

## FINANCE COMMITTEE

Tuesday, 22 July 2014

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 22 July 2014 at 1.45 pm

### Present

#### Members:

Roger Chadwick (Chairman)	Wendy Hyde
Jeremy Mayhew (Deputy Chairman)	Jamie Ingham Clark
Randall Anderson	Clare James
Christopher Boden	Alderman Vincent Keaveny
Alderman Charles Bowman	Deputy Alastair King
Nigel Challis	Robert Merrett
Deputy John Chapman	John Scott
Stuart Fraser	Ian Seaton
Lucy Frew	Sir Michael Snyder
Alderman John Garbutt	Deputy John Tomlinson
Alderman Peter Hewitt	Philip Woodhouse
Tom Hoffman	Mark Boleat (Ex-Officio Member)
Deputy Robert Howard	

#### Officers:

Simon Murrells	Assistant Town Clerk
Christopher Braithwaite	Town Clerk's Department
Saimah Tahir	Town Clerk's Department
Peter Kane	Chamberlain
Caroline Al-Beyerty	Chamberlain's Department
Chris Anderson	Chamberlain's Department
Christopher Bell	Chamberlain's Department
Kate Limna	Chamberlain's Department
Steve Telling	Chamberlain's Department
Michael Cogher	Comptroller and City Solicitor
Peter Bennett	City Surveyor
Paul Monaghan	Department of the Built Environment
Nick Bodger	Culture, Heritage and Libraries Department

### 1. APOLOGIES

Apologies were received from George Abrahams, Deputy John Barker, Doug Barrow, Nicholas Bensted-Smith, Gregory Lawrence, Oliver Lodge, Deputy Henry Pollard and David Thomson.

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

No declarations of interest were made.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – That the public minutes and non-public summary of the meeting held on 25 June 2014 be approved as an accurate record.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

The Committee considered the report of the Town Clerk which provided updates on Outstanding Actions from previous meetings of the Committee.

**RESOLVED** – That the Committee notes the report.

5. **MINUTES OF THE CORPORATE ASSET SUB-COMMITTEE**

**RESOLVED** – That the public minutes and non-public summary of the Corporate Assets Sub-Committee meeting held on 3 June 2014 be noted.

6. **MINUTES OF THE INFORMATION SYSTEMS SUB-COMMITTEE**

The Chamberlain reported that the Oracle project referred to within item 4 of the minutes of the Information Systems Sub-Committee was now rated as a red risk due to an increase in the costs of the project and delay in its completion.

**RESOLVED** – That the public minutes and non-public summary of the Information Systems Sub-Committee meeting held on 25 June 2014 be noted.

7. **MINUTES OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE**

The Town Clerk explained that in relation to item 9 of the minutes and the setting of energy targets, a report would be submitted to a future meeting of the Finance Committee to allow the Committee to ensure that appropriate targets were set and that invest-to-save opportunities were considered.

**RESOLVED** – That the public minutes and non-public summary of the Efficiency and Performance Sub-Committee meeting held on 2 July 2014 be noted.

8. **AUDITED 2013/14 CITY FUND AND PENSION FUND FINANCIAL STATEMENTS TOGETHER WITH DELOITTE'S REPORT THEREON**

The Committee considered a report of the Chamberlain which provided the Committee with the City Fund and Pension Funds Financial Statements for 2013/14.

The Chamberlain explained that the City Fund contribution to the Crossrail project which was expected to be paid in 2016 was included as a capital commitment within the Financial Statements as the City Corporation would not become liable for this funding until the point at which the ticket halls were built. Consequently, as this was an executory contract, the inclusion of a provision would not be an appropriate accounting treatment. The Chamberlain explained that this issue had been discussed at length at the meeting of the Audit and Risk Management Committee earlier in the day. It had been agreed by that

Committee that in future years a note would be added to the Financial Statements to demonstrate how the balance sheet would differ if the Crossrail funding was provided for within the Accounts.

The Chamberlain also explained that the Audit and Risk Management Committee had considered the Risk Management section within the Financial Statements and agreed some amendments to this section (paragraphs 30 to 33). The amended version of the Risk Management section of the Financial Statements was put around the table at the Committee, and the Finance Committee agreed to these amendments to the Financial Statements.

The Chamberlain further explained that the Audit and Risk Management Committee had agreed to the recommendations within the report, with an amendment to the recommendation which delegated approval of material changes to the Financial Statements to the Town Clerk in consultation with the Chairman and Deputy Chairman. The amendment was to add the words "subject to the full Committee being consulted where, in the view of the Chairman and Deputy Chairman, it is appropriate to do so".

**RESOLVED** – That the Finance Committee:

1. notes the resolution from the Audit and Risk Management Committee, approves the proposed amendment to the Risk Management section of the Financial Statements, and approves the City Fund and Pension Funds Financial Statements for the year ended 31 March 2014; and
2. delegates to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee, approval of any material changes to the financial statements required before the signing of the audit opinion by Deloitte which is expected to be by the end of August or early September subject to the full Committee being consulted where, in the view of the Chairman and Deputy Chairman, it is appropriate to do so.

9. **AUDITED 2013/14 BRIDGE HOUSE ESTATES AND SUNDRY TRUSTS FINANCIAL STATEMENTS TOGETHER WITH MOORE STEPHEN'S REPORT THEREON**

The Committee considered the report of the Chamberlain which provided the Committee with the Bridge House Estates, City's Cash Trust Funds and Sundry Trust Funds Annual Reports and Financial Statements 2013/14.

The Chamberlain reported that the Audit and Risk Management Committee had agreed that the note on Related Party Transactions with the City Fund needed greater prominence and it would therefore also be included in the Trustees annual report.

**RESOLVED** – That the Committee:

1. notes the contents of Moore Stephens Management Letter;
2. approves the Annual Reports and Financial Statements for Bridge House Estates, City's Cash Trust Funds and the Sundry Trust Funds

taking account of any observations from the Audit and Risk Management Committee; and

3. agrees that the Annual Reports and Financial Statements are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.

10. **BUDGET MONITORING REPORT - FIRST QUARTER UPDATE**

The Committee considered the Chamberlain's Monthly Budget Monitoring report to June 2014.

A Member queried whether, in light of the provision that Spy Car CCTV alone could no longer be used to secure prosecutions for parking offences, whether there were any proposals to use CCTV to direct enforcement officers to offending vehicles. The Chamberlain explained that a cost-benefit analysis of this approach would need to be conducted.

**RESOLVED** – That the Committee notes the report.

11. **REVENUE OUTTURN 2013/14 - FINANCE COMMITTEE OPERATIONAL SERVICES**

The Committee considered a report of the Chamberlain which provided the Committee with the details of the revenue outturn for 2013/14 for the operational services overseen by the Finance Committee.

**RESOLVED** – That the revenue outturn report for 2013/14 and the budgets proposed to be carried forward to 2014/15 are noted.

12. **CITY OF LONDON PROCUREMENT SERVICE AND PROCUREMENT AND PROCURE TO PAY (PP2P) UPDATE**

The Committee considered a report of the Chamberlain which provided an update on the end of the PP2P partnership arrangement with Accenture, the performance of the City of London Procurement Service (CLPS) and provided an update on the proposed service restructure.

A Member stated that he believed that the culture change brought about by the CLPS had been extremely positive. However, he also felt that the report provided an overly optimistic assessment of the savings achieved through the CLPS. In some instances these savings were attributed to very general areas, such as "Highways" or "Construction", and there was not always clarity regarding whether savings had been achieved through more efficient procurement, or whether through the specifications of work changing or proposed work not taking place.

The Member requested, and the Committee agreed, that a further report be submitted to the Committee to provide a more detailed breakdown of savings achieved, including information regarding which departments the savings had accrued to, and how attributable these savings were to the procurement process itself.

A Member also suggested that this might be an area for the Efficiency & Performance Sub-Committee to consider, particularly given that a lot of the work in relation to the CLPS had been overseen by that Sub-Committee.

A Member also commented that similar reports in the past had included a projection of future work, which had not been included within this report, and requested that this be reintroduced to future reports.

**RESOLVED** – That the Committee:

- a) notes the progress made by the service during the partnership with Accenture and ongoing challenges which the service is currently addressing; and
- b) requests that a further report be submitted to the next meeting of the Committee which provides a more detailed breakdown of savings achieved, including information regarding which departments the savings have accrued to, and how attributable these savings are to the procurement process itself.

**13. CITY RE LIMITED - PERFORMANCE MONITORING**

The Committee considered a report of the Chamberlain which provided information on the claims experience and Underwriting Profit and Loss Account for the third accounting period of the Insurance Captive, from 1 April 2013 to 31 March 2014, which revealed that a retained profit of £92,569 had been achieved.

A Member queried whether the Committee needed to approve the accounts, as a shareholder of the company. The Chamberlain explained that the accounts had been approved by the Company's Board, and was presented to the Committee (as a representative of the shareholders) for information.

A Member asked for further details in relation to an outstanding claim referred to in the report. The Chamberlain explained that this was currently a sensitive matter, and if further discussion of this issue was desired it would need to be considered within the non-public part of the agenda. The Committee agreed that it would wish to discuss this issue, and therefore deferred a resolution of this item until the non-public part of the agenda.

**14. PROVISION OF FOREIGN CURRENCY EXCHANGE SERVICES AT THE CITY INFORMATION CENTRE**

The Committee considered a report of the Director of Culture, Heritage and Libraries which summarised the issues and options for introducing a foreign currency exchange service at the City Information Centre, and requested the Committee to approve in principle the introduction of the service.

**RESOLVED** – That the Committee:

1. receives for information the contents of this report and the recommendations of the Culture, Heritage and Libraries Committee; and

2. formally waives the procurement regulations in accordance with regulation 9.2, so enabling the City Corporation to procure the service for a one-year trial period, with the option to extend the trial to a maximum period of eighteen months if the tender process for a three-year contract is not complete within the trial period and continuity of service is required

15. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

Chairman's Announcements

The Chairman reminded Members of the Telecommunications Working Party that the Working Party would meet at the rising of the Finance Committee meeting.

The Chairman reported that the two Finance Breakfasts held in July had been extremely well received, and further breakfasts would be held in October. It was likely that these Breakfasts would focus on the Service Based Review.

The Chairman also announced that from September onwards, a quarterly Members' Financial Briefing Paper would be produced, which would keep Members informed of any financial issues which were thought to be relevant. The Chairman requested that Members inform him if they have any issues which they thought should be covered in these Briefing Papers.

Committee Papers

The Chairman asked for Members' comments on any ways in which the size of the agenda for the Committee could be reduced for future meetings. Members suggested that it may be possible for appendices to not be included within the agenda, or only within the electronic version of the pack and not printed, if not critical to the business of the meeting.

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

There was no urgent business.

17. **EXCLUSION OF THE PUBLIC**

**RESOLVED** – As discussed during consideration of the item in relation to City Re Limited, that under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for discussion of that item in relation to an outstanding claim on the grounds that the discussion will involve the disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A of the Local Government Act.

18. **CITY RE LIMITED - PERFORMANCE MONITORING**

The Committee considered a report of the Chamberlain which provided information on the claims experience and Underwriting Profit and Loss Account for City Re Limited, and as discussed at item 14, the Committee considered the issues raised in relation to an outstanding claim.

19. **OPENING MEETING TO THE PUBLIC**  
**RESOLVED** – That the meeting be reopened to the public.
20. **CITY RE LIMITED - PERFORMANCE MONITORING**  
 Following discussion of the report in relation to City Re Limited during the non-public session, the Committee considered the recommendations within the report.
- RESOLVED** – That the Committee notes the report.

21. **EXCLUSION OF PRESS AND 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.

Item No.	Paragraph(s) in Schedule 12A
22-26, 28-31	3
27	1, 3

22. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**  
 The non-public minutes of the meeting held on 25 June 2014 were approved.
23. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS - NON-PUBLIC MINUTES**  
 The Committee considered and noted a report of the Town Clerk which set out actions outstanding from the non-public minutes of previous meetings.
24. **NON-PUBLIC MINUTES OF THE CORPORATE ASSET SUB-COMMITTEE**  
 The non-public minutes of the Corporate Asset Sub-Committee held on 3 June 2014 were noted.
25. **NON-PUBLIC MINUTES OF THE INFORMATION SYSTEMS SUB-COMMITTEE**  
 The non-public minutes of the Information Systems Sub-Committee held on 25 June 2014 were noted.
26. **REPLACEMENT WIFI INFRASTRUCTURE GATEWAY 3/4 OPTIONS APPRAISAL**  
 The Committee considered and approved a report of the Chamberlain which provided proposals for the replacement of the City Corporation's Wi-Fi infrastructure.
27. **WRITE OFF OF BAD DEBT**  
 The Committee considered and approved a report of the Director of Environmental Services which sought the approval for the write off of a bad debt.
28. **CENTRAL CRIMINAL COURT - GATEWAY 4C REPORT**

The Committee considered and approved a report of the City Surveyor which set out the fees in relation to detailed design proposals for the Central Criminal Court Plant Replacement programme.

**29. NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**

The Committee considered and noted a report of the Town Clerk detailing three non-public decisions taken under delegated authority since the last meeting.

**30. 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.

**31. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

The Committee considered five items of non-public urgent business.

**The meeting ended at 3.10 pm**

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Chairman

**Contact Officer: Chris Braithwaite  
tel. no.: 020 7332 1427  
christopher.braithwaite@cityoflondon.gov.uk**