

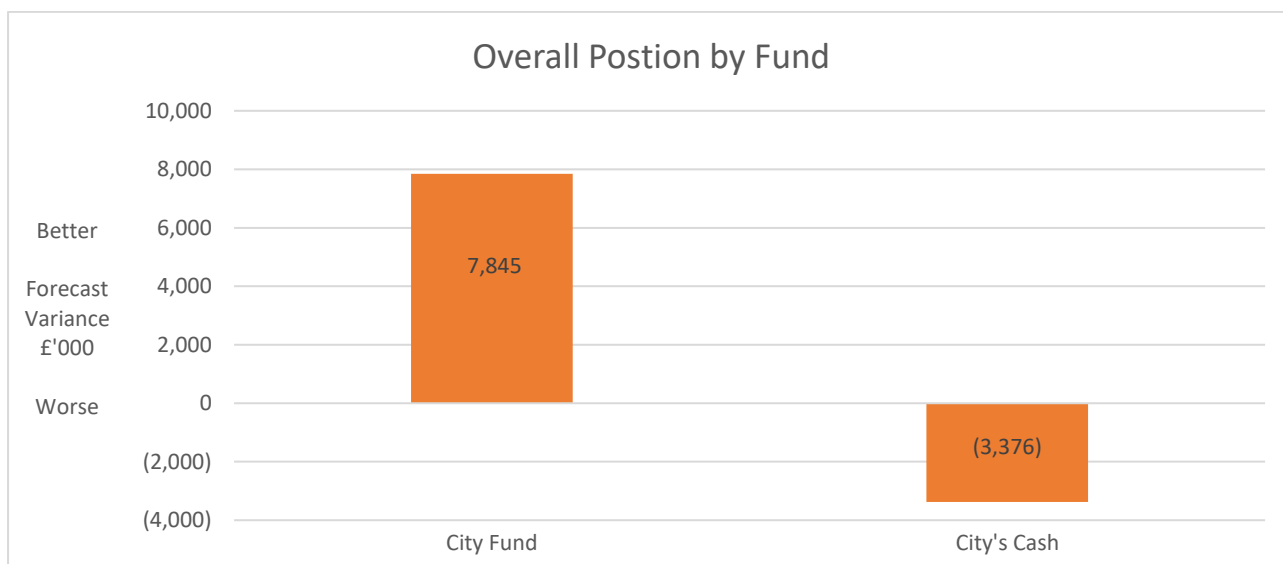
Committee	Dated:
Finance Committee	19 July 2022
Subject: Revenue Budget Monitoring to June 2022	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chamberlain	For Information
Report author: Amanda Luk, Financial Services Division	

This report provides an update on City Fund and City's Cash quarter one position.

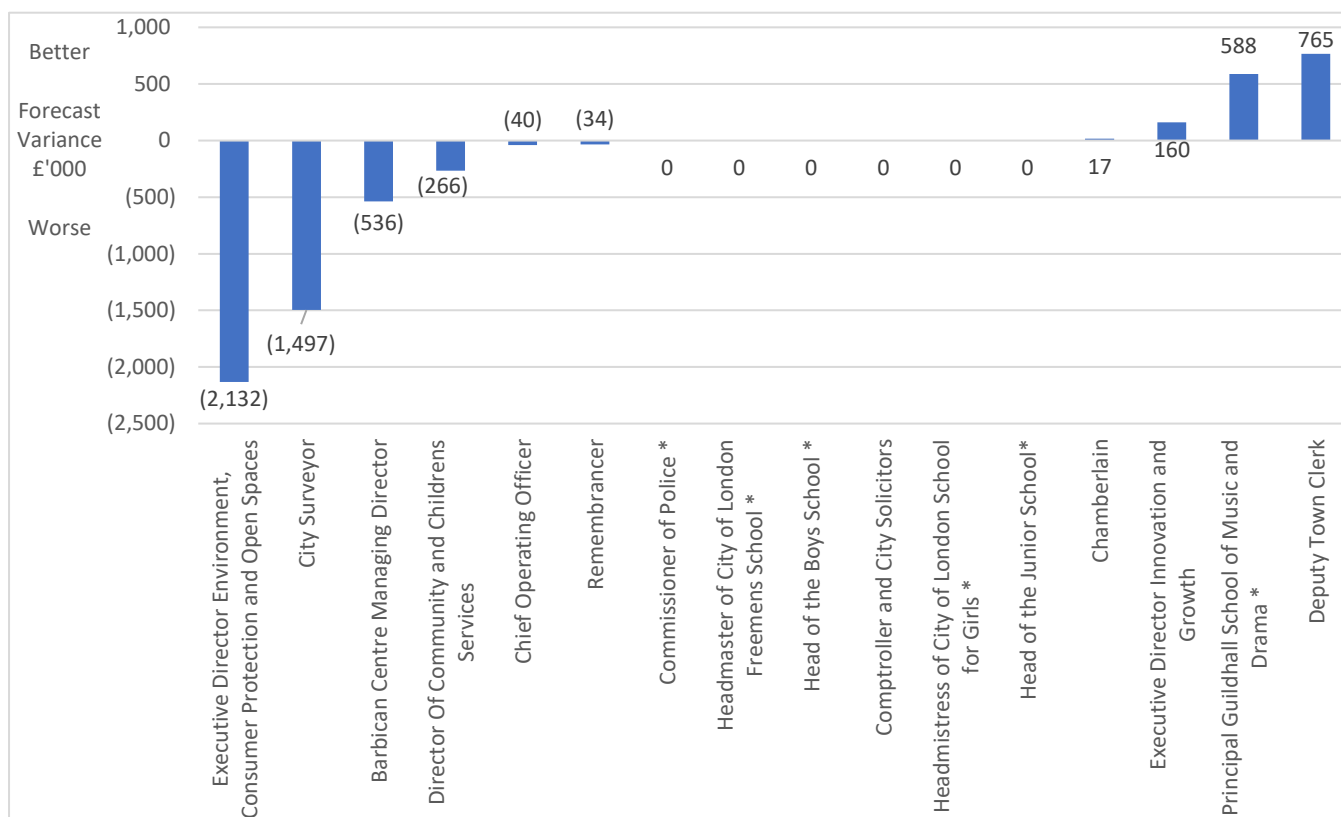
Position by Fund

The overall position is an underspend of £4.4m made up of the following net positions:

- City Fund £7.8m Underspent
- City's Cash £3.4m Overspent



Chief Officer Cash Limited Budgets



* These Chief Officers hold ringfenced reserve balances which can offset any of their adverse variance

Expenditure remains close to budget across most areas.

Significant variances to note are as follows:

- City Surveyor (CS) forecast is an overspend of £1.5m relating to £0.7m unidentified savings, to be addressed by the CS TOM – report going to Corporate Services Committee in September if agreed full impact of savings will be achieved in 2023/24; an overspend of £0.5m on City Fund Estate due to additional business rate costs and reduced service charge recovery from voids, whilst void costs are recoverable from reserves held these are additional costs incurred which may need to be considered to be recovered from central contingencies – to be reviewed; and £0.2m additional costs for security and loss of income from 65a Basinghall Street, used by the COVID test centre.
- Executive Director Environment forecast overspend of £2.1m, predominately relates to unidentified savings as follows: £1.9m on Planning and Transport, £0.4m on cleansing management and £0.2m across City Open Spaces. The Executive Director is working on a 5 year savings plan to achieve permanent year on year savings, however in the interim mitigations are being reviewed.

Central Risk Budgets

	Original Budget	Latest Approved Budget	Forecast	Forecast Variance Better / (Worse)	
	£'000	£'000	£'000	£'000	%
<u>Property Investment Income</u>					
City Fund	39,693	39,693	40,212	519	1%
City's Cash	56,923	56,923	53,515	(3,408)	(6%)
Total Property Investment Income	96,616	96,616	93,727	(2,889)	(3%)
<u>Interest on Cash Balances</u>					
City Fund	6,404	6,404	13,929	7,525	118%
City's Cash	93	93	1,497	1,404	1,510%
Total Interest on Cash Balances	6,497	6,497	15,426	8,929	137%
Grand Total	103,113	103,113	109,153	6,040	6%

Significant variances:

- City's Cash property investment income is forecast £3.7m under budget due to a shortfall of £3.4m on the March 22 rental income forecast - relates to on-going impact of Covid.
- Income from interest on cash balances is currently forecast to exceed budget by £8.9m due to higher than anticipated interest rates.

Whilst this benefits the revenue position there is a negative impact to the fair value of investments, for Quarter 1 these are currently estimated as unrealised capital losses of £5.1m on City Fund and 0.9m on City's Cash.

The return on investments and valuations will be volatile throughout the year due to changes in interest rate expectation. These changes will be reviewed as part of the budget setting process for 23/24 and 5-year forecast.

Amanda Luk

Senior Accountant

T: 020 7332 1372

E: Amanda.Luk@cityoflondon.gov.uk

Neilesh Kakad

Group Accountant

T: 020 7332 1381

E: Neilesh.Kakad@cityoflondon.gov.uk