

Committee:	Dated
Finance Committee	25 July 2017
Subject: Revenue Budget Monitoring to June 2017	Public
Report of: Chamberlain	For Information
Report author: Philip Gregory, Deputy Financial Services Director	

Summary

The overall forecast year end position at quarter one is £0.9m better than budget which comprises favourable variances of £0.3m on Chief Officer Cash Limited Budgets and £0.6m on Central Risk (Corporate) Budgets.

Chief Officer Cash Limited Budgets

The year end forecast is £0.3m better than the latest approved budget of £204.9m. Brief commentary on the main variances and actions being taken are outlined in Appendix 1.

Central Risk Budgets - Corporate Income Budgets

Property investment income at the end of June is £0.2m better than the profiled budget and a favourable variance of £0.6m is forecast at year end.

Interest earnings are anticipated to be in line with the year end budgeted position.

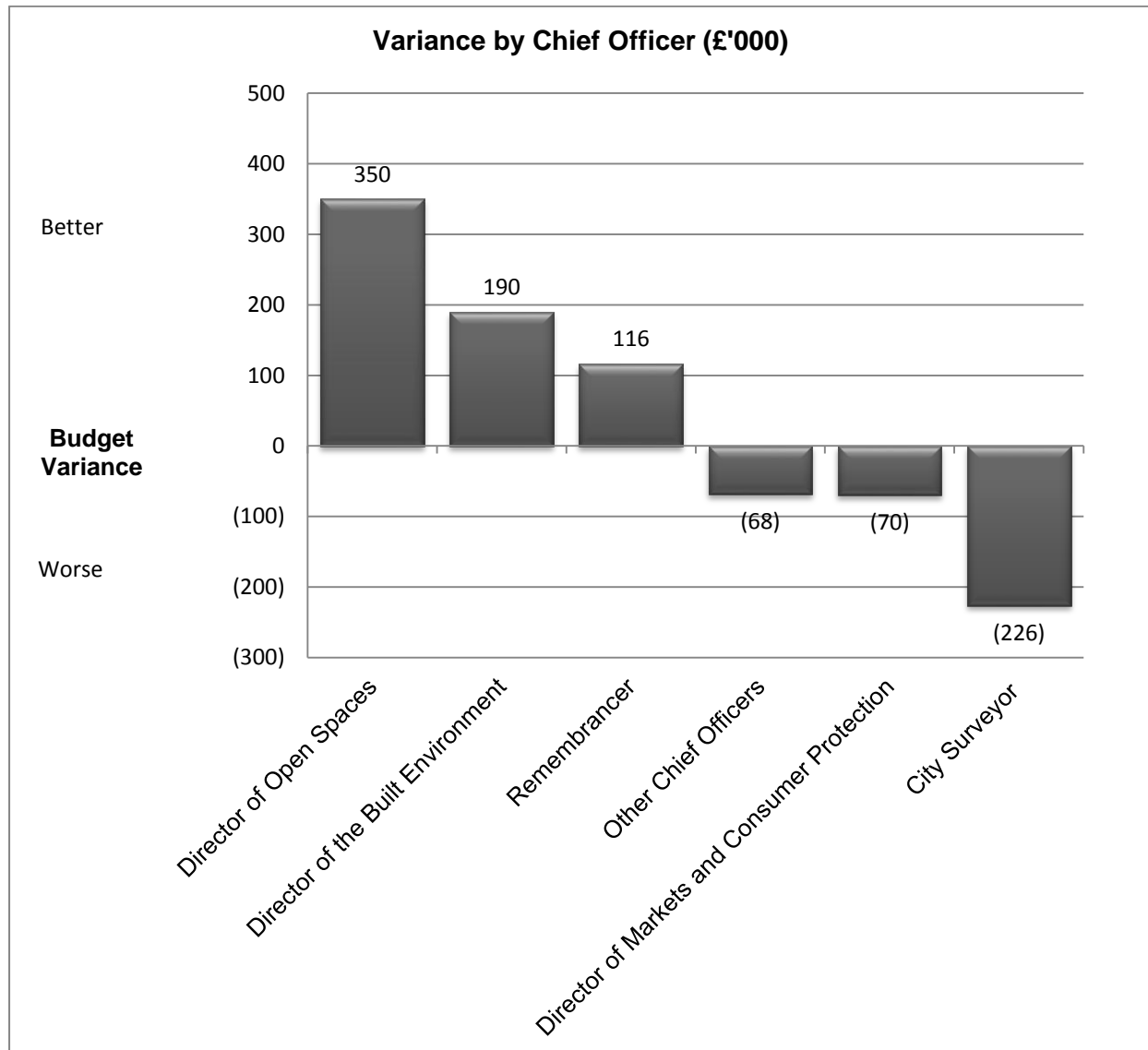
Recommendation

Members are asked to note the report.

Main Report

Chief Officer Cash Limited Budgets

1. The year end forecast is £0.3m better than the latest approved budget of £204.9m. The main variances are shown in the graph below with brief commentary and actions being taken outlined in Appendix 1.
2. The other Chief Officers are broadly in line with the year to date and full year budgeted positions.



3. Detailed information for each Chief Officer by Fund is provided in Appendix 2.
4. A summary of changes from Chief Officers original cash limited budgets to latest budgets is provided in Appendix 3.

Central Risk Budgets - Corporate Income Budgets

5. Property investment income at the end of June is £0.2m better than the profiled budget of £57.4m. A favourable variance of £0.6m is forecast at year end due to additional rental income from a new property at 21 Worship Street.
6. At quarter one interest earnings are anticipated to be in line with the year end budgeted position.

Central Risk (Corporate Income Budgets)				
	Original/ Latest Budget	Forecast Outturn	Variance B/(W)	
	£'000	£'000	£'000	%
Property Investment Income - City's Cash	(53,014)	(53,626)	612	(1)
Property Investment Income - City Fund	(44,978)	(44,978)	0	0
Property Investment Income - Bridge House Estates	(21,577)	(21,577)	0	0
Total Property Investment Income	(119,569)	(120,181)	612	1
Interest on Cash Balances - City Fund	(3,000)	(3,000)	0	0
Interest on Cash Balances - City's Cash	(300)	(300)	0	0
Interest on Cash Balances - Bridge House Estates	(100)	(100)	0	0
Total Interest on Cash Balances	(3,400)	(3,400)	0	0
Total	(122,969)	(123,581)	612	1

Appendices

- Appendix 1: Brief commentary for the main full year variances for Chief Officers Cash Limited Budgets
- Appendix 2: Detailed full year variances for Chief Officers Cash Limited Budgets by Fund
- Appendix 3: Summary of changes from the original budget to latest budget at 30th June 2017 for Chief Officer Cash Limited Budgets

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Appendix 1

Chief Officer	Original Budget	Latest Approved Budget	Forecast	Variance B/(W)	
	£'000	£'000	£'000	£'000	%
Director of Open Spaces	9,762	10,142	9,792	350	4
Director of Built Environment	15,662	16,332	16,142	190	1
Remembrancer	782	818	702	116	14
Other Chief Officers	81,935	84,414	84,482	(68)	0
Director of Markets and Consumer Protection	3,180	3,409	3,479	(70)	(2)
City Surveyor	29,028	29,376	29,602	(226)	0
Total (excluding Police)	140,349	144,491	144,199	292	0
Commissioner of Police	60,362	60,402	60,402	0	0
Total (including Police)	200,711	204,893	204,601	292	0

Chief Officer	Variance B/(W) £'000	Cause/Action
Director of Open Spaces	350	Income year to date is higher than anticipated by £60k which is expected to continue. The Superintendent expects last year's level of income to be attained once again which will result in a better than budgeted position of £350k at year end.
Director of Built Environment	190	On-going salary vacancies within the Building Control Service; contract penalty deductions imposed on AMEY for failure to meet required KPI's on the street cleansing contract; additional barrier income from Public Convenience; and various salary savings across the Department for staff not in the pension fund.

Chief Officer	Variance B/(W) £'000	Cause/Action
Remembrancer	116	Additional Guildhall lettings income.
Other Chief Officers	(68)	<p>Comprises Chief Officers who are broadly in line with the year to date and full year budgeted positions.</p> <p>The forecast variance of £68k comprises favourable variances of £16k for Town Clerk and £11k for Chamberlain, offset by adverse variances of £50k for Comptroller and City Solicitor and £45k for Director of Community and Children's Services due to higher than budgeted staff costs from the use of temporary staff.</p> <p>The following Chief Officers are forecasting to be on budget at year end – Managing Director, Barbican Centre, Principal, Guildhall School of Music and Drama, Private Secretary and Chief Officer of Staff to the Lord Mayor, Director of Culture, Heritage and Libraries, Headmistress, City of London School for Girls, Head, City of London School and Headmaster, City of London Freeman's School.</p>
Director of Markets and Consumer Protection	(70)	Lower service charge income at Smithfield Market as a result of delays to letting additional premises. The Superintendent is in discussion with the City Surveyor to push for the leases to be completed as soon as possible.
City Surveyor	(226)	The principal reason for the overspending is an anticipated shortfall in fee income achieved by the City Surveyor from property deals. This income can be quite lumpy so it is possible that the position could improve later in the year. The remainder relates to an anticipated overspending at Walbrook Wharf, mainly due to backdated cleaning contract costs, and to anticipated overspending on recruitment costs for City Surveyor's professional staff as a result of the competitive market conditions.

Original Budget	Chief Officer - Local Risk Budgets	Full Year Forecast as at 30th June			
		Latest Budget	Forecast	Better/(Worse)	
£000		£000	£000	£000	%
	City Fund				
1,753	Chamberlain	1,753	1,753	0	0
5,068	City Surveyor	5,077	5,155	(78)	(1)
7,275	Director of Community & Children's Services	7,601	7,655	(54)	(1)
7,568	Director of Culture, Heritage & Libraries	7,742	7,742	0	0
1,966	Director of Markets & Consumer Protection	2,152	2,054	98	5
(753)	Director of Open Spaces	(669)	(1,019)	350	52
15,405	Director of the Built Environment	16,075	15,885	190	1
15,851	Managing Director, Barbican Centre	17,053	17,053	0	0
7,635	Town Clerk	7,756	7,756	0	0
61,768	Total City Fund (excluding Police)	64,540	64,034	506	1
	City's Cash				
70	Chamberlain	70	70	0	0
14,710	City Surveyor	14,952	15,098	(146)	(1)
500	Director of Community & Children's Services	504	495	9	2
(42)	Director of Culture, Heritage & Libraries	(30)	(30)	0	0
1,214	Director of Markets & Consumer Protection	1,257	1,425	(168)	(13)
10,515	Director of Open Spaces	10,811	10,811	0	0
881	Head, City of London School	933	933	0	0
(45)	Headmaster, City of London Freemen's School	5	5	0	0
113	Headmistress, City of London School for Girls	150	150	0	0
5,366	Principal, Guildhall School of Music & Drama	5,403	5,403	0	0
2,567	Private Secretary & Chief of Staff to the Lord Mayor	2,565	2,565	0	0
1,166	Remembrancer	1,191	1,191	0	0
568	Town Clerk	571	571	0	0
37,583	Total City's Cash	38,382	38,687	(305)	(1)
	Bridge House Estates				
2,487	City Surveyor	2,492	2,492	0	0
(14)	Director of Culture, Heritage & Libraries	21	21	0	0
257	Director of the Built Environment	257	257	0	0
1,472	Town Clerk	1,472	1,456	16	1
4,202	Total Bridge House Estates	4,242	4,226	16	0
	Guildhall Administration				
21,138	Chamberlain	21,138	21,127	11	0
6,763	City Surveyor	6,855	6,857	(2)	0
2,981	Comptroller and City Solicitor	3,325	3,375	(50)	(2)
(384)	Remembrancer	(373)	(489)	116	31
6,298	Town Clerk	6,382	6,382	0	0
36,796	Total Guildhall Administration	37,327	37,252	75	0
140,349	Grand Total (excluding Police)	144,491	144,199	292	0
60,362	Commissioner of Police	60,402	60,402	0	0
200,711	Grand Total	204,893	204,601	292	0

Changes for Chief Officer - Cash Limited Budgets (Excluding Police)		
	£'000	£'000
Original Local Risk Budget (excluding Police)		140,349
Adjustments for London Living Wage and 3.5% increase in employer pension fund contributions	2,848	
Additional resources for Apprenticeship scheme	243	
Additional resources for new post in Human Resources	44	
Additional resources for Security staff	44	
Budget adjustment for Smithfield car park rates increase	23	
Reclassifications of budgets to central risk	280	
Adjustments to BRM and FM budgets	(80)	
Finance contingency allocation for three new posts in Comptroller and City Solicitor	140	
PIF contingency allocation of unspent funds carried forward towards STEM Education Policy	12	
Barbican Centre surplus carried forward	588	
		4,142
Latest Local Risk Budget (excluding Police)		144,491