

# City of London Corporation Committee Report

<b>Committee(s):</b> Finance Committee – For information	<b>Dated:</b> 16/09/25
<b>Subject:</b> Budget Monitoring Quarter 1 2025/26	<b>Public report:</b> For Information
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• <b>delivers Corporate Plan 2024-29 outcomes</b></li> <li>• <b>provides statutory duties</b></li> <li>• <b>provides business enabling functions</b></li> </ul>	The budget provides the funding to deliver all of the Corporation's corporate objectives either directly or indirectly.
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	Daniel Peattie, Assistant Director – Strategic Finance

## Summary

The report below outlines the forecast position for the 2025/26 financial year as at the end of Quarter 1 (June). This report combines the monitoring for both revenue and capital. The total position per fund is shown in the table below and explanations for variances highlighted in the main report. Members should note that income and favourable variances are shown in brackets which is a change from previous reports. This change shifts focus to adopting the new SAP system instead of adapting.

### Revenue forecast variance by fund – Q1

	<b>City Fund £'000</b>	<b>City's Estate £'000</b>	<b>Guildhall Administration £'000</b>	<b>Total £'000</b>
Local Risk	4,002	827	3,270	8,099
Central Risk	(16,810)	(7,277)	393	(23,695)
<b>Total</b>	<b>(12,808)</b>	<b>(6,450)</b>	<b>3,663</b>	<b>(15,595)</b>

It should be noted that although the overall position per fund (exc Guildhall Admin) is forecasting a surplus, the Local risk (Chief Officer cash limited budgets) are forecasting an overspend across all funds. This position has remained consistent across a number of financial years indicating mitigations are not resolving the underlying pressures. A number of actions are being taken to address the gaps

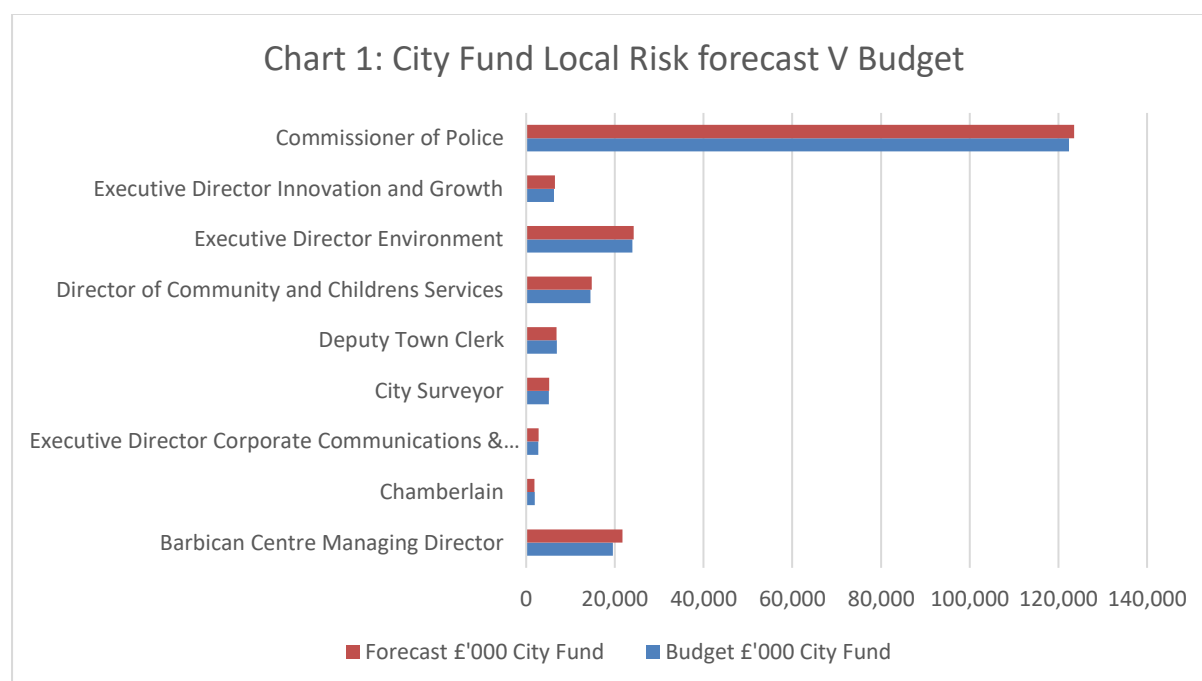
including a series of Star Chambers which are led by the Town Clerk and will challenge certain areas such as HRA, Barbican and GSMD. Explanations for large variances are included in this report.

## **Main report – City Fund Dashboard**

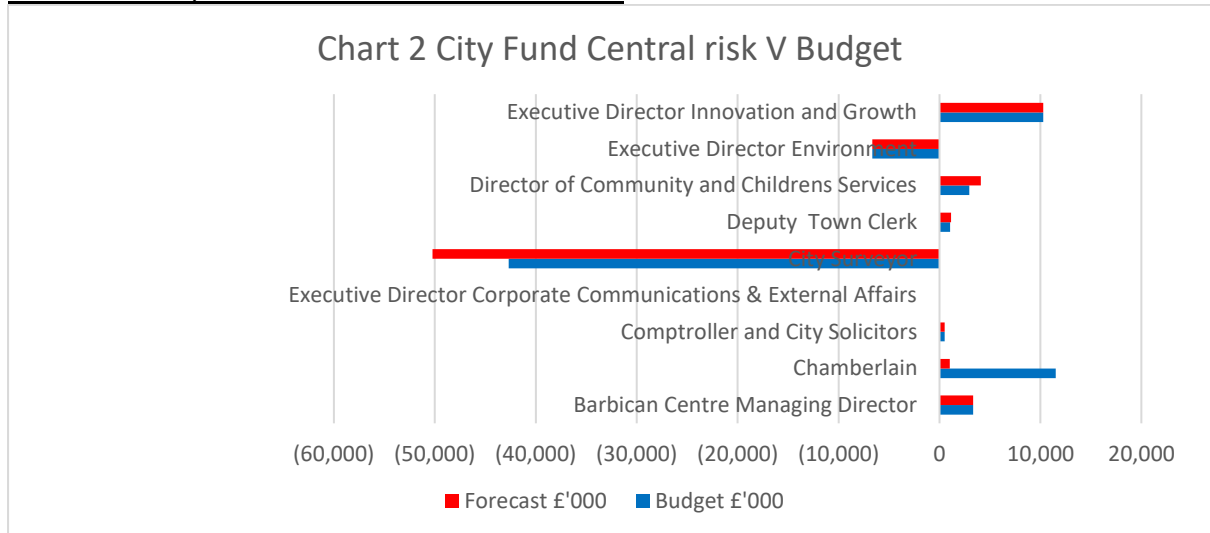
### **Revenue**

1. At the end of quarter 1, the 2025/26 forecast revenue outturn is an underspend of £12.8m against budget which comprises £4m overspend on Local risk and an underspend of £16.8m on central risk. The underspend is largely due to an increased forecast of interest earned on cash balances which is shown in para 25. Unallocated contingencies, currently amounting to £9.2m will be transferred to reserves at year end and are therefore showing a nil variance in the forecast. Adverse variances in the Barbican (£2.2m), Police (£0.9m) and Children Services (£1.1m) are explained in more detail in appendix 4. This appendix also outlines the measures being implemented to address the overspends and restore expenditures to within budgetary limits.
2. It should be noted that the Housing Revenue Account is currently forecasting an overspend on revenue amounting to £64k which is due to increased demand for breakdown and emergency repairs along with additional contractual costs associated with the R&M contract.

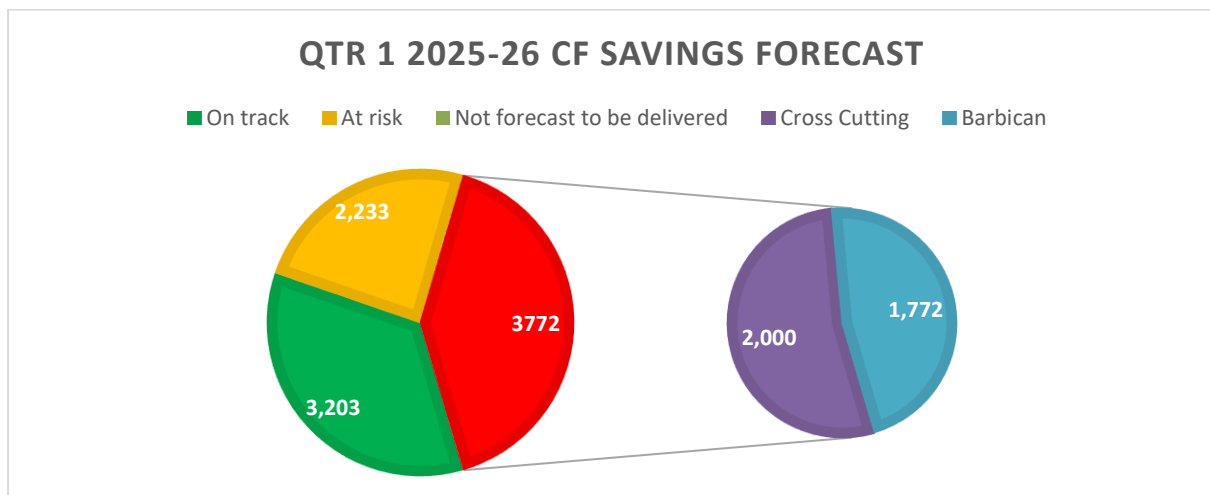
### **Chart 1 – City Fund local risk forecast Q1**



**Chart 2 – City Fund central risk forecast Q1**

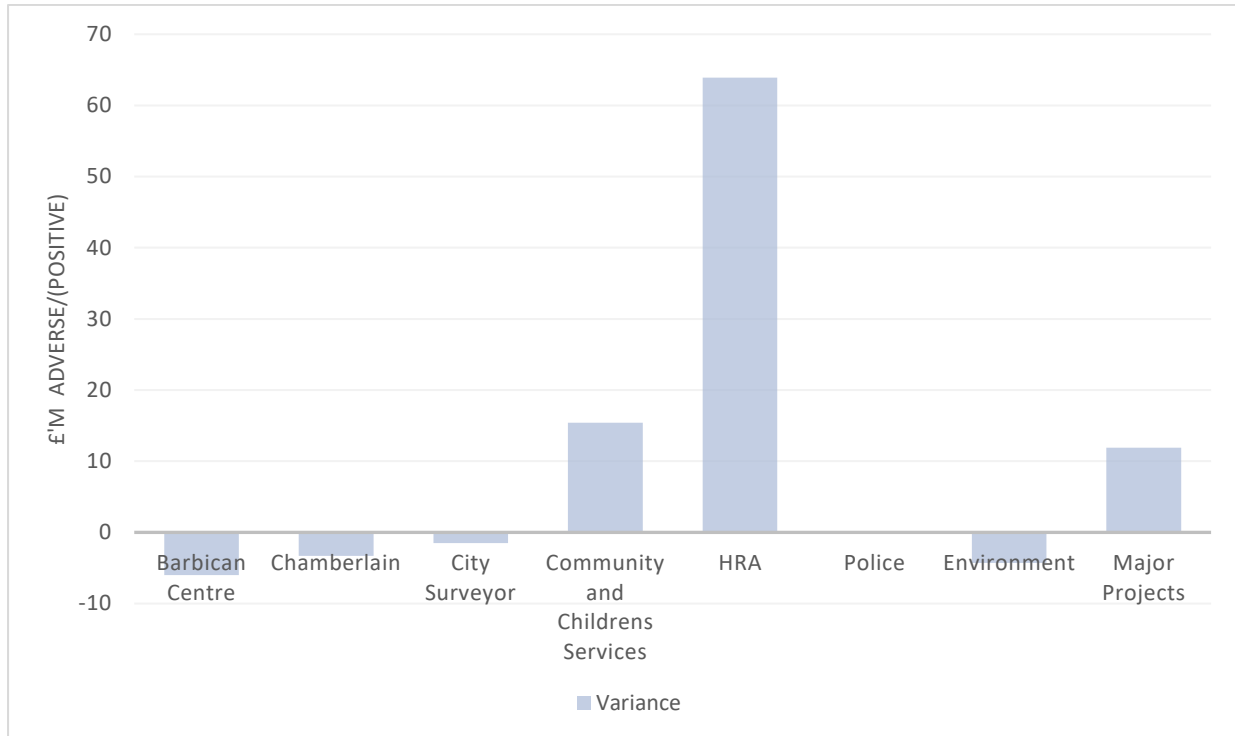


**Chart 3 – City Fund savings forecast Q1 (£9.2m total)**



**Chart 4 - City Fund Capital forecast project variance**

3. Significant adverse variances are forecast on the HRA capital programme, Barbican podium works and SSD, FPEP programme. More detail is within appendix 4.



**Key points – City Fund**

- Local risk overspends continue to be supported by additional central income.
- Forecast, overspend in Barbican has remained around £2m for a number of years.
- HRA and Children's Services capital programme contains significant forecast overspends requiring bespoke funding solutions.

## Main report – City's Estate Dashboard

### Revenue

4. At the end of quarter 1, the 2025/26 forecast revenue outturn is an underspend of £6.4m which comprises an adverse variance of £0.8m on Chief Officer's local risk budgets offset by an underspend of £7.2m on central risk budgets. This is due in the main to increased dividend income which is explained in para 15. Unallocated contingencies currently amount to £9.9m and will be transferred into reserves at year end and therefore showing a nil variance in the forecast.

Chart 5 – City's Estate local risk forecast Q1

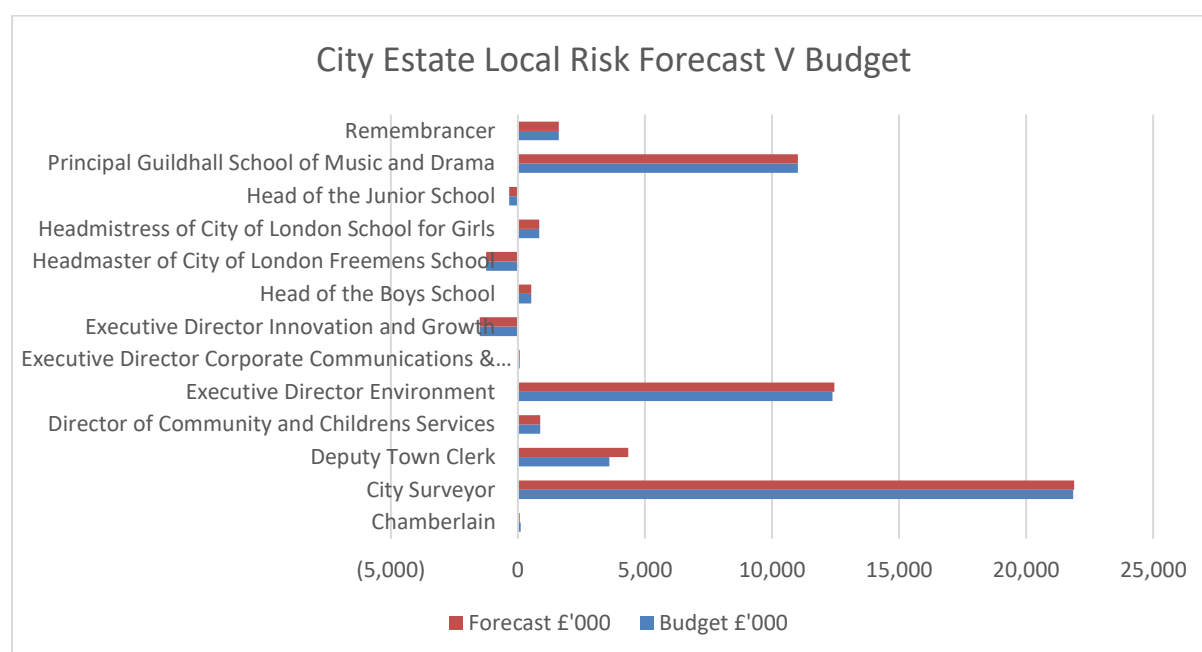
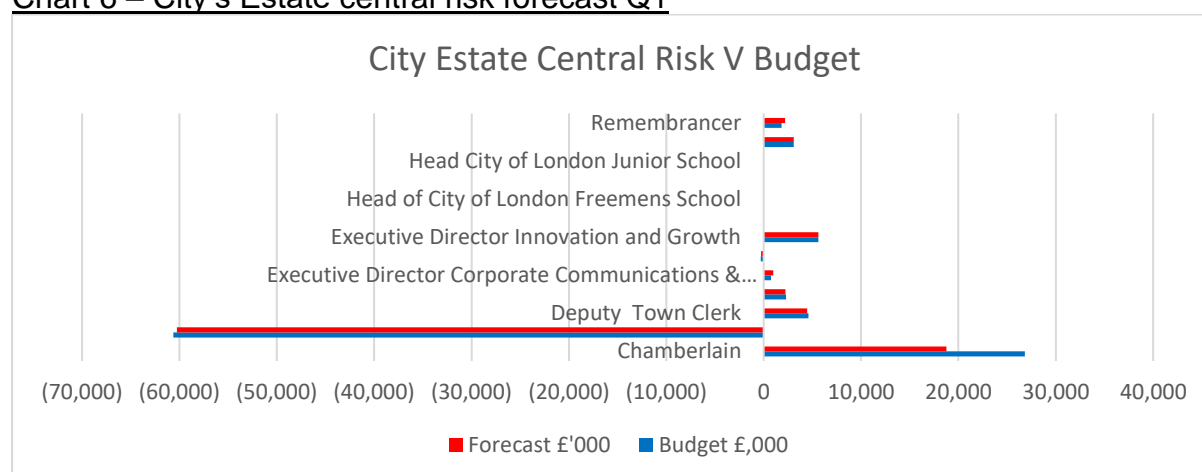


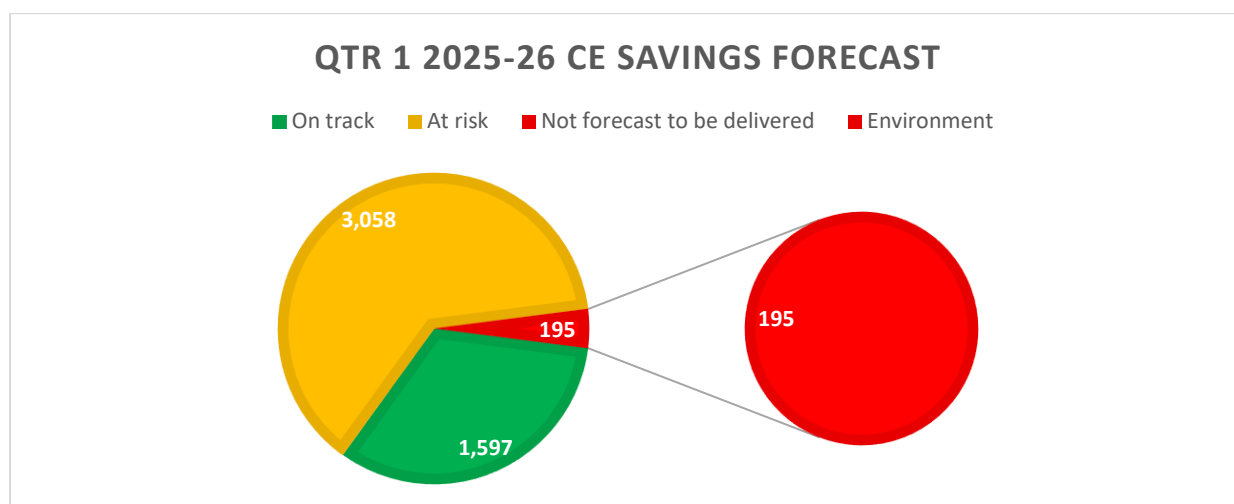
Chart 6 – City's Estate central risk forecast Q1



5. There is one saving that has a very high risk of non-delivery amounting to £0.2m which is in relation to improved income at Monument. Based on the last couple of years income performance it is not expected to materialise these savings in full however there are a number of options being looked into as part of income

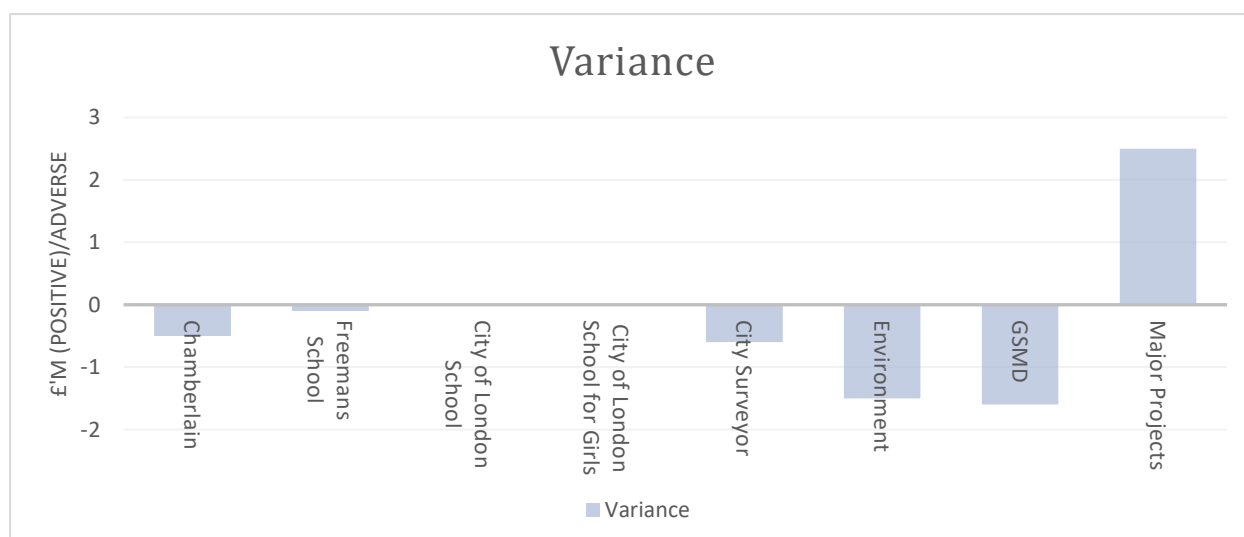
generation but unsure currently if they can be achieved this year. Of those items 'at risk' £2.5m are within GSMD where actions are required to mitigate ongoing financial pressures. This is currently showing an 'at risk' status as at the time of writing this report, carry forwards were yet to be agreed. Since the conclusion of Q1, carry forward bids have now been reviewed and as a result £2.9m has been added to GSMD budget which will offset this risk in 2025/26. Mitigating strategies to meet this pressure from 2026/27 onwards are being developed.

**Chart 7 – City's Estate savings forecast Q1 (£4.9m total)**



**Chart 8 – City's Estate Capital**

6. Adverse variances forecast on the Museum of London project relates to the optimism bias of £2.5m which was not included within the original MTFP budget.



### **Key points – City's Estate**

- Local risk overspends continue to be supported by additional central income
- Two thirds of savings required to balance the revenue position in 25/26 are either at risk or not on track.

## Main report – Guildhall Admin Dashboard

### Revenue

7. Guildhall Administration budgets are central costs which are recharged to the relevant funds (inc City Bridge Foundation), these budgets are currently forecasting an overspend of £3.6m (£3.2m overspend on local risk and £0.4m overspend on central risk), therefore any variance will have a direct impact on City Fund and City's Estate.

Chart 9 – Guildhall Admin local risk forecast Q1

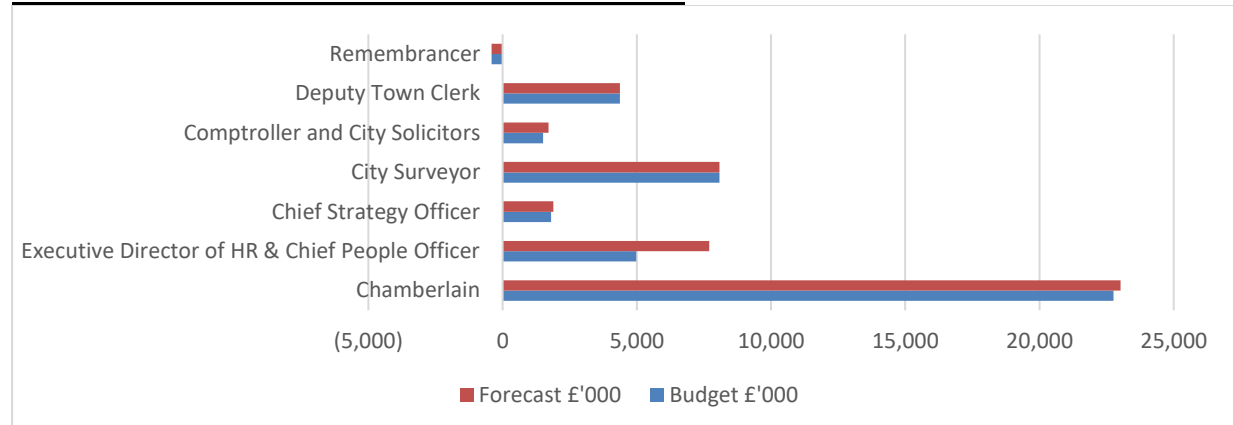


Chart 10 – Guildhall Admin central risk forecast Q1

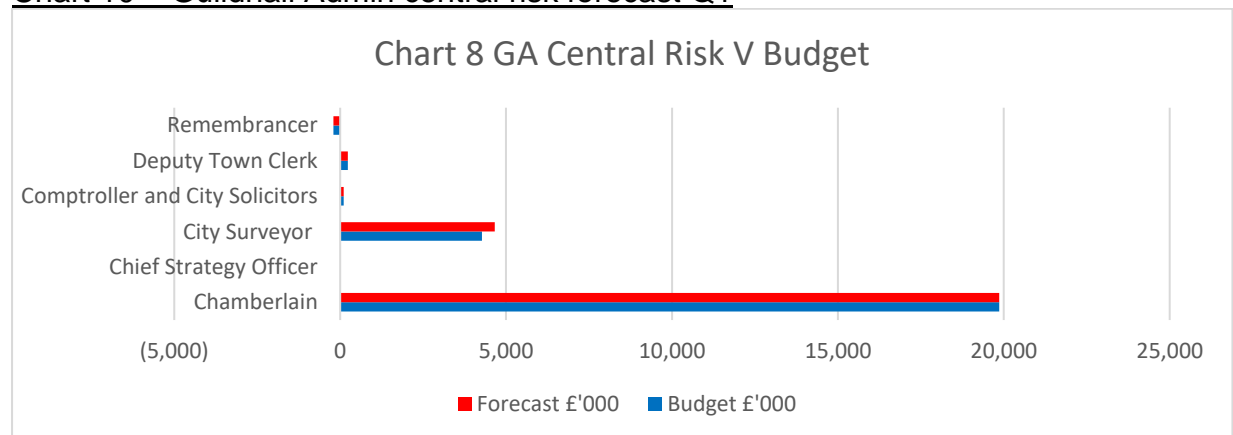
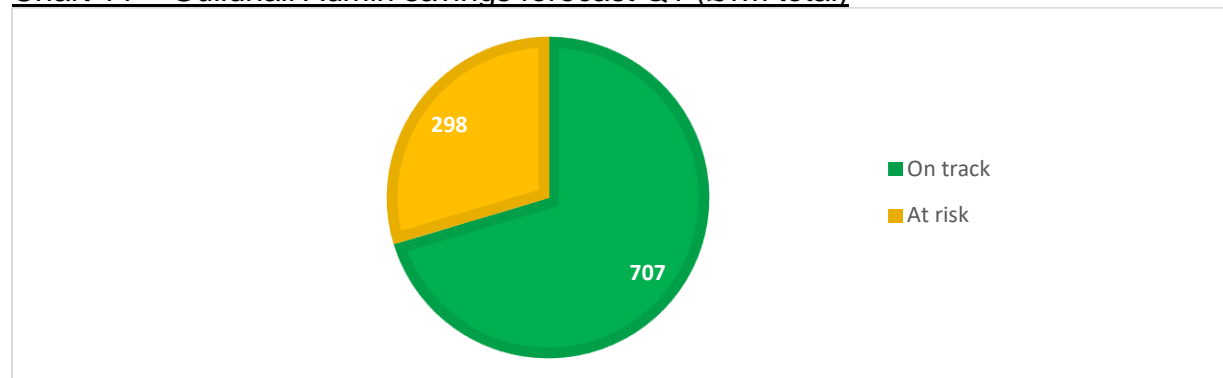


Chart 11 – Guildhall Admin savings forecast Q1 (£1m total)



## Corporate and Strategic implications

Strategic implications – The budget is developed in conjunction with corporate plans to ensure it aligns with strategic objectives. Any variances and impacts on delivery are noted within the report.

Financial implications – Contained within the body of the report

Resource implications – Contained within the body of the report

Legal implications – No direct implications

Risk implications – Financial variances highlighted and contained within the body of the report

Equalities implications – No direct implications

Climate implications – No direct implications

Security implications – No direct implications

## Conclusion

8. At the end of Quarter 1 2025/26 the revenue forecast position for City Fund is an underspend of £12.8m which comprises a favourable variance on central risk of £16.8m offset by an adverse variance of £4m on Chief Officer Cash Limited Budgets. City's Estate is in a similar position showing an overall revenue forecast of £6.4m underspend of which £7.3m favourable central risk forecast offset by an £0.8m overspend on the Chief Officers Cash Limited budgets. Guildhall Admin is showing a total forecast of £3.7m overspend which comprises £0.4m on central risk and £3.3m Local risk.
9. It should be noted that although the overall position per fund (exc Guildhall Admin) is forecasting a surplus, the Local risk (Chief Officer cash limited budgets) are forecasting an overspend across all funds. This position has remained consistent across a number of financial years indicating mitigations are not resolving the underlying pressures. Reasons for large variances are set out in appendix 4.
10. Carry forwards were reviewed in July 2025 and have therefore not been included in QTR 1 data. All approvals have been transferred to Chief officers' budgets and will be reported from QTR 2 onwards. Please see Appendix 4 for more information on carry forwards.
11. It should be further noted that central contingencies are currently underspent by £18.6m (£9.9m City's Estate and £9.2m City Fund), however this will be transferred to reserves at the end of the year and therefore showing as nil variance in the monitoring.
12. City Fund capital is forecasting an in-year slippage of £46.8m and an in-year City's Estate of £36.3m, the City Estate major projects are showing an overspend of £2.5m. Over the life of the projects the forecast is an overspend of £76.1m for City Fund, this is due to HRA expenditure of £64m, that has not been factored into the Medium-Term Financial Plan and additional costs of the fit out of £10m for Salisbury Square project/FPEP. On City Estate the projects over their lifetime are coming in approximately to budget apart from the Museum of London works, which has a slight overspend of £2.5m.



## Appendices

- Appendix 1 – Chief Officer Cash Limited Budgets by Fund, Central Risk Budgets by Fund, Chief Officer total budgets by Fund
- Appendix 2 – City Fund Capital breakdown by Service
- Appendix 3 – City's Estate Capital breakdown by Committee
- Appendix 4 – Detailed narrative by fund

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## Appendix 1 - Chief Officer Cash Limited Budgets by Fund

Chief Officer	Full Year Forecast as at 30 June 2025			
	Budget	Forecast	Variance (Better) / Worse	%
	£'000	£'000	£'000	%
<b>City Fund</b>				
Barbican Centre Managing Director	19,551	21,714	2,163	11%
Chamberlain	1,972	1,861	(111)	(6%)
Executive Director Corporate Communications & External Relations	2,732	2,832	100	4%
City Surveyor	5,113	5,194	81	2%
Deputy Town Clerk	6,028	6,028	0	0%
Director of Community and Childrens Services	14,523	14,807	284	2%
Executive Director Environment	23,954	24,213	259	1%
Executive Director Innovation and Growth	6,270	6,471	201	3%
<b>Total City Fund (excluding Police)</b>	<b>80,143</b>	<b>83,120</b>	<b>2,977</b>	<b>17%</b>
<b>City's Estate</b>				
Chamberlain	112	74	(38)	(34%)
City Surveyor	21,852	21,890	38	0%
Deputy Town Clerk	3,594	4,339	745	21%
Director of Community and Childrens Services	880	880	0	0%
Executive Director Environment	12,378	12,460	82	1%
Executive Director Corporate Communications & External Relations	71	71	0	0%
Executive Director Innovation and Growth	(1,499)	(1,499)	0	0%
Head of the Boys School	530	530	0	0%
Headmaster of City of London Freemens School	(1,250)	(1,250)	0	0%
Headmistress of City of London School for Girls	845	845	0	0%
Head of the Junior School	(344)	(344)	0	0%
Principal Guildhall School of Music and Drama	11,013	11,013	0	0%
Remembrancer	1,612	1,612	0	0%
<b>Total City's Estate</b>	<b>49,794</b>	<b>50,621</b>	<b>827</b>	<b>2%</b>
<b>Guildhall Administration</b>				
Chamberlain	22,761	23,023	262	1%
Executive Director of HR & Chief People Officer	4,974	7,702	2,728	55%
Chief Strategy Officer	1,811	1,890	79	4%
City Surveyor	8,083	8,083	0	0%
Comptroller and City Solicitors	1,507	1,708	201	13%
Deputy Town Clerk	4,370	4,370	(0)	(0%)
Remembrancer	(413)	(413)	0	0%
<b>Total Guildhall Administration</b>	<b>43,093</b>	<b>46,363</b>	<b>3,270</b>	<b>8%</b>
<b>Grand Total (excluding Police)</b>	<b>173,030</b>	<b>180,104</b>	<b>7,074</b>	<b>4%</b>
Commissioner of Police	122,437	123,552	1,115	1%
Police Authority Board	928	839	(89)	(10%)
<b>Grand Total</b>	<b>296,395</b>	<b>304,494</b>	<b>8,099</b>	<b>3%</b>

## Appendix 1 - Central Risk Budgets by Fund

Chief Officer	Full Year Forecast as at 30 June 2025			
	Budget	Forecast	Variance (Better) / Worse	
	£'000	£'000	£'000	%
<b>City Fund</b>				
Barbican Centre Managing Director	3,330	3,330	0	0%
Chamberlain	11,506	1,008	(10,498)	(91%)
Comptroller and City Solicitors	508	508	0	0%
Executive Director Corporate Communications & External Affairs	0	0	0	0%
City Surveyor	(42,688)	(50,235)	(7,547)	18%
Deputy Town Clerk	1,035	1,146	111	11%
Director of Community and Childrens Services	2,966	4,090	1,124	38%
Executive Director Environment	(6,666)	(6,666)	0	0%
Executive Director Innovation and Growth	10,289	10,289	0	0%
<b>Total City Fund</b>	<b>(19,720)</b>	<b>(36,530)</b>	<b>(16,810)</b>	<b>85%</b>
<b>City's Estate</b>				
Chamberlain	26,834	18,769	(8,065)	(30%)
City Surveyor	(60,607)	(60,269)	338	(1%)
Deputy Town Clerk	4,598	4,473	(125)	(3%)
Director of Community and Childrens Services	2,291	2,226	(65)	(3%)
Executive Director Corporate Communications & External Affairs	747	997	250	
Executive Director Environment	(284)	(249)	35	(12%)
Executive Director Innovation and Growth	5,617	5,617	(0)	(0%)
Head of the Boys School	15	0	(15)	(100%)
Head of City of London Freemens School	(50)	0	50	(100%)
Head of City of London School for Girls	21	0	(21)	(100%)
Head City of London Junior School				
Principal Guildhall School of Music and Drama	3,086	3,077	(9)	(0%)
Remembrancer	1,838	2,188	350	19%
<b>Total City's Estate</b>	<b>(15,894)</b>	<b>(23,171)</b>	<b>(7,277)</b>	<b>46%</b>
<b>Guildhall Administration</b>				
Chamberlain	19,863	19,863	0	0%
Chief Strategy Officer	0	2	2	0%
Executive Director of HR & Chief People Officer	0	0	0	0%
City Surveyor	4,269	4,660	391	9%
Comptroller and City Solicitors	110	110	0	0%
Deputy Town Clerk	227	227	0	0%
Remembrancer	(204)	(204)	0	0%
<b>Total Guildhall Administration</b>	<b>24,265</b>	<b>24,658</b>	<b>393</b>	<b>2%</b>
<b>Grand Total</b>	<b>(11,349)</b>	<b>(35,043)</b>	<b>(23,695)</b>	<b>2</b>

## Appendix 1 – Forecast by Chief Officer

Appendix 3: Chief Officer total budget by fund	Full Year Forecast as at 30 June 2025			
	Chief Officer		Variance (Better) / Worse	
	Budget £'000	Forecast £'000	£'000	%
<b>City Fund</b>				
Barbican Centre Managing Director	22,881	25,044	2,163	9%
Chamberlain	13,478	2,869	(10,609)	(79%)
Comptroller and City Solicitors	508	508	0	0%
Executive Director Corporate Communications & External	2,732	2,832	100	4%
City Surveyor	(37,575)	(45,570)	(7,995)	21%
Deputy Town Clerk	7,063	7,174	111	2%
Director of Community and Childrens Services	17,489	18,897	1,408	8%
Executive Director Environment	17,288	17,547	259	1%
Executive Director Innovation and Growth	16,559	16,760	201	1%
<b>Total City Fund (excluding Police)</b>	<b>60,423</b>	<b>46,060</b>	<b>(14,363)</b>	<b>(32%)</b>
<b>City's Estate</b>				
Chamberlain	26,946	18,843	(8,103)	(30%)
City Surveyor	(38,755)	(38,379)	376	(1%)
Deputy Town Clerk	8,192	8,812	620	8%
Director of Community and Childrens Services	3,171	3,106	(65)	(2%)
Executive Director Corporate Communications & External	747	997	250	34%
Executive Director Environment	12,094	12,211	117	1%
Executive Director Innovation and Growth	5,617	5,617	(0)	(0%)
Head of the Boys School	545	530	(15)	(3%)
Headmaster of City of London Freemens School	(1,300)	(1,250)	50	(4%)
Headmistress of City of London School for Girls	866	845	(21)	(2%)
Head of the Junior School	(344)	(344)	0	0%
Principal Guildhall School of Music and Drama	14,099	14,090	(9)	(0%)
Remembrancer	3,450	3,800	350	10%
<b>Total City's Estate</b>	<b>35,328</b>	<b>28,878</b>	<b>(6,450)</b>	<b>(18%)</b>
<b>Guildhall Administration</b>				
Chamberlain	42,624	42,886	262	1%
Executive Director of HR & Chief People Officer	4,974	7,702	2,728	55%
Chief Strategy Officer	1,811	1,892	81	4%
City Surveyor	12,352	12,743	391	3%
Comptroller and City Solicitors	1,617	1,818	201	12%
Deputy Town Clerk	4,597	4,597	(0)	(0%)
Remembrancer	(617)	(617)	0	0%
<b>Total Guildhall Administration</b>	<b>67,358</b>	<b>71,021</b>	<b>3,663</b>	<b>5%</b>
<b>Grand Total (excluding Police)</b>	<b>163,109</b>	<b>145,958</b>	<b>(17,151)</b>	<b>(11%)</b>
Commissioner of Police	122,437	123,552	1,115	1%
Police Authority Board	928	839	(89)	(10%)
<b>Grand Total</b>	<b>286,474</b>	<b>270,349</b>	<b>(16,125)</b>	<b>(6%)</b>

## Appendix 2 - City Fund Capital Breakdown by Service

CAPITAL PROGRAMME - CITY FUND	2025/26 Budget	2025/26 Actuals	2025/26 Forecast Q1	Forecast Variance	Future Years Budget	Future Years Forecast	Forecast vs Budget in Future Years	Total Budget vs Total Forecast
CAPITAL & SRP - BAU	£m	£m	£m	£m	£m	£m	£m	£m
Barbican Centre	12.1	0.3	5.2	(6.9)	5.6	6.5	0.9	(6.0)
Chamberlains & Chief Financial Officer	24.1	0.3	14.3	(9.8)	37.5	44.0	6.5	(3.3)
City Surveyor & Property	12.8	0.4	12.6	(0.2)	71.3	70.0	(1.3)	(1.6)
Community & Children's Services (Non HRA)	15.8	0.7	11.0	(4.9)	13.2	33.4	20.2	15.4
Community Services - HRA	44.5	7.8	46.9	2.5	52.9	114.4	61.5	63.9
City of London Police	9.3	1.6	11.8	2.5	15.0	12.5	(2.5)	0.0
Environment	44.6	2.4	38.5	(6.1)	87.1	88.9	1.8	(4.3)
<b>Sub-Total</b>	<b>163.2</b>	<b>13.6</b>	<b>140.4</b>	<b>(22.9)</b>	<b>282.7</b>	<b>369.7</b>	<b>87.0</b>	<b>64.1</b>
CAPITAL & SRP - MAJOR PROJECTS								
Museum of London	92.8	(0.3)	92.8	0.0	11.3	11.3	(0.1)	(0.1)
- Bastion House	5.0	0.1	1.1	(3.9)	0.0	3.9	3.9	0.0
Salisbury Square Development	263.1	25.7	256.4	(6.7)	127.0	164.1	37.1	30.4
Future Police Accommodation	40.9	1.4	33.1	(7.8)	87.4	75.6	(11.8)	(19.6)
Barbican Renewal	44.4	2.3	38.9	(5.5)	253.9	260.6	(6.7)	1.2
<b>Sub-Total</b>	<b>446.1</b>	<b>29.2</b>	<b>422.2</b>	<b>(23.9)</b>	<b>528.0</b>	<b>515.5</b>	<b>35.8</b>	<b>11.9</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>609.3</b>	<b>42.8</b>	<b>562.6</b>	<b>(46.8)</b>	<b>762.4</b>	<b>885.2</b>	<b>122.8</b>	<b>76.1</b>

### Appendix 3 - City Estate Capital Breakdown by Service

CAPITAL PROGRAMME - CITY'S ESTATE	2025/26 Budget	2025/26 Actuals	2025/26 Forecast Q1	Forecast Variance	Future Years Budget	Future Years Forecast	Forecast vs Budget in Future Years	Total Budget vs Total Forecast
CAPITAL & SRP - BAU	£m	£m	£m	£m	£m	£m	£m	£m
Chamberlains & Chief Financial Officer	34.8	1.8	15.8	(19.0)	41.5	60.0	19	(0.4)
City of London Freeman's School	-	0.1	0.0	0	0.1	-	-	(0.1)
City of London School	2.6	0.2	2.6	0	2.1	2.1	0.02	0
City of London School For Girls	0.9	-	0.9	0	1.3	1.3	-	0
City Surveyor & Property	27.6	0.3	9.6	(18.0)	39.6	57.0	17	(0.6)
Environment	2.4	0.2	3.2	1.0	2.7	0.4	(2.4)	(1.6)
Principal GSMD	2.1	0.4	2.1	0	2.4	0.8	(1.6)	(1.6)
<b>Sub-Total</b>	<b>70.5</b>	<b>2.8</b>	<b>34.2</b>	<b>(36.3)</b>	<b>89.6</b>	<b>121.6</b>	<b>32</b>	<b>(4.3)</b>
<b>CAPITAL &amp; SRP - MAJOR PROJECTS</b>								
Museum of London	17.5	8.3	20.0	2.5	0.0	-	0.0	2.5
City Fund (Combined Courts)	105.2	0.0	105.2	0.0	50.9	50.9	0.0	0.0
<b>Sub-Total</b>	<b>122.7</b>	<b>8.3</b>	<b>125.2</b>	<b>2.5</b>	<b>50.9</b>	<b>50.9</b>	<b>(0.0)</b>	<b>2.5</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>193.2</b>	<b>11.1</b>	<b>159.4</b>	<b>(33.8)</b>	<b>140.5</b>	<b>172.5</b>	<b>32.0</b>	<b>(1.8)</b>

## Appendix 4 – Detailed information by Fund

### City Fund – Detailed appendix

Chart 1 compares the local risk outturn forecast to the budget for each Chief Officer.

13. Significant variances on Chief Officer Cash Limited budget are;

- a) Barbican Centre (adverse variance of £2.2m) The initial performance impact on box office from Barbican Immersive and Visual Arts has been worse than originally expected and is forecast to see a reduction in income of £0.9m, and there's added caution on the potential revenue from touring opportunities in 25/26. There's a delay on the buildings target (£0.5m). The Centre is working with the surveyor's department to realise this, however it is taking longer than expected and is unlikely to be realised in 25/26. Forecasting additional costs of £0.4m as there's additional uncertainty around the AEX department being able to realise efficiencies for coordinating their pool of casual staff that help with hosting events at the Barbican. In addition to the £2.2m adverse variance highlighted, it was agreed as part of the carry forward review that we recoup £1m from their current year budget in relation to their final adverse 24/25 outturn position. Due to timings, it was not possible to reflect this in the data for QTR1 but will be included from QTR 2 onwards. The tight controls on spending introduced in 24/25, still remain in place for 25/26. However, in order to have a clear, accountable and collective approach to reducing this position, a 3% target has been given to all directorates to be managed locally with their teams.
- b) Commissioner of police (adverse variance of £0.9m) At Q1 the Police revenue budget is forecast to be overspent by £0.9m/1% against the planned budget. The underlying overspend is predominately due to the revised implementation plan for the Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS) programme. This is an improved position compared to the estimated £1.5m budgetary pressure identified in the 25/26 revenue estimates - and CoLP will continue to endeavour to manage this down through revenue underspends / savings where possible. It should be noted, however, that at the time of budget setting, there was an expectation, and recognition by the Police Authority Board, that 25/26 project implementation pressures for FCCRAS may require recourse to an internal loan facility.

Chart 2 compares the central risk outturn forecast to the budget for each Chief Officer.

14. Significant variances on central risk budgets are

- a) Executive Director Community & Children's Services (£1.1m overspent) There is an expected shortfall between the housing benefits awarded for temporary accommodation to what we receive from DWP. The intention is to meet this from the DCCS reserve which consists of the Afghan Surplus grant set aside for ongoing and future DCCS commitments which will be

reflected in Q2. In addition, the Supplementary revenue project on landlords services for fire door replacement is expected to be over budget however discussions will be had to see if any costs should be capitalised. The department are taking action now with the aim of reducing this overspend – this involves independently reviewing statutory homelessness and rough sleeping services to find efficiencies and compare best practice examples elsewhere, possibility of out supply of social tenancies which will help discharge main housing duties quicker which limits exposure to high rents in temporary accommodation.

- b) City Surveyor (£7.5m underspent) The rental income is forecast to exceed budget by £8.1m as per paragraph 25. This is primarily due to the disposal of Worship Street Estate which has been postponed until March 2027, resulting in additional income in 2025/26 and 2026/27. As well as income from 69 Mansell Court, where the disposal has completed but the City has retained the rental income until the expiry of the sole occupier's lease in September 2025, resulting in additional income of £0.7m in 25/26. This income has been partly offset by an increased in rates.
- c) Chamberlain (£10.5m underspend) This is due to additional interest receivable on money market funds of £13.2m as per paragraph 25 offset by a savings target of £2m which has not yet been identified. This savings target is a crosscutting initiative that spans all departments, encompassing business events and income generation activities.

### **City Fund Capital**

15. At the end of Q1, the City Fund is forecasting spend of £562.6m in year budget slippage of £46.8m. Overall there is a £76.1m is the projected overspend across the lifetime of the programme, £63.9m is for the HRA major works, the figures are subject to changes upon on surveys and will be presented to members in a October committee update.

CAPITAL PROGRAMME - CITY FUND	2025/26 Budget	2025/26 Actuals	2025/26 Forecast Q3	Forecast Variance	Future Years Budget	Future Years Forecast	Forecast vs Budget in Future Years	Total Budget vs Total Forecast
	£m	£m	£m	£m	£m	£m	£m	£m
Capital & SRP - BAU	163.2	13.6	140.4	(22.9)	282.7	369.7	87.0	64.1
Capital & SRP - Major Projects	446.1	29.2	422.2	(23.9)	479.7	515.5	36	11.9
<b>Total</b>	<b>609.3</b>	<b>42.8</b>	<b>562.6</b>	<b>(46.8)</b>	<b>762.4</b>	<b>885.2</b>	<b>123</b>	<b>76.1</b>

16. Appendix 2 shows the forecast expenditure for City Fund Capital and Supplementary Revenue Projects (SRP), split between Business as Usual (BAU) and Major Projects. The forecast for the year is £609.3m for the year, comprising £163.2m BAU projects and £446.1m across the City Fund Major Projects.
17. The HRA projects are showing a projected underspend of £2.5m for 25/26 and overall overspend of £63.9m. This is due to additional major refurb requirements that were yet to have funding approved at Q1. The Finance team is well progressed on funding options for members to review, which will be presented to this committee in October.



18. The overall forecast spend on the Children's and Community Services (Non-HRA) is a £15m overspend, this is due to the Barbican podium works not having sufficient funding. This shortfall will need to be addressed prior to the project commencing to Gateway five. A review of existing programmes is currently underway to support prioritisation. The in-year underspend of £4.9m is due to slippage of Barbican residential fire door works, this budget will be phased into future years.
19. Chamberlain's have a projected underspend in year of £9.8m this is due to the Enterprise Resource Planning (Programme SapPhire) contingency not currently being assigned to projects and is carefully being monitored.
20. The £6.9m underspend is due to the Barbican Centre fire safety works being coordinated with the Barbican Renewal Programme, therefore has led to slippage and phasing of the programme.

## Major Projects

21. **Museum of London** – Overall, the programme is on budget, though there is a risk that the Corporation will need to jointly-underwrite alongside the GLA or forward-fund some expenditure should anticipated fundraising fail to materialise to the quantum or timings forecast. The forward funding is likely to occur during 2026/27. Should this materialise, a report will be brought before Members for decision. The total project forecast excludes the Museum's own financing element (£120m).
22. **Salisbury Square Development (SSD) / Future Police Estate Programme (FPEP)** — has a combined forecast of c£750m against a revised funding envelope of £780m, inclusive of £30m of new optimism bias (OB). Though there remains risks against this, including a third-party funding contribution towards the firing range not materialising. Options are currently being considered and will be brought back to the Capital Buildings Board for further consideration. There is also the possibility of further cost increases given that some of the FPEP projects are still in their preliminary stages – which will be a call on the OB budget.
23. **Barbican Renewal** – This has been added to the Major Projects section in appendix 4 following the approval of the £287m funding by the Court of Common Council in December 2024. This includes £230.6m of core project budget, plus £57m of centrally held contingency. The £230.6m is also partially funded by a fundraising target of £40m, leaving a net budget of £190.6m. Critical infrastructure works are currently being undertaken, but the main renewal programme is currently at RIBA stage three (design), and the main works will commence in Jan 2027. As the Barbican has now been confirmed as a High-Risk Building (HRB) under the Building Safety Act (being at least seven storeys and containing at least two residential units), a different planning route is required than first envisaged. This will impact the early stages of delivery but is unlikely to impact the five-year plan.

## City's Estate – Detailed narrative

24. There are no significant variances on local risk under City's Estate to report at QTR1

25. Significant variances on Central risk budgets are:

a. Chamberlain: (£8m underspent) which is due to increased dividend income which includes an estimate of income from the new fixed interest gilts, index-linked gilts and corporate bonds allocation, and invest & private equity income distributions.

b. The remainder of Chief Officers had minor variances as at QTR 1 (under £500k)

26. Whilst additional funding has been provided to The Guildhall School of Music & Drama to support the current years pressures, a significant amount of activity continues to be undertaken to address financial pressures. Detailed budget reviews and benchmarking have been completed and are underway with the latest 5-year plan retuning to Efficiency and Performance Working Party in September to confirm next steps, timeline and any strategic investment that may be required.

## City's Estate Capital

27. City's Estate is forecasting an in-year slippage of £36.3m on the BAU and £2.5 overspend on the major projects

Chart 7: City's Estate capital forecast

CAPITAL PROGRAMME - CITY'S ESTATE	2025/26 Budget	2025/26 Actuals	2025/26 Forecast Q3	Forecast Variance	Future Years Budget	Future Years Forecast	Forecast vs Budget in Future Years	Total Budget vs Total Forecast
	£m	£m	£m	£m	£m	£m	£m	£m
Capital & SRP - BAU	70.5	2.8	34.2	(36.3)	89.6	121.6	32	(4.3)
Capital & SRP - Major Projects	122.7	8.3	125.2	2.5	50.9	50.9	0	3
<b>Total</b>	<b>193.2</b>	<b>11.0</b>	<b>159.4</b>	<b>(33.8)</b>	<b>140.5</b>	<b>172.5</b>	<b>32</b>	<b>(1.8)</b>

i. Appendix 5 shows the breakdown of the forecast for City Estate, with £125.2m projected on major projects and a further £34.2m on BAU Capital and SRP.

ii. The primary in year slippage is £19m in the Chamberlains area owing to, additionally there is slippage on the surveyors for BAU DSP programme, from the MTFP figures.

iii. **Museum of London Landlord works** - the works are now nearing completion, with the forecast spend representing the remaining drawdown from the museum. The forecast for 2025/26 is £20m against the MTFP estimate of £17.5m which represents the correction of an understatement in the original estimate.

The remaining spend for Major Projects within City Estate relates to the contribution towards the Salisbury Square Development, which is within City Fund.

## **Guildhall Administration – Detailed Information**

28. Significant variances on Local risk budgets are:

- a) Executive Director of HR & Chief People Officer (£2.7m overspent) this is due to the restructure being finalised and agreed for 25/26. This was later than planned due to change in staff however all changes will be made for QTR2 and budget realigned. Transformation funding of approx. £1.8m is to be transferred which will be added to the budget for QTR 2 and mitigate some of the pressure.
- b) Remainder of Chief Officers had minor variances, which are expected to be managed within budget envelopes.

29. Significant variances on central risk budgets are:

- a. City Surveyor (£0.4m overspent) This principally comprises additional business rates costs for the Guildhall complex over what was anticipated in the budget and some historic costs in relation to Citigen heating. Consideration will be given to see if any savings in other central risk budgets could be used to offset these costs. .

30. There are no other significant variances currently on Guildhall Administration central risk to report as at QTR 1.

### **Savings Guildhall Administration:**

31. The 2025/26 budget includes savings targets of £1m across Guildhall Administration services. Of this amount, £707k is expected to be found during the year which equates to 70% of the overall target with the remaining 30% showing as amber rated. No savings are currently showing as high risk of non-delivery however we will continue to monitor and report back at Q2

## **Additional Revenue information**

32. Contingency budgets (including central provisions, Finance and P&R) are currently holding unallocated budgets of £15.7m (£7.8m City Fund and £7.9m City's Estate) however it is anticipated that the majority of the contingency balance will be drawn down and utilised throughout the year. Any remaining funds at the end of the year will be transferred to reserves and is therefore showing a nil variance.

33. Corporate Income Budgets are forecast to be better than budget by £20.2m and are summarised in the table below.

Table 4: Major income budgets

	Budget	Forecast	Forecast Variance (Better) / Worse	
	£'000	£'000	£'000	%
<b><u>Property Investment Income</u></b>				
City Fund	(32,882)	(41,045)	(8,163)	(25%)
City's Estate*	(60,206)	(59,825)	381	1%
Total Property Investment Income	<b>(93,088)</b>	<b>(100,870)</b>	<b>(7,782)</b>	<b>(8%)</b>
<b><u>Interest on Cash Balances</u></b>				
City Fund	(22,603)	(35,832)	(13,229)	(59%)
City's Estate	(2,050)	(1,275)	775	38%
Total Interest on Cash Balances	<b>(24,653)</b>	<b>(37,107)</b>	<b>(12,454)</b>	<b>(51%)</b>
<b>Grand Total</b>	<b>(111,741)</b>	<b>(137,977)</b>	<b>(20,236)</b>	<b>17%</b>

\*Recommendation all surplus income under City's Estates is ringfenced to repay back the private placement loan.

- i. Property Investment Income is forecast to be £41m on City Fund and £59.8m on City Estate which reflects the June 2025 rental estimates.
- ii. The higher income forecast under City Fund is primarily due to the disposal of Worship Street Estate which has been postponed until March 2027, resulting in additional income in 2025/26 and 2026/27. As well as income from 69 Mansell Court, where the disposal has completed but the City has retained the rental income until the expiry of the sole occupier's lease in September 2025, resulting in additional income of £0.7m in 25/26.
- iii. Rental income on City Estates is slightly under budget (£0.4m) and reflects the June 2025 forecast.
- iv. Income from interest on average cash balances is currently forecast to exceed budget by £13.2m for City Fund, principally due to changes in the level of average cash balances held, and hence available for investment, and upon which interest is applied, compared to that anticipated when the budget was set in November 2024. This is largely as a result of the re-phasing of capital and major project expenditure, and the timing of receipts from the planned property disposals.
- v. For City's estate the income is forecast to be approx. £0.7m short of the target due to the changes in average level of cash balances held.

#### Cyclical Works Programme (CWP)

34. The Cyclical Works Programme (CWP) is a critical component of the City's approach to maintaining the operational property portfolio, focusing on essential health and safety repairs and cyclical maintenance. Historically, CWP expenditure has been treated as revenue due to its similarity to routine repairs and maintenance. However, where programmes exceed materiality thresholds, they may be capitalised. In recognition of the growing backlog and the need for urgent remedial works, the Resource Allocation Sub-Committee and Finance Committee approved a significant funding package in 2024/25. A total of £133.7

million has been allocated over a five-year period to address immediate and high-priority repairs across the operational estate. After this 5-year period, a further £15m pa has been agreed by Court of Common Council (£7.5m each for City Fund and City's Estate).

Table 5: CWP Quarter 1

	<b>Budget £'000</b>	<b>Actual &amp; Commitments £'000</b>	<b>Percent Spent %</b>
<b>City Fund</b>	13,026	3,444	26
<b>City's Estate</b>	12,154	2,706	22
<b>Guildhall Complex</b>	5,586	1,376	25
<b>Grand Total</b>	<b>30,766</b>	<b>7,526</b>	

### **Capital – observations on risks**

35. For the Major Projects there is joint underwriting (alongside GLA) of up to £50m should the Museum not achieve their fundraising target or be unable to generate sufficient funds to repay their loan from the GLA. The Museum is due to spend the extra £50m in the next two years, but fundraising totals will be confirmed retrospectively, so they have requested another loan to cover this. This is yet to be approved, and discussions are continuing.
36. Appendix 5 shows the trend of spend vs forecast for 24/25 compared to actual spend through the year.
37. The Court of Common Council on 26 November 24, ratified a decision to end the City Corporation's interest in co-locating the wholesale food markets of Smithfield and Billingsgate to a new site at Dagenham Dock. Instead, a new agreement has been reached with market traders that would see them receive financial support to relocate to new premises. The City Corporation is already actively supporting Traders to identify suitable new sites to ensure that they can continue their essential role in London's food supply chain and is in close dialogue with them and other wholesale markets about this already.
38. There is additional capital expenditure on the HRA which was not factored into the Medium-term financial plan and additional funding sources are currently being identified in order for this to be met over the coming years.

## Carry forwards

39. Chief Officer bids (from unspent 2024/25 funds) were reviewed by the Chair and Deputy chair of RASC in July 2025 and have therefore not been included in QTR1 monitoring. The following areas have received approval, and will be included in the reporting from QTR2 onwards:

<b>Chief Officer Local Risk</b>	<b>City Fund (£'000)</b>	<b>City's Estate (£'000)</b>	<b>Guildhall Admin (£'000)</b>
Chamberlain and Chief Financial Officer			235
Deputy Town Clerk	314		70
Chief Strategy Officer			94
Executive Director Community and Children's Services	345		
Executive Director Environment		53	
Remembrancer			590
<b>Total Local risk</b>	<b>659</b>	<b>53</b>	<b>989</b>

In addition to the above, the following central risk carry forwards were approved:

<b>Central Risk</b>	<b>City Fund (£'000)</b>	<b>City's Estate (£'000)</b>	<b>Guildhall Admin (£'000)</b>
Finance Committee Contingencies	1,473	212	
Project contingencies	200	625	
Policy & Resources Committee		391	
Policy Initiative Fund		1,327	
Central provisions (including Inflation, reward Refresh, Transformation)	11,953	10,079	302
Managing Director GSMD		2,900	
One off pressures agreed by Court of Common Council	150	2,604	251
<b>Total Central Risk</b>	<b>13,783</b>	<b>18,183</b>	<b>553</b>