

Committee:	Dated
Finance Committee	24 July 2018
Subject: Revenue Budget Monitoring to June 2018	Public
Report of: Chamberlain	For Information
Report author: Philip Gregory, Deputy Financial Services Director	

Summary

The overall forecast year end position at the first quarter is £0.9m better than budget. This comprises a favourable variance of £1.6m on Central Risk Corporate Income Budgets partially offset by an adverse variance of £0.7m on Chief Officer Cash Limited Budgets.

Chief Officer Cash Limited Budgets

The year end forecast at the first quarter is £0.7m worse than the latest approved budget of £216.2m. Key variances are in relation to City Surveyor budget pressures and additional income at the Cemetery and Crematorium.

Central Risk Budgets - Corporate Income Budgets

Forecast property investment income is anticipated to be better than budget by £1.6m, whilst interest earnings are forecast to be on budget at year end.

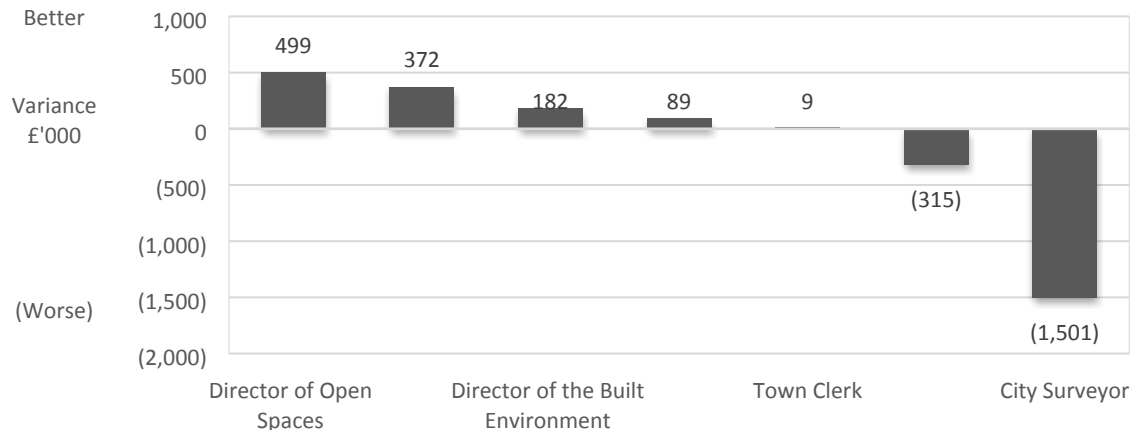
Recommendation

Members are asked to note the report.

Main Report

Chief Officer Cash Limited Budgets

- The year end forecast is £0.7m worse than the latest approved budget of £216.2m. Chief Officer variances against net local risk budgets are shown in the chart below.



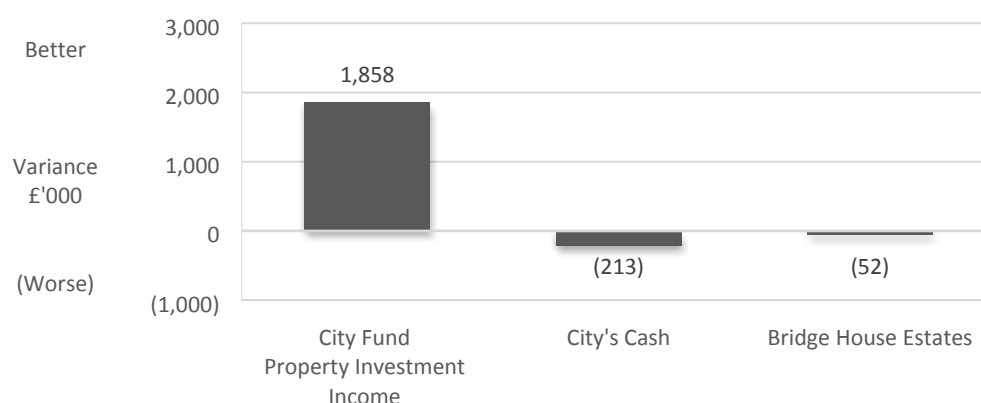
- The forecast comprises an adverse variance of £0.3m against budgeted income of £258.5m and £0.4m against budgeted expenditure of £474.7m. A brief commentary for significant variances and mitigating actions being taken is outlined in Appendix 1.
- Key variances are in relation to City Surveyor budget pressures and additional income at the Cemetery and Crematorium.
- At quarter one City Surveyor is forecasting a year end adverse variance of £1.5m which is due to:
 - Guildhall Administration Expenditure £0.8m – Overspending partly due to additional employee costs relating to security (overtime and agency). This is due to the change in the agreed model for providing security staff envisaged in the Saving Based Review proposals. There is also a further projected overspend in repairs and maintenance due to additional assets identified as part of the asset verification exercise. The issue was reported to Corporate Asset Sub Committee (CASC) at its July meeting.
 - City's Cash Expenditure £0.6m - Overspending principally relates to the cost of maintaining additional assets, identified through the asset

verification. The issue was reported to CASC at its July meeting. There is also a projected overspend on departmental salaries due to high anticipated recruitment costs for vacant posts and the cost of agency staff covering vacancies.

- City's Cash Income £0.2m - An anticipated shortfall in City Surveyor fee income from property deals.
5. The City Surveyor's adverse variance on local risk is more than compensated for by the increase in rental income from the property portfolio on central risk, see paragraph 7.
 6. Income at the Cemetery and Crematorium is already £60k above the expected position at quarter one. The Superintendent is forecasting year end income to be in line with last year's actual income which would lead to a favourable variance of £0.5m.

Central Risk - Corporate Income Budgets

7. Property investment income is forecast to be £1.6m (1%) better than the latest budget of £122.4m which comprises:
 - City Fund £1.9m favourable - Due to rent review at Calcutta House, lease renewal at Bastion House and a new lease at 43 Worship St.
 - City's Cash £0.2m adverse - Less rental income is now anticipated for the year including at 57-61 Charterhouse St where there is a rent free period on a new lease and at 41 South Molton St due to an expected lease expiry.



8. The forecast outturn for interest earnings is anticipated to be on budget at £5.9m at year end.

Appendices

- Appendix 1: Brief commentary for the main full year variances for Chief Officer Cash Limited Budgets
- Appendix 2: Detailed full year variances for Chief Officers Cash Limited Budgets by Fund
- Appendix 3: Summary of changes from original budget to latest budget at 30th June 2018 for Chief Officer Cash Limited Budgets (excluding Police)
- Appendix 4: Detailed full year variances for Central Risk Corporate Income Budgets

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