

Committee: Finance Committee	Date: 17 February 2015
Subject: Revenue Budget Monitoring to December 2014	Public
Report of: The Chamberlain	For Information

Summary

This report sets out the position on Chief Officers' cash limited local risk budgets. Variations on corporate budgets such as investment incomes, profits on asset sales and supplementary revenue projects are outlined in a separate report - "Revenue and Capital Budgets 2014/15 and 2015/16" - elsewhere on the agenda.

Net local risk expenditure at the end of December, excluding the ring-fenced Police account, is £2.9m (3%) within the profiled budget of £107.6m.

The forecast year end position, excluding the ring-fenced Police account, is £1.9m (1%) within the budget of £142.7m.

The most significant variations forecast to local risk budgets at year end are a better than budget position of £0.7m (4%) by the Director of the Built Environment primarily due to savings on the 'On Street' parking contract and income streams exceeding expectations for development related activities and parking; and £0.7m (10%) by the Director of Community and Children's Services largely due to reduced expenditure requirements across a number of programmes and care services.

The latest forecast for the Police ring fenced account indicates that a transfer from reserves of £8.5m will be required, an increase of £4.4m from the original budget. The reasons for this are set out in paragraph 3. As a result it is anticipated that the balance on the Police general reserve as at 31 March 2015 will be some £5.9m.

Risks

In another report elsewhere on the agenda the Chamberlain is seeking an allocation from your Committee's contingencies to mitigate the cost of additional IS projects that cannot be absorbed within existing resources.

The City Surveyor has outlined cost pressures on repairs and maintenance for the operational estate and Guildhall together with the steps being taken to mitigate these pressures (paragraphs 4 and 5).

Recommendation

Members are asked to note the report.

Main Report

Introduction

1. This report sets out the position on Chief Officers' cash limited local risk budgets. Variations on corporate budgets such as investment incomes, profits on asset sales and supplementary revenue projects are outlined in a separate report - "Revenue and Capital Budgets 2014/15 and 2015/16" - elsewhere on the agenda.

Main Variations

2. Net local risk expenditure across all funds, excluding the ring-fenced Police account, was £2.9m (3%) within the budget profile of £107.6m at the end of December. The forecast year end position, excluding the ring-fenced Police account, is £1.9m (1%) within the budget of £142.7m. A summary of the financial position on each Chief Officers' local risk (cash limited) budgets as at 31st December, excluding the ring-fenced Police account, is set out in Appendix 1. The main variations together with a brief commentary are outlined below.

Table 1: Main Variations

Chamberlain	Year to Date (YTD) £68,000 (0%) worse, Full Year (FY) £186,000 (1%) worse
The Chamberlain's department has taken on a number of additional high priority corporate IS programmes and initiatives which could not be absorbed within existing resources. A separate report is included on the agenda requesting an allocation from the Finance Committee's contingencies.	
City Surveyor, Guildhall Administration	YTD £263,000 (5%) worse, FY £327,000 (5%) worse
An overspend on energy costs and repairs and maintenance, together with increased costs associated with events. A full review is being undertaken of repairs and maintenance transactions, income and expenditure related to events, and energy bills.	
Comptroller and City Solicitor	YTD £385,000 (17%) better, FY £300,000 (10%) better
Additional income from property based transactions and other legal fees, together with underspends on employees.	
Director of the Built Environment, City Fund	YTD £866,000 (7%) better, FY £688,000 (4%) better
Additional Off-Street Parking income due to the Tower of London poppy display and salary savings from vacant posts as part of the Planning restructure. Accumulated departmental savings from prior periods include savings from the new street parking enforcement contract, together with additional income from hoardings, scaffolding and road closure licences.	

Director of Community and Children's Services	YTD £424,000 (9%) better, FY £652,000 (10%) better
Underspends on various programmes including student support, youth programmes, early learning support and an underspend on consultancy fees. In addition a £250,000 budget set aside to help mitigate potential financial pressures is unlikely to be required.	
Director of Culture, Heritage and Libraries, BHE	YTD £65,000 (13%) better, FY £90,000 (12%) better
Higher than anticipated income at Tower Bridge from the Exhibition, gift shop and vending machines. This is partly offset by increased marketing and equipment costs for the new Glass Walkways.	
Director of Markets and Consumer Protection City Fund	YTD £299,000 (17%) better, FY £12,000 (1%) worse
Additional income has been generated at the Heathrow Animal Reception Centre (HARC) from 'Passports for Pets' and from trade waste charges. In addition there are underspends at Spitalfields Market due to vacant posts. The favourable variance to date is forecast to reduce to a break even position at year end. This is due to savings at Spitalfields Market being offset by a reduced service charge, slowing of income at HARC, and a new rates charge for Border Inspection Posts at the Thames Gateway.	
Director of Markets and Consumer Protection, City's Cash	YTD £383,000 (24%) better, FY £204,000 (9%) better
Underspends on vacant posts, savings on the Citigen hot water budget and re-phasing of repairs and maintenance work at Smithfields Market. The underspend is expected to reduce in the coming months due to increased energy use in the winter, and the completion of the deferred repairs and maintenance work.	
Managing Director, Barbican Centre, City Fund	YTD £627,000 (5%) better, FY £86,000 (1%) better
Positive variance largely due to favourable box office results for the Artistic Programme and the 'Digital Revolution' event, together with the aggregate of a number of minor expenditure savings. The Memberships scheme also generated additional income due to the strength of the 15/16 Theatre programme. This favourable variance is expected to reduce in the coming months due to the loss of two slots for exhibition events in the second half of the year, and a shortfall in income from business events.	

Principal, Guildhall School of Music and Drama	YTD £390,000 (7%) worse, FY £190,000 (3%) worse
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A lack of breakout spaces has reduced income from selling conference space at Milton Court, with an associated impact on secondary income. A review of different types of events is taking place to maximise sales at Milton Court, with benefits anticipated in the next financial year. In addition a fee for the London Symphony Orchestra participating in the Orchestral Artistry course was not budgeted for.

City of London Police

3. The original revenue budget for the Police ringfenced account was based on a contribution from the Police general reserve of some £4.1m. The latest forecast indicates that a transfer from reserves of £8.5m, an increase of £4.4m, will be required. This is due to significant investment in one-off essential projects, e.g. IT, accommodation and mobile working, together with commitments of £1.7m brought forward from 2013/14 – particularly in relation to revenue funding of capital expenditure. As a result of these changes it is currently anticipated that the balance on the Police general reserve as at 31 March 2015 will be some £5.9m.

Risks

4. The City Surveyor is facing continuing cost pressures on repairs and maintenance for the operational estate and Guildhall. While additional budget has been requested and approved for 2015-16 to meet the higher building repairs and maintenance costs, the City Surveyor was hopeful that he could contain current year costs within his overall budgets but due to the continuing high demand for out of scope and reactive repairs and the associated material costs this is currently proving difficult.
5. An exercise is being undertaken to review commitments on all budgets under his control, for operational properties and the Guildhall, with a view to finding sufficient savings to cover any potential overspending. However, to be prudent, a full year overspend of £164,000 is projected in total across all funds.

Appendices

- Appendix 1 – year to date and forecast full year variances as at the 31st December 2014.
- Appendix 2 - full year local risk forecasts comparison with the previous quarter.
- Appendix 3 – summary of changes from the original budget to the 31st December 2014.

Local Risk Budgets as at 31st December

Chief Officer	Year To Date - 31st Dec				Full Year Forecast			
	Budget £000	(Better)/Worse			Budget £000	(Better)/Worse		
		£000	%			£000	%	
Chamberlain	16,815	68	0	x	21,883	186	1	x
City Surveyor - City Fund (CF)	3,133	31	1	x	5,139	(33)	(1)	√
City Surveyor - City's Cash (CC)	8,425	(16)	(0)	√	12,464	78	1	x
City Surveyor - Bridge House Estates (BHE)	1,272	(110)	(9)	√	2,416	(208)	(9)	√
City Surveyor - Guildhall Administration (GA)	4,853	263	5	x	6,369	327	5	x
Comptroller & City Solicitor	2,318	(385)	(17)	√	3,090	(300)	(10)	√
Director of the Built Environment - CF	11,994	(866)	(7)	√	15,992	(688)	(4)	√
Director of the Built Environment - BHE	180	2	1	x	240	3	1	x
Director of Community & Children's Services	4,792	(424)	(9)	√	6,432	(652)	(10)	√
Director of Culture, Heritage & Libraries - CF	6,242	(42)	(1)	√	8,322	0	0	-
Director of Culture, Heritage & Libraries - CC	39	3	8	x	52	0	0	-
Director of Culture, Heritage & Libraries- BHE	519	(65)	(13)	√	778	(90)	(12)	√
Director of Markets & Consumer Protection - CF	1,773	(299)	(17)	√	2,364	12	1	x
Director of Markets & Consumer Protection - CC	1,624	(383)	(24)	√	2,165	(204)	(9)	√
Director of Open Spaces	8,188	(87)	(1)	√	10,918	0	0	-
Head, City of London School	1,230	2	0	x	812	(86)	(11)	√
Headmaster, City of London Freemen's School	1,360	(1)	(0)	√	277	(110)	(40)	√
Headmistress, City of London School for Girls	769	(84)	(11)	√	595	(25)	(4)	√
Managing Director, Barbican Centre	12,527	(627)	(5)	√	16,402	(86)	(1)	√
Principal, Guildhall School of Music and Drama	5,623	390	7	x	6,827	190	3	x
Private Secretary & Chief of Staff to the Lord Mayor	1,822	3	0	x	2,544	(61)	(2)	√
Remembrancer	196	(18)	(9)	√	736	0	0	-
Town Clerk	11,865	(291)	(2)	√	15,931	(111)	(1)	√
Totals (Period 9) Excluding Police	107,559	(2,936)	(3)	√	142,748	(1,858)	(1)	√

Summary Position - Local Risk Budgets

Original Budget £000	Chief Officer - Local Risk Budgets	Full Year Forecast as at 30 September			Full Year Forecast as at 31st December			Forecast ↑ better ↓ worse ↔ no change
		Latest Budget £000	(Better)/Worse		Latest Budget £000	(Better)/Worse		
			£000	%		£000	£000	
	City Fund							
2,267	Chamberlain	2,698	34	1	2,701	97	4	↓
4,843	City Surveyor	5,226	139	3	5,139	(33)	(1)	↑
16,250	Director of the Built Environment	16,100	(758)	(5)	15,992	(688)	(4)	↓
5,912	Director of Community & Children's Services	6,367	(580)	(9)	6,282	(600)	(10)	↑
8,257	Director of Culture, Heritage & Libraries	8,282	0	0	8,322	0	0	↔
2,526	Director of Markets & Consumer Protection	2,715	18	1	2,364	12	1	↑
(520)	Director of Open Spaces	(387)	0	0	(384)	0	0	↔
15,957	Managing Director, Barbican Centre	16,366	0	0	16,402	(86)	(1)	↑
7,279	Town Clerk	7,347	0	0	7,432	15	0	↓
62,771	Total City Fund (excluding Police)	64,714	(1,147)	(2)	64,250	(1,283)	(2)	↑
57,808	Commissioner of Police	57,808	8	0	56,837	59	0	↓
120,579	Total City Fund	122,522	(1,139)	(1)	121,087	(1,224)	(1)	↑
	City's Cash							
182	Chamberlain	182	18	10	184	14	8	↑
12,188	City Surveyor	12,253	155	1	12,464	78	1	↑
0	Director of Community & Children's Services	150	(69)	(46)	150	(52)	(35)	↓
64	Director of Culture, Heritage & Libraries	64	0	0	52	0	0	↔
2,341	Director of Markets & Consumer Protection	2,338	(33)	(1)	2,165	(204)	(9)	↑
11,116	Director of Open Spaces	11,202	0	0	11,302	0	0	↔
726	Head, City of London School	781	0	0	812	(86)	(11)	↑
263	Headmaster, City of London Freeman's School	263	0	0	277	(110)	(40)	↑
535	Headmistress, City of London School for Girls	566	0	0	595	(25)	(4)	↑
6,516	Principal, Guildhall School of Music & Drama	6,701	(3)	(0)	6,827	190	3	↓
2,453	Private Secretary & Chief of Staff to the Lord Mayor	2,522	(50)	(2)	2,544	(61)	(2)	↑
1,030	Remembrancer	1,038	0	0	1,046	0	0	↔
816	Town Clerk	816	0	0	713	(51)	(7)	↑
38,230	Total City's Cash	38,876	18	0	39,131	(307)	(1)	↑
	Bridge House Estates							
2,255	City Surveyor	2,493	(176)	(7)	2,416	(208)	(9)	↑
240	Director of the Built Environment	240	(6)	(3)	240	3	1	↓
872	Director of Culture, Heritage & Libraries	909	(246)	(27)	778	(90)	(12)	↓
854	Town Clerk	901	0	0	958	0	0	↔
4,221	Total Bridge House Estates	4,543	(428)	(9)	4,392	(295)	(7)	↓
	Guildhall Administration							
18,792	Chamberlain	18,808	2	0	18,998	75	0	↓
6,232	City Surveyor	6,369	164	3	6,369	327	5	↓
3,121	Comptroller and City Solicitor	3,226	(326)	(10)	3,090	(300)	(10)	↓
(327)	Remembrancer	(311)	0	0	(310)	0	0	↔
6,559	Town Clerk	6,870	0	0	6,828	(75)	(1)	↑
34,377	Total Guildhall Administration	34,962	(160)	(0)	34,975	27	0	↓
139,599	Grand Totals (excluding Police)	143,095	(1,717)	(1)	142,748	(1,858)	(1)	↑

Local Risk Budget Changes (Excluding Police)

	£'000	£'000
Original Budget (excluding Police)		139,599
Previously reported budget movements		3,496
Budget as at 30 September		143,095
Carry Forwards Not Previously Included	283	
Contingency Allocations	5	
Contribution Pay	630	
Chamberlain - Increase in employee budget following cessation of Accenture contract - offset by savings in consultant fees within central risk budgets	125	
Open Spaces additional resources for 1 year following reduction in CBT funding	101	
Loss of rent income following Barbican Flat sales	55	
Town Clerks - New City Bridge Trust Monitoring Officer post agreed by Policy and Resources Committee	50	
Harmonisation of pay for unsocial hours at Barbican and GSMD	34	
City Surveyors Markets R & M financed from reserves in central risk	24	
London Living Wage	21	
Others	(8)	
Transfer of Sheriffs catering to central risk	(76)	
Transfer to central risk to fund City Widened Line	(85)	
Town Clerks Service Based Review Savings	(100)	
Comptroller and City Solicitor Service Based Review Savings	(165)	
Contribution from Culture, Heritage and Libraries revenue budgets to Glass Walkways project.	(261)	
Director of Built Environment Service Based Review Savings	(350)	
Director of Markets and Consumer Protection - Transfer from central risk to match income and expenditure on repairs and maintenance to the same risk	(630)	
		<hr/>
		(347)
Latest Budget		<hr/> 142,748 <hr/>