

Committee:	Dated:
Finance Committee	21 July 2015
Subject: Revenue Budget Monitoring to June 2015	Public
Report of: Chamberlain	For Information

Summary

Local Risk Budgets (Chief Officer Cash Limits)

All budgets, excluding Police:-

- Net local risk expenditure at the end of June is £0.7m (3%) within the profiled budget of £26m.
- The forecast year end position is £0.6m (0.5%) within the budget of £139.3m.
- The most significant variation forecast to local risk budgets at year end is a better than budget position of £0.4m (3%) by the Director of the Built Environment.

The latest forecast for the Police ring fenced account indicates that a transfer from reserves of £3.4m, an increase of £1.2m from the original budget, will be required. The reason for this is set out in paragraph 4.

Central Risk Budgets

Year-end property investment income is anticipated to be better than budget for City Fund, City's Cash and Bridge House Estates by £0.3m, £0.5m and £1.0m respectively.

The forecast for interest earnings has also improved due to a more beneficial cash flow – by £0.5m on City Fund and £0.2m on City's Cash.

Risks

The Commissioner has reported on risks to his budget as set out in paragraph 7.

Recommendation

Members are asked to note the report.

Local Risk Budgets

1. A summary of the financial position on Chief Officers' local risk (cash limited) budgets excluding the ring-fenced Police account as at 30 June is set out in Appendix 1.

Main Variations

2. Net local risk expenditure across all funds, excluding the ring-fenced Police account, was £0.7m (3%) within the budget profile at the end of June. The forecast year end position, excluding the ring-fenced Police account, is £0.6m (0.5%) within the budget of £139.3m. At this stage, there is only one variation of any significance which is set out in the paragraph below.
3. The Director of the Built Environment is reporting better than budget positions on his City Fund local risk position of £0.3m (7%) and £0.4m (3%) for the year to date and full year forecast respectively. This is attributable to income from off-street parking due to bays rented for a film production, savings on the street cleansing contract and salary savings from vacant posts within Building Control.

City of London Police

4. The budget for the Police ringfenced account was based on a contribution from the Police general reserve of some £2.2m. The latest forecast indicates that a transfer from reserves of £3.4m will be required, an increase of £1.2m. This is due to premises costs associated with 21 New Street which has largely been vacated following occupation of the refurbished GYE. As the lease on New Street continues until 31 October 2016 premises costs are being incurred on both GYE and New Street. Investigations into alternative arrangements for New Street are on-going, including consideration and determination of whether this is an appropriate cost to be charged against the accommodation project. However, pending the outcome of this process, the £1.2m will remain a cost pressure on the Police Revenue Budget.

Central Risk Budgets

Corporate Budgets

Chief Officer	Full Year Forecast				
	Budget	Forecast	(Better)/Worse		
	£000	£000	£000	%	
Property Investment Income					
City Surveyor - City Fund	(41,547)	(41,811)	(264)	(1)	√
City Surveyor - City's Cash	(42,794)	(43,263)	(469)	(1)	√
City Surveyor - Bridge House Estates	(17,936)	(18,911)	(975)	(5)	√
Interest on Cash Balances					
Chamberlain - City Fund	(1,635)	(2,135)	(500)	(31)	√
Chamberlain - City's Cash	(100)	(300)	(200)	(200)	√
Chamberlain - Bridge House Estates	(100)	(100)	0	0	-
Totals	(104,112)	(106,520)	(2,408)	(2)	√

- The positive variation on Property Investment Income is due to a number of rental movements across the investment estates. Most significantly on properties within the Bridge House Estates (£1m) in particular at 1-5 London Wall Buildings where refurbished space has been let more quickly than anticipated and where higher than expected rent levels and a lower vacancy factor have also been achieved, Colechurch House where short term tenancies have been extended pending redevelopment and Electra House at 72-92 Moorgate where retail lease renewals have been agreed at a higher level than anticipated. On City's Estate the rental growth (£0.5m) is primarily due to backdated rent anticipated from the settlement of reviews.
- The anticipated improvement in interest earnings on cash balances reflects the latest assessment of cash flows and a less cautious approach in the light of experience in recent years' outturns. The assumed average interest rate for interest earnings remains at 0.5%.

Risks

- There is an underlying risk to the Police ringfenced budget insofar as a number of external funding agreements (totalling £5.4m for the year to date and £21m for the full year) are pending confirmation. This reflects experience in previous years with some grants not being confirmed until towards the end of the financial year. However, until confirmed, external funding remains a financial risk to the Force.

Appendices

- Appendix 1 – year to date and forecast full year variances as at the 30 June 2015.
- Appendix 2 – summary of changes from the original budget to the 30 June 2015.

Appendix 1

Chief Officer	Year To Date - 30 June				Full Year Forecast			
	Budget	(Better)/Worse			Budget	(Better)/Worse		
	£000	£000	%		£000	£000	%	
Chamberlain	5,253	96	2	x	20,400	57	0	x
City Surveyor - City Fund (CF)	504	(15)	(3)	√	5,066	(32)	(1)	√
City Surveyor - City's Cash (CC)	1,656	66	4	x	13,801	62	0	x
City Surveyor - Bridge House Estates (BHE)	542	(179)	(33)	√	2,291	(80)	(3)	√
City Surveyor - Guildhall Administration (GA)	1,628	(56)	(3)	√	6,329	98	2	x
Comptroller & City Solicitor	725	(17)	(2)	√	2,975	0	0	-
Director of the Built Environment - CF	3,799	(272)	(7)	√	15,195	(390)	(3)	√
Director of the Built Environment - BHE	61	(3)	(5)	√	245	0	0	-
Director of Community & Children's Services	(1,792)	11	1	x	7,582	(156)	(2)	√
Director of Culture, Heritage & Libraries - CF	2,021	28	1	x	8,083	0	0	-
Director of Culture, Heritage & Libraries - CC	(13)	3	23	x	(45)	(5)	(11)	√
Director of Culture, Heritage & Libraries- BHE	221	3	1	x	883	0	0	-
Director of Markets & Consumer Protection - CF	526	(69)	(13)	√	2,102	(58)	(3)	√
Director of Markets & Consumer Protection - CC	461	(52)	(11)	√	1,840	(130)	(7)	√
Director of Open Spaces	2,672	(168)	(6)	√	10,684	0	0	-
Head, City of London School	(539)	(2)	(0)	√	800	0	0	-
Headmaster, City of London Freeman's School	(1,637)	0	0	-	200	0	0	-
Headmistress, City of London School for Girls	(515)	6	1	x	231	0	0	-
Managing Director, Barbican Centre	4,575	(69)	(2)	√	16,478	0	0	-
Principal, Guildhall School of Music and Drama	688	45	7	x	5,656	0	0	-
Private Secretary & Chief of Staff to the Lord Mayor	767	4	1	x	2,351	(15)	(1)	√
Remembrancer	52	(13)	(25)	√	717	0	0	-
Town Clerk	4,358	(69)	(2)	√	15,408	0	0	-
Totals Excluding Police	26,013	(722)	(3)	√	139,272	(649)	0	√

Appendix 2

Local Risk Budget Changes (Excluding Police)

	£'000	£'000
Original Local Risk Budget (excluding Police)		138,466
Reclassifications of budgets between Chief Officers Local and Central Risk		<u>702</u>
Adjusted Local Risk Budget (excluding Police)		139,168
City Surveyor net additional resources for Building repairs and maintenance	54	
Comptroller and City Solicitor additional resources to support registration of title deeds	74	
Built Environment SBR savings	(105)	
Policy Initiatives Fund Allocations	56	
Contingency Allocations	<u>25</u>	
		<u>104</u>
Latest Local Risk Budget (excluding Police)		<u>139,272</u>