Troubled Families Programme, there are lower employee costs due to vacant posts, and costs are being charged against specific government grants which are a little higher than anticipated. In addition, a £250,000 budget set aside to help mitigate potential financial pressures is unlikely to be required.

4. The City Police is forecasting a broadly break even position at year end due to a number of largely compensating variations.
5. A comparison of the full year forecast as at 31 August with the previous full year forecast as at 31 July is set out in the appendix.

Central Risk Budgets

6. The contract procured last year by City Procurement for agency staff was structured to deliver significant savings in the first year of the contract. For the first three quarters of the first year of the contract, rebates of £0.4m have now been received. The corporate year end saving should be increased further when the rebate for the fourth quarter of the first year has been agreed.
7. As previously reported, income from on-street parking is forecast to reduce following the Government's Deregulation Bill which will ban the use of CCTV for static parking enforcement apart from outside schools, red routes, bus lanes and bus stops. The Bill is due to come into effect by October. There are, however, some exceptions that will still allow the use of CCTV for moving traffic contraventions. The year end forecast is for a reduction in income of £0.6m to £8.1m. This will result in a reduced transfer to the ring-fenced On-Street Parking Reserve although, departmentally, it is now forecast to be largely offset by increased income from planning application fees.

Risks

8. Chamberlain - As well as ensuring that the City's IS services continue to operate effectively and efficiently, the number and complexity of corporate projects which the Chamberlain's IS Division is being requested to undertake is increasing. Such projects currently include:
 - a telecommunications strategy which is investigating how broadband services can be extended into the City of London for Small and Medium Enterprises and residents;
 - a new Virtual Private Network (VPN) infrastructure to allow remote working to individuals with Corporate equipment, to promote flexible working throughout the organisation and supporting the corporate accommodation initiative;

- the rebuild of the SharePoint Content Management infrastructure to manage organisational information more effectively across the City.

The Division's capacity to absorb the additional costs of such projects within existing budgets has been significantly impacted by successive budget decreases. Although the forecast year end position is currently reported as being broadly break even for the Chamberlain's Department, the situation is dynamic and it may be necessary to bring a report to Committee which quantifies the budget pressures and considers options for the delivery of such projects.

9. City Surveyor - Work is currently being undertaken by the City Surveyor to examine and prioritise planned repairs and maintenance work for the remainder of the year with a view to containing the overall expenditure repairs and maintenance within existing budgets. Should it be possible to contain the costs within the overall budgetary totals, this will only be achieved at the expense of the investment property portfolios covering the costs of the operational property. This will have long term consequences for both portfolios. The imbalance between expenditure and budgets will be a continuing cause for concern, and will need to be considered in the next round of budget preparation.

Contingencies

10. The uncommitted balances on contingencies as at 31st August are set out in the table below:

Uncommitted Balances on 2014/15 Contingencies as at 31st August				
	City Fund £'000	City's Cash £'000	BHE £'000	Total £'000
General Contingencies				
Policy and Resources Committee	0	141	0	141
Finance Committee	559	363	63	985
Total General Contingencies	559	504	63	1,126
National and International Disasters		100		100

11. It is anticipated that overall these contingencies will be adequate to fund unforeseen commitments as budgets can be transferred between funds (although not between Committees).

Chief Officer - Local Risk Budgets	Full Year Forecast as at 31 July			Full Year Forecast as at 31 August			Forecast ↑ better ↓ worse ↔ no change
	Budget	(Better)/Worse		Budget	(Better)/Worse		
		£000	£000		%	£000	
City Fund							
Chamberlain	2,698	34	1	2,698	34	1	↔
City Surveyor	3,740	17	0	3,740	(44)	(1)	↑
City Surveyor - R & M for other depts.	1,490	32	2	1,492	129	9	↓
Director of the Built Environment	15,896	(245)	(2)	15,896	(544)	(3)	↑
Director of Community & Children's Services	6,367	(439)	(7)	6,367	(598)	(9)	↑
Director of Culture, Heritage & Libraries	8,317	0	0	8,282	0	0	↔
Director of Markets & Consumer Protection	2,358	(117)	(5)	2,359	(40)	(2)	↓
Director of Open Spaces	(387)	0	0	(387)	0	0	↔
Managing Director, Barbican Centre	16,366	0	0	16,366	(30)	(0)	↑
Town Clerk	7,279	0	0	7,314	0	0	↔
Total City Fund (excluding Police)	64,124	(718)	(1)	64,127	(1,093)	(2)	↑
Commissioner of Police	54,308	(218)	(0)	54,308	84	0	↓
Total City Fund	118,432	(936)	(1)	118,435	(1,009)	(1)	↑
City's Cash							
Chamberlain	182	18	10	182	18	10	↔
City Surveyor	10,651	(93)	(1)	10,651	(237)	(2)	↑
City Surveyor - R & M for other depts.	1,741	88	5	1,741	222	13	↓
Director of Culture, Heritage & Libraries	64	0	0	64	0	0	↔
Director of Markets & Consumer Protection	1,949	0	0	1,949	0	0	↔
Director of Open Spaces	11,202	0	0	11,202	0	0	↔
Head, City of London School	(392)	0	0	(392)	0	0	↔
Headmaster, City of London Freeman's School	(50)	0	0	(50)	0	0	↔
Headmistress, City of London School for Girls	313	0	0	313	0	0	↔
Principal, Guildhall School of Music and Drama	6,666	0	0	6,701	(20)	(0)	↑
Private Secretary & Chief of Staff to the Lord Mayor	2,453	19	1	2,522	(50)	(2)	↑
Remembrancer	1,030	0	0	1,030	0	0	↔
Town Clerk	816	0	0	816	0	0	↔
Total City's Cash	36,625	32	0	36,729	(67)	(0)	↑
Bridge House Estates							
City Surveyor	2,368	(223)	(9)	2,368	(199)	(8)	↓
City Surveyor - R & M for other depts.	125	0	0	125	0	0	↔
Director of the Built Environment	240	0	0	240	0	0	↔
Director of Culture, Heritage & Libraries	909	0	0	909	0	0	↔
Town Clerk	854	30	4	884	0	0	↑
Total Bridge House Estates	4,496	(193)	(4)	4,526	(199)	(4)	↑
Guildhall Administration							
Chamberlain	19,086	(106)	(1)	18,808	0	0	↓
City Surveyor	6,294	181	3	6,369	134	2	↑
Comptroller and City Solicitor	3,121	(200)	(6)	3,226	(326)	(10)	↑
Remembrancer	(327)	0	0	(327)	0	0	↔
Town Clerk	6,559	0	0	6,870	0	0	↔
Total Guildhall Administration	34,733	(125)	(0)	34,946	(192)	(1)	↑
							↔
Grand Totals (excluding Police)	139,978	(1,004)	(1)	140,328	(1,551)	(1)	↑
Grand Totals	194,286	(1,222)	(1)	194,636	(1,467)	(1)	↑