



Finance Committee

Date: TUESDAY, 23 JULY 2019
Time: 1.45 pm
Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

3. **MINUTES OF THE PREVIOUS MEETING**

To agree the public minutes of the meeting held on 18 June 2019.

For Decision
(Pages 1 – 8)

21. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

To agree the non-public minutes of the meeting held on 18 June 2019.

For Decision
(Pages 9 – 16)

John Barradell
Town Clerk and Chief Executive

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FINANCE COMMITTEE

Tuesday, 18 June 2019

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on
Tuesday, 18 June 2019 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)	Deputy Robert Merrett
Deputy Jamie Ingham Clark (Deputy Chairman)	Deputy Hugh Morris
Rehana Ameer	Susan Pearson
Randall Anderson	William Pimlott
John Fletcher	Deputy Henry Pollard
Michael Hudson	James de Sausmarez
Deputy Wendy Hyde	John Scott
Deputy Clare James	Graeme Smith
Gregory Lawrence	Sir Michael Snyder
Oliver Lodge	Deputy Philip Woodhouse
Paul Martinelli	Simon Duckworth (Ex-Officio Member)

Officers:

John Cater	- Town Clerk's Department
Simon Latham	- Town Clerk's Department
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Philip Gregory	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
Ian Dyson	- Commissioner of the City of London Police
Cecilie Booth	- City of London Police
Susanna Lascelles	- Public Relations Office

1. APOLOGIES

Apologies for absence were received from Nicholas Bensted-Smith, Deputy Roger Chadwick, Dominic Christian, Alderman Gregory Jones QC, Alderman Alistair King, Tim Levene, Alderman Nicholas Lyons, Andrew McMurtrie, Ian Seaton, Deputy James Thomson, and Deputy Tom Sleigh.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

Graeme Smith declared a non-pecuniary interest in respect of item 22 due to contracting for a company that operates from 25 Cannon Street.

Paul Martinelli declared a non-pecuniary interest in respect of item 25.

John Scott declared a non-pecuniary interest in respect of item 25.

Gregory Lawrence declared a pecuniary interest in respect of item 25

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes of the meeting held on 21st May 2019 be approved as an accurate record.

4. **FINANCE COMMITTEE'S FORWARD PLAN**

The Committee received a Report of the Chamberlain concerning the Committee's forward workplan.

The Chairman asked officers to expand the plan to include additional items that either: i) returned for consideration by the Committee on a cyclical basis or ii) had a clear project timeline, where officers were able to estimate which month they would be submitted to Finance Committee.

RESOLVED – that the Committee noted the Report.

5. **ADDITIONAL APPOINTMENTS TO THE SUB-COMMITTEES**

The Town Clerk raised two items of business relating to Committee appointments.

The Committee confirmed the appointments of John Chapman, Sylvia Moys, Barbara Newman and James Tumbridge to serve on the Digital Services Sub-Committee.

After conducting a ballot, Jamie Ingham Clark was duly elected to serve as Finance Committee's representative on the Joint City Education Grant Funding Working Party (Policy and Resources and Education Board).

6. **REPORT OF THE WORK OF THE SUB-COMMITTEES**

The Committee considered a report of the Town Clerk which advised Members of the key discussions which had taken place during recent meetings of the Committee's Sub-Committees.

Corporate Asset Sub-Committee

The Chairman of the Sub-Committee reported that Members received a report of the City Surveyor concerning the additional repairs and maintenance programme 2018/19 quarter 4, providing an overview of the progress and expenditure of the three-year 2016/17 programme (AWP) at the end of the financial year 2018/19.

The programme for 2016/17 totals 269 projects with a budget of £5.248m over the life of the programme. Total cost of the programme was £4.906m, excluding the £221,550 previously agreed for carry-over into 2019/20.

One project expected to complete in 2018/19 (ornate metalwork in London Central Markets) was not completed because of delays that project suffered due to access restrictions caused by neighbouring construction works being undertaken by Crossrail and Thames Water. Aside from that, and projects the Sub Committee has already agreed will be carried into 2019/20, the programme is complete. While some final accounts remain to be agreed, current figures indicate that savings over the programme total £342,018.

The Sub Committee approved the following:

- provision of £192,300 be approved from the 2016/17 AWP budget into 2019/20 for project C037AW006L, LCM ornate metalwork maintenance finishes;
- provision of £100,000 be approved from the 2016/17 AWP budget into 2019/20 to allow settlement of final accounts when agreed; and
- carry over of savings on this programme into the 2019/20 CWP be approved to fund cyclical works currently on the reserve list.

The Chairman of the Sub-Committee added that a revised energy savings plan report with a more comprehensive set of metrics, would be submitted to the Sub-Committee on a regular basis going forward.

Digital Services Sub-Committee

The Chairman of the Sub-Committee reported that Members received a report of the Chamberlain on the Change and Engagement Update. Members were informed that the IT Transformation has delivered £250,000 in cashable storage savings. To deliver further benefits requires increased adoption of the Office 365 toolset that the City of London has already invested in with the Microsoft licence agreement. The reduction of storage is a favourable benefit for the City of London. An example provided was of the Freeman's School, which is based in Leatherhead, where governor meetings can now be held remotely via Skype for Business video conferencing with colleagues based at Guildhall.

A Member asked what will happen to the funds saved from the IT Transformation programme. Members were informed that any saving from the programme will go back to the Corporate Funds of the City of London.

Additionally, a Member sought clarification on the benefits of the business case for the programme. Members were told that one of the immediate benefits of the programme was that it was freeing up storage environment. A review will be carried out to explore the additional financial and non-financial benefits of the programme.

The Sub-Committee noted that CR16 remains on the Corporate Risk Register, with Audit and Risk Committee due to consider whether it should be downgraded to a departmental risk.

A Member of the Finance Committee asked officers to check the video conferencing link with the Freeman's School – at a recent meeting of the Board of Governors, the audio link was sub-optimal. Officers would investigate and come back to the Member after today's meeting.

Procurement Sub-Committee

The Deputy Chairman of the Sub-Committee reported that Members considered a report of the Chamberlain providing an update on areas of progress measured against Key Performance Indicators (KPIs) for 2018/19.

In response to questions and comment from Members, Officers advised that in the interests of transparency, a comprehensive list of contracts would be included with formal savings targets. However, it was expected that some projects would not deliver savings for a variety of reasons. It was also reported that there was potential for departmental challenge on baseline costs and, in the event of costs increasing, departments would have to identify how these additional costs would be met.

The progress report on the key strategic improvement projects and performance for the 2018/19 financial year as set out below were noted.

- A total savings achievement of £8.4m in 2018-2019 financial year:
 - Procurement savings of £6.74m achieved against a target of £6.52m.
 - Commercial Contract Management (CCM) savings of £1.66m against a target of £1.27m.
- Purchase order compliance of 97% (on target).
- 94% of all supplier invoices were paid within 30 days (target of 97%).
- 84% of SME invoices were paid within 10 days (target of 85%).
- Waiver trends:
 - Total number of waivers has reduced by 32% compared to the previous financial year.
 - Non-compliant waivers have decreased by 72% comparing the same periods across years.
 - A total of 42 Procurement Breach waivers recorded in 2018/19 with a value of £2.5m.

RESOLVED – That the Committee notes the report.

7. **DRAFT PUBLIC MINUTES OF SUB-COMMITTEES**

The Committee noted the draft public minutes of the following Sub-Committee meetings:

- a) **Draft public minutes of the Digital Services Sub-Committee held on 30 May 2019**

RESOLVED – That the public minutes of the Digital Services Sub-Committee meeting held on 30th May 2019 be noted.

8. RISK MANAGEMENT - TOP RISKS

The Committee received a report of the Chamberlain which provided updates regarding the top risks within the Departmental Risk Register.

The Chairman emphasised that Members should be in no doubt about the seriousness with which the City Corporation took reviewing the Police budget; no other issue was commanding more time than ensuring the budget is brought back onto a sustainable footing. Whilst pointing out that pay, pensions, and overtime continued to create pressures on funds, he sympathised with Members' concerns and reiterated that the budget was only balanced after drawing down on reserves; this, clearly, was unsustainable in the longer run.

The Chairman asked Members to discuss Action Know Fraud in the non-public section of the meeting due to the commercial sensitivities with the project.

The Chamberlain added that recent post-Brexit income projections for the Corporation's property portfolio remain robust. The City Surveyor added that, more widely, there was reasonable confidence that the office market would hold up; he added that the pipeline for new and refurbished offices was, in the short-to-medium term, "fairly low", so the expectation was that rental income would remain healthy. The Chairman added that as negotiations play out, business faced a degree of uncertainty in the short term; however, he was confident that UK fundamentals remained robust. The Deputy Chamberlain responded that, in the event of a downturn, revenue would remain, at least in the medium term, stable as tenants had signed multi-year rental agreements; less stable, in a downturn scenario, would be the values of the assets – this would be particularly significant to the Corporation if the loans for the major projects became more onerous, as its ability to service the debt by raising cash through selling assets could be hampered.

RESOLVED – That the Committee notes the report.

9. CENTRAL CONTINGENCIES

The Committee received a report of the Chamberlain which provided Members with information regarding the balance of the Finance Committee Contingency Funds for the current year.

RESOLVED – that the Committee noted the report.

10. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

A Member asked about the procedure for accessing Business Rate Reliefs and Reductions in Rateable Values.

The Deputy Chamberlain would ask officers to compile a response for all Members and the Town Clerk would circulate this in the next few days.

11. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

The following items of urgent business were raised –

The Deputy Chamberlain informed Members of the re-establishment of the Actuarial Working Group; Clare James, Paul Martinelli and Andrien Meyers had expressed an interest in joining before today's meeting. Randall Anderson confirmed his interest in joining. The Deputy Chamberlain thanked Members for their interest and would get in touch directly with next steps.

12. **EXCLUSION OF THE PUBLIC**

RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

13. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

The non-public minutes of the meeting held on 21st May 2019 were approved as an accurate record.

14. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**

The Committee noted a report of the Town Clerk which set out outstanding actions from previous non-public minutes of the Committee.

15. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**

The Committee noted a report of the Town Clerk which advised Members of the key discussions which had taken place during non-public session at recent meetings of the Committee's Sub-Committees.

16. **DRAFT NON-PUBLIC MINUTES OF SUB-COMMITTEES**

The Committee noted the draft non-public minutes of the following Sub-Committee meetings:

a) **Draft non-public minutes of the Digital Services Sub-Committee held on 30 May 2019**

The non-public minutes of the Digital Services Sub-Committee meeting held on 30th May 2019 were noted.

17. **DISPUTE STRATEGY**

The Committee received a report of the Chamberlain concerning the dispute strategy in relation to Action Know Fraud.

18. **UPDATE 2019 - FOOD STANDARDS AGENCY DEBTOR BALANCE AND WRITE-OFF 2016-17**

The Committee considered a report of the Commissioner of the City of London Police concerning a write-off debt in respect of work undertaken for the Food Standard Agency (FSA).

19. **2020 IT SERVICES PROGRAMME - PREPARATION OF TENDER**
The Committee received a report of the Chamberlain concerning the preparation for the tender of the 2020 IT Services Programme.
20. **BRIDGE HOUSE ESTATES - FREEHOLD PURCHASE OF 4 CHISWELL STREET, LONDON, EC1**
The Committee received a report of the City Surveyor concerning 4 Chiswell Street.
21. **BRIDGE HOUSE ESTATES - COLECHURCH HOUSE, SE1 - DISPOSAL OF NEW 150 YEAR LEASE**
The Committee received a report of the City Surveyor concerning Colechurch House.
22. **CITY FUND - 25 CANNON STREET, EC4 - HEADLEASE VARIATIONS**
The Committee received a report of the City Surveyor concerning 25 Cannon Street.
23. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no non-public questions relating to the work of the Committee.
24. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
The Committee considered one item of urgent business relating to Major Construction Works Housing Frameworks.

The meeting ended at 3.30 pm

Chairman

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