

Report – Finance Committee

2023/24 City's Cash Budgets and Medium-Term Financial Plan

To be presented on Thursday, 9th March 2023

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

SUMMARY

This Report covers the 2023/24 Budget and the medium-term financial outlook for City's Cash and Guildhall Administration. The Report should therefore be read in conjunction with the City Fund and Bridge House Estates Budget Reports on your agenda.

With the global economic uncertainty, the risk of a recession, the war in Ukraine and inflationary pressures, risks persist in **City's Cash** key revenue streams of property rental income and growth in financial investments, potentially making City's Cash income streams volatile in 2023/24. In addition, the City Corporation is undergoing its own period of significant change in response to these events and its ambition to deliver on its key policy priorities such as its move to net zero and support to major projects. We are already drawing down on recent balance sheet growth to support the revenue position. However, prudent management of funds ensures the annual deficits can just about be accommodated within overall balance sheet growth over the medium-term.

Annual drawdowns in excess of assumed growth in financial assets are needed to cover exceptional items such as capital programmes and Crossrail contributions. Over the planning period, the cumulative drawdown on financial investments is £388.2m (including £204.8m for the capital programme and Crossrail contribution). Balance Sheet forecasting indicates this sum is sustainable over the medium-term, but not in the longer 10-year horizon when financing costs on major projects increase. A focus on how best to secure third-party investment is now needed and the City Surveyor is working with the Chamberlain to identify opportunities.

Additionally, it has become clear through the bilateral meetings with service committee chairmen that a more commercial approach to revenue generation is required. Plus, a more commercial approach is required to our operational assets base, ensuring that we maximise operational effectiveness and only retain the buildings really needed to deliver services.

In response to the financial challenges, the City Corporation has made significant cuts to budgets over the last decade, there remains significant pressures – caused by financing of major projects programme, inflation increases and staffing recruitment and retention challenges.

Guildhall Administration: the Report also summarises the budgets for central support services within Guildhall Administration (which currently 'holds' such costs before these are wholly recovered). Consequently, after recovery of costs through allocation to services within each fund, the net expenditure on Guildhall Administration is nil.

The 2023/24 Summary Budget Book is available via the *Members' Committees and Papers* section of the City Corporation's website. PDF copies via email can be requested from sonia.virdee@cityoflondon.gov.uk.

Recommendations

Following your Finance Committee's consideration of this report, it is recommended that Members of the Court of Common Council:

- 1.0 Note the latest revenue budgets for 2022/23 (paragraphs 17 to 24).
- 2.0 Note the overall budget envelope for City Cash 2023/24 revenue budgets.
 - 2.1 Additional funding is required for new on-going cost pressures and have been included as budget uplifts:
 - 2.1.1 Agreed pay award from 1st July 2022.
 - 2.1.2 Assumptions for 2023/24 pay award held centrally – the final settlement will be approved by your Corporate Services Committee.
 - 2.1.3 Health and Safety team to be offset from increase in income from Resource Prioritisation Refresh (RPR) workstreams (split across City Fund and City's Cash).
 - 2.1.4 For Cyclical Works Programme (CWP): Following the meeting with the Joint Resource Allocation Sub Committee and Service Committee Chairmen, additional headroom has been created for 2023/24 to address urgent health and safety issues – City's Cash £2.216m – profiled over two years. Plus, a further £5.5m p.a. additional funding allocated (profiled over two years) from 2024/25 is included within the medium term to support the bow wave. Robust programme of delivery required, including sufficient resources identified to deliver the programme in a timely manner – potential risk of cost creep.
- 3.0 To address inflationary pressures, the removal of the 2% savings requirement, using this overall sum plus carry forward underspends from 2022/23 to bolster the inflation contingency. Going forward, flat cash assumptions are no longer sustainable.
- 4.0 Fund one-off pressures and opportunities for transformation in 2023/24 outlined in paragraph 7 from forecast carry forward underspends from 2022/23.
- 5.0 Approve the overall financial framework and the revised Medium-Term Financial Strategy (paragraphs 3-16).

- 5.1 Unfunded additional revenue bids: To be avoided during 2023/24 - 2026/27 with the Resource and Priorities Refresh (RPR) being tasked with reprioritising current spend in line with new Corporate priorities.
- 5.2 Department carry forwards from 2022/23 to be minimised, but with a general contingency to be held from 2022/23 underspend to address 2023/24 one-off pressures and transformation opportunities.
- 6.0 Approve the 2023/24 Capital and Supplementary Revenue Project Budgets for City's Cash amounting to £58.2m (including the contribution to Crossrail) (paragraph 25).
- 7.0 Approve the allocation of central funding of up to £19.4m for City's Cash to meet the cost of 2023/24 approved capital schemes. Release of such funding being subject to approval at the relevant gateway and specific agreement of your Resource Allocation Sub-Committee at Gateway 4(a). In addition, a contingency to be held under the capital programme of up to £3.0m to address urgent health and safety capital schemes. No new capital bids to be received in 2023/24 (paragraph 26-30).
- 8.0 Delegate authority to the Chamberlain to determine the final financing of capital and supplementary revenue project expenditure.

Main Report

Background

1. The primary purpose of this Report is to summarise the latest budgets for 2022/23 and the proposed budgets for 2023/24 for City's Cash, which have all been prepared within agreed policy guidelines and allocations, for submission to the Court of Common Council.
2. During the autumn/winter cycle of meetings, each Committee has received and approved a budget report, which has been prepared based on the planning framework for Chief Officers:
 - The starting point for the 2023/24 budget is 4% inflation uplift on local risk budgets, with 2% efficiency savings from the previous resource allocation in 2022/23.
 - Central contingency held to address inflationary pressures (including pay and prices).
 - 2022/23 underspends to be carried forward (subject to consultation with the Chairman and Deputy Chairman of your Resource Allocation Sub-Committee) to address one-off budget pressure and fund transformation opportunities.
 - Progress with the Resources and Priorities Refresh (RPR) to align spend with corporate priorities and manage on-going pressures within existing resources - where this is not possible to create headroom to reallocate funds through RPR workstreams.

- The Cyclical Works Programme (CWP) continues to build a backlog. There is a significant risk of not addressing the CWP, increasing deterioration in operational properties subsequently posing health hazards and leading to an increase in major projects programmes – funding has been allocated for 2023/24 for urgent health and safety works, an opportunity to catch up on already approved programmes. Plus, additional amounts have been forecast over the medium term to support the bow wave.

Overall Financial Strategy

3. The City of London Corporation's overall financial strategy seeks to:
 - manage the effects of economic uncertainty, war in Ukraine, and inflation impacting on the economy and income;
 - 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, such as Destination City – renewed vision for the Square Mile;
 - create a stable framework for budgeting through effective financial planning;
 - promote investment in capital projects which bring clear economic, policy or service benefits;
 - manage the affordability to support major projects programmes now and in the future; and
 - financial strategy to be developed following review of the investment asset base and fund income requirements during 2023.
4. The medium-term financial strategies and budget policies for City's Cash are set out in Appendix 1. City Fund's medium-term financial strategy is included in the separate City Fund report.

Current Position

5. With the continued uncertainty of the recovery from the global pandemic, the war in Ukraine, inflationary pressures and global economic uncertainty, pressures and risks for the City Corporation's finances will continue into the 2023/24 fiscal year. With headwinds from high inflation, interest rate rises and global events, risks persist in the key revenue streams that support the activity of City's Cash. In addition, the City Corporation is undergoing its own period of significant change in response to these events and its ambition to deliver on its key policy priorities such as its move to net zero and support to major projects.

Budget Response

6. Whilst savings have been implemented via the 12% reduction in budgets and the Fundamental Review Programme, yielding a £5.4m reduction in costs, the external environment, especially the impact of inflation, would make further reductions in spend challenging along with significant increases in income

generation. The budget approach for 2023/24 has been to stabilise the position, acknowledging the headwinds in play, with a net 2% uplift in local risk budget, whilst also looking to reprioritise spend to priority areas via the Resources Priorities Refresh (RPR) Programme, which will seek to address resourcing pressure within the overall envelope of funds available.

7. In addition, subject to consultations with the Chairman and Deputy Chairman of your Resource Allocation Sub-Committee, it is proposed that the projected underspend from the current year budget (November 2022 estimate at £10.2m), should be carried forward to support the following areas:
 - a. Transformation funding to support the cultural change in the organisation, and support to progress the workstreams under RPR - sums to be confirmed but likely in the region of £2m to £3m in 2023/24, to be funded from 2022/23 underspends across City Fund and City's Cash.
 - b. Short term energy price inflation estimated at £1m caused by the war in Ukraine; prices are expected to return to normal levels in the medium term.
 - c. Your Civic Affairs Sub-Committee has requested additional funding for events around the King's Coronation. Your Finance Committee agreed that a sum be met from underspend to be used for this purpose.
 - d. Charity Review. Your Finance Committee approved additional time-limited support to complete the Corporate Charities Review & support the scoping of the Natural Environment Charities Review, this was recommended to be funded from 2022/23 underspends – split across City's Cash and City Fund (£0.394m in 2023/24 and £0.120m in 2024/25).
 - e. CIO Function. Your Corporate Services Committee, Finance Committee and Policy and Resources Committee approved, in November 2021, the creation of a new Strategic Investment advisory function working alongside Corporate Treasury and Investment Property, to provide expert advice on the investment strategy/allocation advice between property and financial investments. Corporate Services Category Board approved a two-year contract which commences in January 2023 - £0.45m in 2023/24 and £0.45m in 2024/25.
 - f. The balance to be held to support inflationary pressure which cannot be contained with allocated budgets.

Latest forecast position

8. The financial overview across the medium-term planning horizon is shown in table 1 below:

Table 1**CITY'S CASH**

£m	2022/23	2023/24	2024/25	2025/26	2026/27
City's Cash Surplus/(Deficit) before savings, capital and major projects	(30.83)	(20.09)	(13.46)	(14.27)	(19.49)
Build Back Better Fund	(4.50)	(2.59)	(2.53)	(1.03)	(0.71)
Fundamental review savings	1.37	1.37	1.37	1.37	1.37
12% inc TOM	4.13	4.01	4.01	4.01	4.01
Deficit, before capital and major projects financing	(29.84)	(17.31)	(10.61)	(9.93)	(14.83)
Financing major projects	(10.54)	(13.80)	(16.84)	(25.27)	(33.03)
Deficit, incl major projects financing	(40.38)	(31.11)	(27.46)	(35.20)	(47.86)
Exceptional items- Depreciation, BAU projects Capital incl SRP* and CWP**	(42.27)	(46.99)	(77.19)	(26.87)	(25.55)
Crossrail	(25.00)	(25.00)	0.00	0.00	0.00
Draw down on Financial Gain	35.62	35.13	33.35	30.77	29.64
City's Cash deficit	(72.02)	(67.97)	(71.30)	(31.30)	(43.77)
Net assets balance	3,199.32	3,194.39	3,230.69	3,242.92	2,625.68

*SRP – Supplementary Revenue Programme; **CWP – Cyclical Works Programme

9. Annual drawdowns in excess of assumed growth in financial assets are needed to cover exceptional items such as capital programmes and Crossrail contributions. Over the period, the cumulative drawdown on financial investments is £388.2m (including the planned £50m to finance Crossrail payments, and £154.8m for the capital programme but excluding non-cash items i.e. depreciation). Overall net asset on the balance sheet will reduce by £573.6m over the medium-term, driven by the financing requirements of the major projects, which are currently assumed to be met from disposal of investment properties. Balance Sheet forecasting indicates this sum is just about sustainable over the medium-term, assuming natural growth in investments, thereby increasing net assets by £406m over 10 years.
10. However, the gain in future financial investments is unable to support the longer-term drawdown of circa £35m p.a. (including future capital and cyclical works programmes), and therefore requires careful rebalancing of portfolios over the medium to longer-term. This also includes the full impact of major projects – the need to look at the operating models, for example Markets consolidation and how this impacts the longer-term sustainability of City's Cash. A financial strategy is to be developed following review of investment asset base and fund income requirements during 2023.
11. Your Resource Allocation Sub-Committee approved, in principle, no new capital bids for 2023/24 at its July meeting, with £3m contingency held for urgent health and safety capital programmes. Giving an opportunity to catch up on delivering existing approved programmes. The forecast includes already approved capital programmes plus £3m contingency, financed through disposal of investment properties or securities; and the revenue costs of financing Major Projects.

12. Major Projects: Three major projects have been forecast under the medium-term financial plan. It is currently assumed these projects will be financed through borrowing (£450m private placement already in place); planned capital receipts; plus, a drawdown on non-financial investments. Draw down on non-financial investments for Major Projects impacts on the rental income which currently supports the City's Cash revenue expenditure, which have been included the in forecasts. Based on these assumptions, there is an interim requirement for internal borrowing utilising City Fund general cash balances – pending receipts from disposal of investment properties. Interest payments to City Fund have been forecasted based on losses to City Fund from investing cash balances. Nonetheless, wider thinking is now needed on how best to secure third-party capital investment on our major projects and our asset base to relieve the pressure on our own capital resources. The major projects are listed below:

- Museum of London Landlord works;
- Fleet Street Estate – combined court (transferred from City Fund in 2021/22).
- Markets consolidation programme – Business case approved to move two markets to Dagenham Docks and sale of existing sites – amended to exclude income and expenditure from moving New Spitalfields market; includes impairment of markets consolidation in year 2027/28; also assumes no funding from Homes England/third-party funding.

13. It should be noted the Guildhall Master plan has not been included within the major projects programme as this needs a business case to use part of the site as commercial development opportunity to pay for the works. If approved the Guildhall Master plan is expected to achieve revenue savings which also benefits City Fund.

A Strategic Response to Match the Scale of the Challenges for City's Cash

14. This Report recommends a number of measures to stabilise the position in 2023/24 and that will support the steps that will need to be taken to shore up the medium-term, through: ensuring continuation of permanent year-on-year savings; building on collaboration breaking silos; progressing with service transformation and RPR workstreams – supporting the change in the operating model which includes a review and disposals of operational properties to ensure we only retain the buildings really needed to deliver services, opportunities for income generation via a more commercial approach, which was a key issue raised during the bilateral meetings held with service committee chairmen, as well as containing the cost of major capital projects and other programmes.

15. In addition, there is a need to make sure the position does not get worse by reinforcing the cap on the major capital projects and securing third-party capital where possible.

Additional Revenue Requests

16. Your Policy and Resources Committee and Finance Committee have messaged clearly that cost pressures should be managed within existing resources. Additional funding for the Health and Safety Team has been accommodated through an increase in income from RPR workstreams. Furthermore, headroom has been created to fund urgent health and safety works for the CWP. Where one-off funding/time limited resource is required, this is accommodated through underspends from 2022/23 carried forward. However, there is an expectation that additional pressures that might arise during 2023/24 will be absorbed within local risk budgets.

CITY'S CASH

17. The 2022/23 and 2023/24 budgets for City's Cash are set out below. They have been prepared within the planning frameworks agreed by your Resource Allocation Sub-Committee shown at Appendix 1.

Table 2

City Cash Summary	2022/23 Original	2022/23 Latest	2023/24 Original
Gross Revenue Expenditure	(119.0)	(131.2)	(126.1)
Gross Revenue Income	62.6	65.6	70.4
Operating Deficit funded by drawdown*	(56.4)	(65.6)	(55.7)

*Operating Deficit funded by drawdown row excludes capital programmes, however, includes CWP and SRP.

18. City's Cash net expenditure is £9.2m higher comparing the latest 2022/23 budget with the original budget. Other main movements comprise of 2021/22 carry forwards of £11.5m and additional income from interest on cash balances of £3m.

19. The budget for 2023/24 reduces by £9.9m when comparing the 2023/24 Original budget to the 2022-23 Latest.

Table 3

	£m
2022/23 Latest Budget	(65.6)
Additional Major Project financing costs	(3.3)
Increase in central support costs	(3.0)
22/23 Pay award impacts	(1.8)
4% Pay and price inflation	(1.5)
Additional Contingency balance held	(0.9)
Release of Carry Forwards - 2021/22	11.5
Increase in interest on cash balances	4.4
Profiling of Climate Action funding	1.9
Re-profiling of CWP costs	1.8
2% efficiency savings	0.6
Other minor changes	0.1
2023/24 Original Budget	(55.7)

20. The net positions for 2022/23 and 2023/24 are summarised by Committee in Appendix 2. The estimated deficit in the current year and in 2023/24 will need to be met from the drawdown from the gain in financial investments.

GUILDHALL ADMINISTRATION

Overall Budget Position

21. 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.

Table 4

Guildhall Administration Net Expenditure	2022/23 Original £m	2022/23 Latest £m	2023/24 Original £m
Town Clerks & C&CS	(12.1)	(14.1)	(13.8)
Chamberlain	(23.6)	(23.6)	(26.7)
Chief Operating Officer	(10.1)	(10.1)	(10.7)
City Surveyor	(21.1)	(21.1)	(22.1)
Remembrancer	0.0	0.0	0.0
Total Net Expenditure	(66.9)	(68.9)	(73.3)
Recovery Costs	66.9	68.9	73.3
Total Guildhall Administration	0.0	0.0	0.0

22. The gross expenditure for Guildhall Administration is recovered across all funds.

23. The 2023/24 budget has increased by £4.4m from the latest 2022/23 position following application of budget principles outlined above i.e., inflation uplifts, and additional funding previously agreed.

24. Appendix 3 shows the budgets by committee.

Capital and Supplementary Revenue Project Forecast Expenditure and Funding

25. The City of London has a significant programme of property investments, works to improve the operational property estate and major capital projects to benefit wider London. The total anticipated capital and supplementary revenue expenditure, including forecasts against approved budgets and the indicative cost of schemes awaiting approval is as follows:

Table 5

City Cash Capital Programme	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Capital Programme BAU - incl. Crossrail	42.0	47.4	57.8	7.3	6.0
Supplementary Revenue Programme	7.0	7.9	3.3	3.1	3.0
New Bids - profiled	1.0	3.0	5.0	5.0	5.0
Total Capital Programme (exclu. Major Projects)	50.1	58.2	66.2	15.3	14.0
Major Projects	83.55	74.33	116.9	336.8	274.3

26. The City's Cash capital and supplementary revenue project budgets are submitted to the Court of Common Council as part of the Summary Budget Book. They comprise forecasts of expenditure against budgets which have been approved to spend in accordance with the relevant governance arrangements e.g., corporate projects procedure, Capital Buildings Committee approvals etc. The latest forecasts of City's Cash 2022/23 capital and supplementary revenue project expenditure against approved budgets (included within the figures in the table above) amount to £14.0m. This includes the indicative costs of schemes awaiting approval.

27. Members are asked to **note** that, in July, your Resource Allocation Sub-Committee agreed no new capital bids for 2023/24 – instead an opportunity to catch up on already approved capital schemes circa £160m before adding more to the capital programme.

28. The capital review undertaken in Autumn 2022 provided the opportunity to reassess inflationary pressures within overall capital programmes, these were agreed by your Resource Allocation Sub-Committee. It is recommended further pressures are contained within agreed budgets through value engineering.

29. Members are asked to also **note** that, in July, your Resource Allocation Sub-Committee agreed £3m capital contingency to support urgent health and safety new capital bids, subject to approval of business case.

30. The financing of the City's Cash capital and supplementary revenue projects programmes needs to reflect the optimum reserves position of each fund. Therefore, approval is sought for authority to be delegated to the Chamberlain to determine the *final* financing of capital and supplementary revenue project expenditure.

Risk

31. There are risks to the achievement of the latest forecasts:

Within the City's control:

- Ensuring permanent year on year permanent savings from the 12% savings programme and income schemes under the Fundamental Review;
- Delay in RPR workstreams - unable to reprioritise resources to corporate prioritise and or create headroom to reallocate resource;
- Ability to retain / recruit staff under the current salaries structure;
- Major projects not being delivered within estimated costs.

Outside the City's control:

- Economists warning of a UK (global) recession during 2023, impact on income streams is unknown, particularly: rental income, event bookings, and student intakes – needs close monitoring;
- Significant inflationary risks, highly volatile, not only impacting pay and prices there is a continued impact on global supply chain bottlenecks;

Conclusion

32. Over the last decade there has been a significant effort across the Corporation family to commit to delivering year on year permanent savings to get us to a balanced 2023/24 budget and on track for sustainable MTFP. But there is a big task still ahead to manage the significant unprecedented range of external challenges e.g., warnings of a global recession, inflation, and continued impact on global supply chain bottlenecks. The Corporation family can no longer sustain further cuts, and finding sustainable efficiencies will likely require time, capacity, and upfront investment.

33. There are risks to the achievement of the 2023/24 budget position and MTFP, in particular: income volatility from a looming recession, significant pressures on pay and prices and tough decisions have been needed. However, officers have continued to work together with Members to mitigate on-going pressures through new initiatives.

34. Delivering the 2023/24 budget enables us to push ahead on reshaping the City Corporation: to enable the move to service transformation and culture shift; increasing opportunities through RPR workstreams to align resources to Corporate Priorities; to be able to respond in a more agile and flexible way to the challenges ahead.

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

DATED this 21st day of February 2023.

SIGNED on behalf of the Committee.

Deputy Henry Colthurst
Chairman, Finance Committee

Appendices

- Appendix 1 - Medium Term Financial Strategy/Budget Policy
- Appendix 2 - City's Cash Budget
- Appendix 3 - Guildhall Administration Budget

City's Cash Medium Term Financial Strategy/Budget Policy

The main constituents of the current budget policy for City's Cash services reflect the general elements within the City Fund strategy together with the following specific objectives:

- ensure that ongoing revenue expenditure is contained within revenue income over the medium term and sufficient surpluses are generated to finance capital investment on City's Cash services;
- continue to seek property investment opportunities to enhance income/seek capital appreciation during the year, subject to any financing being met from the City's Estate Designated Sales Pool; and
- sell either property or financial assets, which would need to be in addition to property disposals required to meet the financing requirements of the Designated Sales Pool, to meet City's Cash cash-flow requirements.

CITY'S CASH Budget

City's Cash 2022/23 and 2023/24 budgets shown by Committee in the table below:

City's Cash Summary by Committee	2022/23 Original £m	2022/23 Latest £m	2023/24 Original £m
<i>Net Expenditure (Income)</i>			
Culture, Heritage & Libraries	(0.3)	(0.4)	(0.4)
Education Board	(3.0)	(3.0)	(3.0)
Finance	(51.9)	(55.5)	(44.7)
G. P. Committee of Aldermen	(3.7)	(3.8)	(3.9)
Guildhall School of Music and Drama	(13.2)	(13.2)	(14.7)
Markets	(0.3)	(0.6)	(0.6)
Open Spaces :-			
Open Spaces Directorate	0.0	0.0	0.0
Epping Forest and Commons	(6.3)	(7.5)	(7.5)
Hampstead, Queen's Pk, Highgate Wd	(5.1)	(6.5)	(5.6)
Bunhill Fields	(0.2)	(0.2)	(0.2)
West Ham Park	(1.0)	(1.2)	(1.1)
Policy and Resources	(17.3)	(19.4)	(20.6)
Property Investment Board	49.0	48.9	49.4
Schools :-			
City of London School (1)	(1.3)	(1.7)	(1.5)
City of London Freeman's School (1)	(0.5)	(0.5)	(0.1)
City of London School for Girls (1)	(1.0)	(0.9)	(1.5)
City of London Junior School (1)	(0.3)	(0.1)	0.3
(Deficit) Surplus (from) to reserves	(56.4)	(65.6)	(55.7)

1. 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). It also indicates the underlying deficits or surpluses on City's Cash before the anticipated profits on the sale of assets are taken into account (lines 6 to 8).

City's Cash Requirements 2022/23 and 2023/24				
		2022/23 Original £m	2022/23 Latest £m	2023/24 Original £m
1	Net expenditure on services	(106.0)	(117.5)	(114.2)
2	Cyclical Works Programme and SRP's	(13.0)	(13.7)	(11.8)
3	Estate rent income	56.9	56.9	56.6
4	Non-property investment income	3.9	3.9	4.5
5	Interest on balances	0.1	3.1	7.5
6	Operating (Deficit) Surplus	(58.1)	(67.3)	(57.4)
7	Profit on asset sales/deferred income	1.7	1.7	1.7
8	(Deficit) Surplus funded by drawdown*	(56.4)	(65.6)	(55.7)

*Deficit to reserves row excludes capital programmes, however, includes CWP and SRP.

2. The City's Cash position in the current year is expected to be a deficit of £65.6m compared to £56.4m in the original budget. The deficit (less non-cash items such as depreciation) will be funded with a drawdown from the gain in financial investments.

GUILDHALL ADMINISTRATION

1. Shown by Committee is the table below:

Guildhall Administration by Committee <i>Net (Expenditure)</i>	2022/23 Original £m	2022/23 Latest £m	2023/24 Original £m
Corporate Services			
Chief Operating Officer	(5.5)	(6.1)	(6.3)
Deputy Town Clerk & Chief Executive	(4.1)	(5.5)	(5.0)
Comptroller and City Solicitor	(1.0)	(1.0)	(1.2)
Digital Services			
Chief Operating Officer	(8.0)	(8.8)	(8.5)
Finance			
Chief Financial Officer and Chamberlain	(23.6)	(24.5)	(26.7)
Chief Operating Officer	(2.1)	(2.2)	(2.1)
City Surveyor	(21.7)	(21.7)	(22.6)
Remembrancer	0.5	0.5	0.5
Deputy Town Clerk & Chief Executive	(1.4)	(1.4)	(1.3)
Total Net Expenditure	(66.9)	(70.7)	(73.2)
Recovery of Costs	66.9	70.7	73.2
Total Guildhall Administration	0	0	0

Note - Figures in brackets denote expenditure, increases in expenditure, or shortfalls in income.

The net expenditure for 2023/24 is £73.2m, an increase of £6.3m from the 2022/23 original budget.