



Report – Finance Committee

Revenue and Capital Budgets 2012/13 and 2013/14

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

Summary

1. The primary purpose of this report is to summarise the latest approved and proposed revenue budgets for 2012/13 and 2013/14 respectively together with the capital budgets, which have all been prepared within agreed policy guidelines and allocations.
2. The 2012/13 and 2013/14 budgets for each of the City Corporation's three main funds, as set out in the main report below, take account of the phased reductions required to most City Fund and City's Cash budgets due to significant cuts in Government grants and general economic factors. The Strategic Budget Book accompanies this report and provides Members with a single document containing the complete revenue and capital budgets for the City Corporation.
3. The report should be read in conjunction with the separate report entitled 'City Fund – 2012/2013 Budget Report and Medium Term Financial Strategy' which sets the 2012/13 budget within the context of the Medium Term Financial Strategy and financial forecast and recommends that the City business rate premium and the council tax level for 2012/13 remain unchanged.

Recommendations

4. In the light of your Committee's consideration of this report, we therefore recommend that the Court of Common Council:
 - (i) note the latest approved revenue budgets for 2012/13;
 - (ii) agree the 2013/14 budgets;
 - (iii) agree the capital budgets; and
 - (iv) delegate authority to the Chamberlain to determine the financing of the capital budgets.

Main Report

Overview

5. The 2012/13 and 2013/14 budgets for each of the City Corporation's three main funds are as follows:

Budgets by Fund			
	2012/13 Original	2012/13 Latest Approved	2013/14 Original
	£m	£m	£m
City Fund			
Gross Expenditure	319.4	336.1	312.9
Gross Income	(207.5)	(220.9)	(201.7)
Net Expenditure before Government Grants and Taxes	111.9	115.2	111.2
Government Grants and Taxes	(115.4)	(115.9)	(116.9)
Surplus to Reserves	(3.5)	(0.7)	(5.7)
City's Cash			
Gross Revenue Expenditure	144.5	154.8	142.4
Gross Revenue Income	(142.7)	(152.8)	(143.2)
Revenue Deficit (Surplus)	1.8	2.0	(0.8)
Gross Capital Expenditure	45.0	25.8	31.6
Gross Capital Income	(27.4)	(20.2)	(6.2)
Net Capital Requirement	17.6	5.6	25.4
Total Net Requirement from Reserves	19.4	7.6	24.6
Bridge House Estates			
Gross Expenditure	36.6	38.9	39.5
Gross Income	(38.6)	(39.7)	(38.6)
Deficit (Surplus) from (to) Reserves	(2.0)	(0.8)	0.9

NB: Members are reminded that figures in brackets indicate income or in hand balances, increases in income or decreases in expenditure.

6. As set out in the summary above, the budgets take account of the phased reductions required to most City Fund and City's Cash budgets due to significant cuts in Government grants and general economic factors.
7. The reduction in the contribution to City Fund reserves in the current year, from £3.5m to £0.7m, primarily arises from budgets carried forward from 2011/12 and an increase in professional fees, partly offset by higher interest earnings, savings and a reduction in contingencies. After allowing for the impact of savings from various efficiency and budget reviews, a surplus of £5.7m is indicated for 2013/14 which will be required to fund anticipated deficits towards the end of the five year planning period.
8. The variations in the use of City's Cash general reserves primarily relate to the latest phasing of capital expenditure and its financing.
9. The budgeted deficit for Bridge House Estates in 2013/14 is due to the impact of the 'Not in Employment, Education or Training' and 'Employability Partnership'

schemes. Budgets totalling £5.2m have been agreed with the largest phasing of expenditure expected to be in 2013/14.

10. The report also summarises the budgets for central support services within Guildhall Administration (which initially 'holds' such costs before these are wholly recovered) and the capital budgets for the three Funds.
11. Summary details of the main movements in budgetary requirements are given with all variances complying with approved budget management arrangements.
12. During the autumn/winter cycle of meetings each Committee has received and approved a budget report which has generally been prepared against a background of significant cuts in Government Grants and economic pressures. With the exception of Bridge House Estates and the Guildhall School of Music and Drama, budget reports for Non-Police Services took account of:
 - those elements of the previously required 12.5% budget reductions phased for 2013/14; and
 - the general planning framework for Chief Officers providing;
 - allowances towards inflationary pressures of 1% and 2% for 2013/14 and 2014/15 respectively on net local risk budgets; but
 - offset by 2% efficiency reductions across the period (i.e. by 2014/15 the base budget should be a net 1% higher than in 2012/13 – allowances towards inflationary pressures of 3% less efficiency reductions of 2%).
13. For the City Police, the annual cash limit continues to be determined by the national settlement allocation with the Force using its reserves on a phased basis subject to a minimum level being retained.
14. As Bridge House Estates remains in a reasonably buoyant position, the allowances towards inflationary pressures are being applied but the 2% efficiency reductions will not be required. The same arrangement also applies to the Guildhall School of Music and Drama due to the particularly difficult financial situation being addressed at the School.
15. Accompanying this report is the Strategic Budget Book in the format approved by the Finance Committee which provides:
 - all the budgets at a summary level in a single document;
 - service overviews – a narrative of the services for which each Chief Officer is responsible;
 - Chief Officer summaries showing net revenue expenditure by division of service, fund, type of expenditure and income;
 - Fund summaries showing the net revenue requirement for each Fund supported by Committee summaries showing the net requirement for each Committee within the Fund; and
 - the capital and supplementary revenue project budgets by Fund.

Overall Financial Strategy

16. The City Corporation's overall financial strategy seeks to:

- maintain and enhance the financial strength of the City Corporation through its investment strategies for financial and property assets;
- pursue budget policies which seek to achieve a sustainable level of revenue spending and create headroom for capital investment and policy initiatives;
- encourage competition for resources;
- create a stable framework for budgeting through effective financial planning; and
- promote investment in capital projects which bring clear economic, policy or service benefits.

17. The medium term financial strategy/budget policies for each of the funds are set out in Appendix 1.

CITY FUND

Overall Budget Position

18. The overall budgets have been prepared in accordance with these strategies and the requirements for 2012/13 and 2013/14 are summarised by Committee in the table below. Explanations for significant variations were contained in the budget reports submitted to service committees.

City Fund Summary by Committee	2012/13 Original	2012/13 Latest Approved	2013/14 Original
<i>Net Expenditure (Income) - Note 1</i>	£m	£m	£m
Barbican Centre	22.5	23.4	23.3
Barbican Residential	(0.2)	0.4	0.2
Community and Children's Services	9.3	10.6	11.3
Culture Heritage and Libraries - Note 2	13.7	19.6	20.1
Finance - Note 2	(1.3)	(6.0)	(8.1)
Licensing	0.0	0.0	0.1
Markets	(0.9)	(0.8)	(0.8)
Open Spaces	1.4	1.5	1.4
Planning and Transportation	13.8	13.3	13.2
Police	62.6	62.6	62.9
Policy and Resources	4.4	4.5	4.2
Port Health and Environmental Services	14.8	15.0	14.0
Property Investment Board	(28.2)	(28.9)	(30.6)
City Fund Requirement	111.9	115.2	111.2

1. Members are reminded that figures in brackets indicate income or in hand balances, increases in income or decreases in expenditure.
2. The large movements between the 2012/13 original and latest approved budgets reflect the transfer of the budgets for the Museum of London and City Arts Trust from the Finance Committee to the Culture, Heritage and Libraries Committee.

19. The following table further analyses the budget to indicate:

- the contributions made from the City's own assets towards the City Fund requirement (interest on balances – line 4, and investment property rent income – line 5);
- the funding received from Government formula grants and from taxes (lines 7 to 10); and
- the estimated surpluses to be transferred to reserves (line 11).

City Fund Revenue Requirements 2012/13 and 2013/14					
		2012/13 Original	2012/13 Latest Approved	2013/14 Original	Para. No.
		£m	£m	£m	
1	Net expenditure on services	146.9	153.0	149.2	21, 25
2	Supplementary revenue projects and capital expenditure financed from revenue	1.6	1.8	1.1	26
3	Requirement before investment income from the City's Assets	148.5	154.8	150.3	
4	Interest on balances	(4.1)	(6.4)	(4.4)	22, 27
5	Estate rent income	(32.5)	(33.2)	(34.7)	23, 28
6	City Fund Requirement	111.9	115.2	111.2	
	Financed by:				
7	Government formula grant	(93.5)	(93.5)	(94.3)	29
8	City offset	(10.3)	(10.3)	(10.5)	
9	Council tax	(5.6)	(5.6)	(5.6)	
10	NNDR premium	(6.0)	(6.5)	(6.5)	24
11	Surplus transferred to reserves	(3.5)	(0.7)	(5.7)	

20. The surplus in the current year is anticipated to reduce from £3.5m to £0.7m. For 2013/14 a surplus of £5.7m is indicated. This addition to reserves will be required to fund anticipated deficits towards the end of the five year planning period.

Revenue Budget 2012/13

Net Expenditure on Services

21. Net expenditure on City Fund services in 2012/13 was originally budgeted at £146.9m, whereas the latest approved budget totals £153.0m, an increase of £6.1m. The main reasons for this increase are:

- approved budgets brought forward from 2011/12 of £4.5m;
- fees of £2.3m payable in relation to the five year project to transform the City's procurement arrangements, such costs being more than offset by savings over the medium term;
- an additional transfer to the Crossrail Reserve of 0.8m relating to interest earnings due to the limited opportunities for investment property purchases;

- expenditure of £0.4m relating to the rephasing of repairs and maintenance programmes;
- a reduction of £0.4m in costs chargeable to the HRA;
- a reduction of £1.2m in contingencies (£0.8m relating to the one-off costs of achieving savings and £0.4m for the possible loss of VAT partial exemption); and
- savings of £0.9m relating to efficiency and budget reviews.

Interest on Balances

22. The latest budget for 2012/13 anticipates an increase of £2.3m in interest earnings. This arises from the rephasing of the budgets for the purchase of Crossrail investment properties as indicated above together with the impact of other changes in cash flow, particularly business rate receipts, capital expenditure and higher reserves. The assumed average interest rate for the year is unchanged at 2%. The assumed interest rate is substantially higher than the present base rate of 0.5% as it includes the impact of income from longer term deposits which earn a higher rate of interest.

Investment Estate Rent Income

23. Rent income from investment properties is forecast to be £0.7m higher than in the original budget due to the retention of a number of tenants and the lettings achieved being better than anticipated.

NNDR Premium

24. The estimated proceeds from the National Non Domestic Rate Premium levied by the City Corporation has been increased by £0.5m to £6.5m to reflect the yield achieved in recent years.

Revenue Budget 2013/14

Net Expenditure on Services

25. Net expenditure on City Fund services for 2013/14 is budgeted at £149.2m, an increase of £2.3m compared to the 2012/13 original budget. The main variations are:
- Specific Government Grants rolled in to Government Formula Grant resulting in a £2.6m loss of income within the 'net expenditure on services' line;
 - fees of £1.2m payable in relation to the five year project to transform the City's procurement arrangements, such costs being more than offset by savings over the medium term;
 - a 1% allowance towards inflationary pressures amounting to £0.9m;
 - expenditure of £0.7m relating to repairs and maintenance programmes;

- an additional transfer to the Crossrail Reserve of 0.7m mainly relating to interest earnings on capital receipts from the sale of properties;
- a reduction of £0.4m in costs chargeable to the HRA;
- savings of £2.1m relating to efficiency and budget reviews; and
- a reduction in contingencies of £1.9m, (£1.0m relating to the one-off costs of achieving savings, a one-off provision in 2012/13 of £0.5m for pay awards, and £0.4m for the possible loss of VAT partial exemption).

Supplementary Revenue Projects

26. Expenditure on supplementary revenue projects is budgeted to be £0.5m lower than the 2012/13 original budget reflecting the incidence of one-off expenditure and the rephasing of various schemes

Interest on Balances

27. Income is anticipated to reduce to £4.4m from the £6.4m forecast in the current year due to a decrease in the assumed average interest rate for the year from 2% to 1.5% together with a less beneficial cashflow.

Investment Estate Rent Income

28. Based on assumptions for availability, occupancy and rent levels, the latest rental forecasts for 2013/14 assume an increase of £2.2m to £34.7m compared to the original budget for 2012/13. This increase primarily relates to lettings being higher than anticipated at Chronicle House and increased rents at properties in Bonhill Street. The development of Fleet House has been postponed which has also resulted in additional rent income being assumed.

Government Formula Grant

29. There is an increase of £0.8m in Government Formula (or General) Grant from £93.5m in the current year to £94.3m in 2013/14. However this includes the 'rolling in' of £2.6m which was previously specific grants and which is part of the reason for the increase in the net expenditure on services above. If the £2.6m is excluded from the formula grant, the resultant figure of £91.7m is a reduction of £1.8m compared to 2012/13 on a like for like basis.

CITY'S CASH

Overall Budget Position

30. The budgets have been prepared in accordance with the budget policy set out in Appendix 1 and the requirements for 2012/13 and 2013/14 are summarised by committee in the table below. Sufficient reserves are readily available to meet these total requirements. As City's Cash is a closed fund, it is necessary for the cost of capital expenditure to be met from within the available resources of the Fund.

City's Cash Summary by Committee	2012/13 Original	2012/13 Latest Approved	2013/14 Original
Net Expenditure (Income)			
	£m	£m	£m
Culture, Heritage & Libraries	0.1	0.1	0.1
Finance *	5.5	(8.5)	9.5
G. P. Committee of Aldermen	3.4	3.8	3.4
Guildhall School of Music and Drama	7.3	7.5	7.4
Markets	5.2	6.8	5.7
Open Spaces :-			
Open Spaces Directorate	0.0	0.0	0.0
Epping Forest and Commons	7.7	7.3	7.1
Hampstead, Queen's Park and Highgate	6.9	6.8	6.9
Bunhill Fields	0.3	0.3	0.3
West Ham Park	1.1	1.0	1.1
Planning and Transportation	0.0	0.1	0.1
Policy and Resources	9.7	10.8	9.8
Port Health and Environmental Services	0.3	0.3	0.2
Property Investment Board	(33.3)	(33.9)	(31.7)
Schools :-			
City of London School #	1.3	1.4	1.4
City of London Freeman's School #	2.3	2.3	2.3
City of London School for Girls #	1.6	1.5	1.0
Total net requirement to be met from reserves	19.4	7.6	24.6

Shows City support rather than net expenditure by the schools.

* The large budget movements on Finance Committee reflect the latest phasings of capital expenditure and its financing.

31. The following table further analyses the budget to indicate:

- the income produced from the City's assets (investment property rent income, non-property investment income and interest on balances at lines 2 to 4 respectively); and
- the net capital expenditure to be net from the fund (lines 6 to 11).

City's Cash Requirements 2012/13 and 2013/14					
		2012/13 Original £m	2012/13 Latest Approved £m	2013/14 Original £m	Para. No.
1	Net expenditure on services	65.5	67.6	62.6	32, 37
2	Estate rent income	(44.2)	(45.6)	(43.0)	33, 38
3	Investment income (1)	(18.2)	(18.8)	(19.7)	34, 39
4	Interest on balances	(1.3)	(1.2)	(0.7)	40
5	Revenue deficit (surplus)	1.8	2.0	(0.8)	
6	Capital expenditure (2)	44.0	25.0	29.3	35, 41
7	Supplementary revenue projects	1.0	0.8	2.3	41
8	Capital contributions - external	(9.5)	(9.9)	(2.5)	42
9	- other (3)	(0.6)	(1.2)	(0.9)	
10	Capital receipts	(17.3)	(9.1)	(2.8)	36, 43
11	Net capital requirement	17.6	5.6	25.4	
12	Total net requirement to be met from reserves	19.4	7.6	24.6	

(1). Includes income from the Hampstead Heath Trust Fund

(2). Includes capital programme, excludes projects financed from Designated Funds.

(3). Relates to reimbursement by the City Fund and Bridge House Estates for their shares of the capital costs of corporate projects, and repayment of loans.

Revenue Budget 2012/13

Net Expenditure on Services

32. Net expenditure on City's Cash services for 2012/13 was originally budgeted at £65.5m. The latest approved budget of £67.6m is an increase of £2.1m which is primarily due to:

- approved budgets brought forward from 2011/12 of £3.2m;
- fees of £1.2m payable in relation to the five year project to transform the City's procurement arrangements, such costs being more than offset by savings over the medium term;
- expenditure of £0.6m relating to the rephasing of repairs and maintenance programmes;
- a reduction of £2.4m in contingencies (£2.0m for the possible loss of VAT partial exemption and £0.4m relating to the one-off costs of achieving savings); and
- savings of £0.4m relating to efficiency and budget reviews.

Investment Estate Rent Income

33. Rent income from investment properties is forecast to be £1.4m higher than in the original budget due to a number of backdated rent reviews in New Bond Street, retention of the retail tenant at 45 Conduit Street and higher occupancy than anticipated at London Fruit and Wool Exchange and 16-17 Blossom Street.

Non-Property Investment Income

34. Income from non-property investments also remains resilient with fund managers' forecasts indicating an increase of £0.6m for the year.

Capital Expenditure

35. Expenditure on capital projects to be met from general reserves is estimated to decrease by £19m to £25m mainly due to a reduction in planned investment in the Strategic Property Estate and slippage in the programme.

Capital Receipts

36. Capital receipts are also forecast to reduce, from £17.3m to £9.1m mainly as a result of a delay in the disposal of an investment property.

Revenue Budget 2013/14

Net Expenditure on Services

37. Net expenditure on City's Cash services for 2013/14 is budgeted at £62.6m, a decrease of £2.9m compared to the original budget for 2012/13 of £65.5m. The main reasons for the reduced requirement are:

- a reduction in contingencies of £2.9m (£2.0m for the possible loss of VAT partial exemption, £0.5m relating to the one-off costs of achieving savings, and a one-off provision in 2012/13 of £0.4m for pay awards);
- savings of £1.1m relating to efficiency and budget reviews;
- fees of £0.6m payable in relation to the five year project to transform the City's procurement arrangements, such costs being more than offset by savings over the medium term; and
- a 1% allowance towards inflationary pressures amounting to £0.5m.

Investment Estate Rent Income

38. A decrease in rents of £1.2m is projected due mainly to the loss of rental income at 35-37 Alfred Place (Cavendish College) due to tenant default, the tenants giving notice on two floors at 6-8 Eastcheap and the expiry of the lease and subsequent redevelopment of Guildhall House (81-87 Gresham Street).

Non-Property Investment Income

39. The estimates from fund managers indicate total income of £19.7m, an improvement of £1.5m on the original budget for the current year.

Interest on Cash Balances

40. The combined impact of the reduction in the assumed average interest rate for the year from 2% to 1.5% and lower reserves due to the financing of capital expenditure are projected to reduce income to £0.7m. This compares to £1.2m in the latest forecast for the current year.

Capital and Supplementary Revenue Projects

41. Budgets for capital and supplementary revenue projects of £29.3m and £2.3m respectively reflects the latest estimated phasings of expenditure. The budgets provide for schemes relating to investment properties, the Guildhall School of Music and Drama, Open Spaces and Markets, together with a provision of £3m for new schemes.

Capital Contributions

42. Capital contributions from external parties have been revised to match the phasing of associated expenditure resulting in a reduction in income of £7.0m compared to the budget for the current year.

Capital Receipts

43. The £2.8m relates mainly to anticipated capital receipts from the disposal of surplus operational properties.

BRIDGE HOUSE ESTATES

Overall Budget Position

44. The budgets have been prepared in accordance with the budget policy set out in Appendix 1 and the requirements for 2012/13 and 2013/14 are summarised in the table below.

Bridge House Estates Summary by Committee	2012/13 Original	2012/13 Latest Approved	2013/14 Original
<i>Net Expenditure (Income)</i>	£m	£m	£m
The City Bridge Trust	18.0	18.5	20.2
Culture, Heritage and Libraries	(0.3)	0.0	(0.3)
Finance	(9.3)	(9.6)	(9.2)
Planning and Transportation	3.5	3.6	3.6
Property Investment Board	(13.9)	(13.3)	(13.4)
Deficit (Surplus) from (to) reserves	(2.0)	(0.8)	0.9

45. The following table further analyses the budget to indicate;

- the income produced from the City's assets (investment property rent income, non-property investment income and interest on balances at lines 3 to 5 respectively); and
- the budgets for charitable grants (line 7).

Bridge House Estates Requirements 2012/13 and 2013/14					
		2012/13 Original £m	2012/13 Latest Approved £m	2013/14 Original £m	Para. No.
1	Net expenditure on services	10.1	11.7	10.6	46, 50
2	Bridges repairs, maintenance and major works fund contribution	0.9	1.0	1.0	47, 48
3	Estate rent income	(17.9)	(18.1)	(17.6)	
4	Investment income	(11.2)	(11.9)	(11.3)	49
5	Interest on balances	(1.0)	(1.0)	(1.0)	
6	Revenue surplus	(19.1)	(18.3)	(18.3)	
7	Charitable grants	17.1	17.5	19.2	51
8	Deficit (Surplus) from (to) reserves	(2.0)	(0.8)	0.9	

Revenue Budget 2012/13

Net Expenditure on Services

46. The increase of £1.6m in 2012/13 is primarily approved budgets brought forward from 2011/12 together with agreed additional investment property operating costs.

Bridges Repairs, Maintenance and Major Works Fund

47. The objective for the Bridges Repairs, Maintenance and Major Works Fund is to provide sufficient resources to meet the enhanced maintenance costs of the five bridges over a period of at least 50 years.

48. Having compared the costs of the City Surveyor's 50 year maintenance programme with the projections for income to be earned by the Fund, the contributions required have been assessed as £990,000 in the current year and £1,020,000 in 2013/14. These contributions are a small increase when compared to the 2012/13 original budget of £937,000. The 50 year maintenance programme and the levels of contributions required to smooth the costs over this period will continue to be reviewed annually.

Non-Property Investment Income

49. Income from non-property investments also remains resilient with fund managers' forecasts indicating an increase of £0.7m for the year.

Revenue Budget 2013/14

Net Expenditure on Services

50. The estimate of £10.6m is an increase of £0.5m on the original budget for 2012/13. The increase comprises a number of small items, in particular agreed additional investment property operating costs, an allowance towards inflationary pressures and a provision for the CBT to manage the two new initiatives indicated below.

Charitable Grants

51. The 2013/14 budget is £19.2m and comprises

- the £15m base budget for charitable grants;
- provision of £3.2m for the 'Not in Employment, Education or Training' (NEETS) project; and
- provision of £1.0m for the 'Employability Partnership' project with the other £1.0m included in the forecast for 2014/15.

GUILDHALL ADMINISTRATION

52. Guildhall Administration encompasses most of the central support services for the City, with the costs being fully recovered from the three main City Funds, Housing Revenue Account, Museum of London and other external bodies in accordance with the level of support provided. Consequently, after recovery of costs, the net expenditure on Guildhall Administration is nil. The table below summarises the position.

Guildhall Administration by Committee	2012/13 Original	2012/13 Latest Approved	2013/14 Original
<i>Net Expenditures</i>	£m	£m	£m
Culture, Heritage and Libraries - City Records Office	0.9	0.9	0.9
Establishment - Town Clerk & C&CS	11.0	12.0	11.4
Finance - Chamberlain	28.7	29.4	28.9
Finance - City Surveyor, Remembrancer and Town Clerk	18.4	18.6	18.9
Total Net Expenditure	59.0	60.9	60.1
Recovery of Costs	(59.0)	(60.9)	(60.1)
Total Guildhall Administration	0	0	0

Revenue Budget 2012/13

53. The 2012/13 latest approved budget for net expenditure (before recovery of costs) is £60.9m, an increase of £1.9m compared to the original budget of £59.0m. The increase primarily relates to the following:

- approved budgets brought forward from 2011/12 of £1.2m;
- expenditure of £0.5m relating to the rephasing of repairs and maintenance programmes;
- a shortfall of £0.3m in the Comptroller and City Solicitor's income from fee earning commercial property work; and
- savings of £0.3m relating to efficiency and budget reviews.

Revenue Budget 2013/14

54. Net expenditure for 2013/14 (before recovery of costs) is budgeted at £60.1m. This is an increase of £1.1m compared to the 2012/13 original budget of £59.0m. The main variations are as follows:

- expenditure of £1.2m relating to repairs and maintenance programmes;
- a 1% allowance towards inflationary pressures amounting to £0.3m;
- a shortfall of £0.3m in the Comptroller and City Solicitor's income from fee earning commercial property work;
- savings of £0.6m relating to efficiency and budget reviews; and
- deletion of a one-off provision of £0.4m in 2012/13 for office moves.

CAPITAL AND SUPPLEMENTARY REVENUE PROJECT BUDGETS

55. Summaries of the City Fund, City's Cash and Bridge House Estates approved capital and supplementary revenue project budgets for submission to the Court of Common Council in March are included in the Strategic Budget Book.

City Fund Capital and Supplementary Revenue Project Budgets

56. The latest City Fund approved capital and supplementary revenue projects budgets total £34.4m for 2012/13 and £33.3m for 2013/14. The budgets for both years include significant property investments in relation to the City's Crossrail commitment and a number of schemes relating to affordable housing, the Barbican Centre and highway/streetscene schemes. After allowing for external contributions, the bulk of the City Fund capital budget is anticipated to be financed from capital receipts in line with budget policy.

City's Cash Capital and Supplementary Revenue Project Budgets

57. The latest City's Cash capital and supplementary revenue projects budgets (including schemes financed from the Designated Funds) total £31.2m for 2012/13 and £28.6m for 2013/14. The budgets for 2012/13 include expenditures on property investments and the new Guildhall School facilities at Milton Court. The 2013/14 budgets include further expenditures on property investments and specialist equipment at Milton Court, together with the commencement of the main Master Plan works at the Freemen's School.

Bridge House Estates Capital and Supplementary Revenue Project Budgets

58. The latest Bridge House Estates approved capital and supplementary revenue projects budgets (including schemes financed from the Bridge House Estates Designated Sales Pool) total £2.1m for 2012/13 and £0.8m in 2013/14. Schemes include Tower Bridge lighting and other works to the Thames Bridges and some investment property development.

Financing Capital Expenditure

59. As in previous years, it is proposed that the Chamberlain should determine the final financing of the capital budgets.

Conclusion

60. In conclusion and in the light of your Committee's consideration of this report, we therefore recommend that the Court of Common Council:

- (i) note the latest approved revenue budgets for 2012/13;
- (ii) agree the 2013/14 budgets;
- (iii) agree the capital budgets; and
- (iv) delegate authority to the Chamberlain to determine the financing of the capital budgets.

All of which we submit to the judgement of this Honourable Court.

DATED this 19th day of February 2013.

SIGNED on behalf of the Committee.

ROGER ARTHUR HOLDEN CHADWICK
Chairman of the Finance Committee