

PLEASE BRING THIS AGENDA WITH YOU

1

The Lord Mayor will take the Chair at ONE  
of the clock in the afternoon precisely.



## COMMON COUNCIL

SIR/MADAM,

You are desired to be at a Court of Common Council, at **GUILDHALL**, on **THURSDAY**  
next, **the 6th day of March, 2014**.

JOHN BARRADELL,  
*Town Clerk & Chief Executive.*

*Guildhall,  
Wednesday, 26th February 2014*

Sir David Wootton  
John Garbutt

}

*Aldermen on the Rota*

1 Question - That the Minutes of the last Court are correctly recorded?

2 The Right Honourable The Lord Mayor's report on overseas visits.

3 Resolutions on Retirements, Congratulatory Resolutions, Memorials

4 Statement from the Chairman of the Policy and Resources Committee

5 Docquets for the Hospital Seal

6 List of applicants for the Freedom of the City:

(A list of names, together with those of the nominators, has been separately circulated).

7 The Town Clerk to report the result of a ballot taken at the last Court, viz:-

One Member on The City Bridge Trust Committee for a balance of a term to expire in April 2016.

	Votes
The Revd. Dr. Martin Dudley	22
Stanley Ginsburg J.P., Deputy	27
Ann Holmes	14
Andrew Stratton McMurtrie	13
Judith Lindsay Pleasance	14
John George Stewart Scott, J.P., B.A.(Hons)	14

*N.B. It will be necessary to hold a second ballot between The Revd Dr Martin Dudley and Deputy Stanley Ginsburg as no candidate achieved 40% of the votes cast as required by Standing Order No. 10(4)(b).*

8 To appoint Members to The Honourable The Irish Society

(A) To appoint three Aldermen for terms of up to three years

**Nominations of the Court of Aldermen:-**

Ian David Luder, B.Sc.(Econ.) Alderman  
Alison Jane Gowman, Alderman  
William Russell, Alderman

(B) To appoint four Common Councilmen for terms of three years

**Nominations received:-**

John David Absalom, Deputy  
Peter Gerard Dunphy  
Christopher Michael Hayward  
Wendy Hyde  
Gregory Percy Jones, Q.C.  
Vivienne Littlechild, J.P.  
Oliver Arthur Wynlayne Lodge, T.D, B.Sc.  
Hugh Fenton Morris  
Elizabeth Rogula  
Jeremy Lewis Simons, M.Sc.  
Patrick Thomas Streeter

(C) To appoint the Governor and Deputy Governor of the Honourable The Irish Society

9 To appoint the following:-

\* indicates a Member standing for re-appointment

a) One Member on the Joint Grand Gresham Committee for the balance of a term to expire in April 2016.

Nominations received:-  
 Kenneth Edwin Ayers, MBE, Deputy  
 George Marr Flemington Gillon  
 Michael Hudson  
 Wendy Hyde  
 Charles Edward Lord, OBE, J.P.  
 John George Stewart Scott, J.P., B.A.(Hons)  
 Patrick Thomas Streeter  
 Michael Welbank, Deputy

b) Two Members on the Audit and Risk Management Committee, one for the balance of a term to expire in April 2016 and one for the balance of a term to expire in April 2015.

Nominations received:-  
 Charles Bowman, Alderman  
 Timothy Russell Hailes, Alderman  
 Graeme Martyn Smith

c) One Member on the City YMCA for a three year term to expire in March 2017.

Nomination received:-  
 Andrew Stratton McMurtrie

d) Two Members on the City Reserve Forces' and Cadets' Association for three year terms to expire in March 2017.

Nominations received:-  
 \*Simon D'Olier Duckworth, D.L.  
 Jamie Ingham Clark  
 \*Charles Edward Lord, OBE, J.P.

e) Two Members on the City and Metropolitan Welfare Charity for four year terms to expire in March 2018.

Nominations received:-  
 Henry Nicholas Almroth Colthurst  
 \*William Harry Dove, MBE, J.P., Deputy  
 Charles Edward Lord, OBE, J.P.  
 Patrick Thomas Streeter

f) One Member on the Council of Governors of the East London NHS Foundation Trust for the balance of a term to expire in October 2015.

Nomination received:-  
 Dhruv Patel

g) One Member on the Board of Governors of the Museum of London for the balance of a term to expire in November 2016.

Nominations received:-  
 Alison Gowman, Alderman  
 Jeremy Paul Mayhew, M.A, M.B.A  
 Graeme Martyn Smith

h) Three Members on the Guild Church Council of St Lawrence Jewry for one year terms to expire in March 2015.

Nominations received:-  
 \*Roger Arthur Holden Chadwick  
 \*Simon D'Olier Duckworth, D.L.  
 Gregory Percy Jones, Q.C.

- 10 Questions
- 11 Motions
- 12 Awards and Prizes
- 13 FINANCE COMMITTEE - REPORTS

**(Roger Arthur Holden Chadwick)**

- (A) City Fund - 2014/15 Budget Report and Medium Term Financial Strategy including Non Domestic Rates and Council Taxes for the Year 2014/15

**A City Fund – 2014/15 Budget Report and Medium Term Financial Strategy including Non Domestic Rates and Council Taxes for the Year 2014/15**

We have considered as to the Non-Domestic Rates and Council Taxes to be levied to meet the City Fund budget requirement during the year ensuing including the proposal to levy:

- an unchanged premium multiplier of 0.004 on the Non-Domestic Rate and Small Business Rate multipliers to enable the City to continue to support the City of London Police, security and contingency planning activity within the Square Mile at an enhanced level; and
- an unchanged Council tax of £857.31 for a Band D property (excluding the GLA precept).

We submit a printed and circulated report thereon: City Fund – 2014/15 Budget Report and Medium Term Financial Strategy.

We **recommend** that the report be agreed to and that the Court do pass a Resolution in the following terms:-

**Overall Financial Framework - Revenue**

1. Approve the overall financial framework and the revised Medium Term Financial Strategy for the City Fund noting, in particular, that work continues on the Service Based Review to identify savings options to eliminate the deficits forecast from 2016/17 as a result of the significant and continuing Government funding cuts.
2. Approve the City Fund Revenue Budgets.
3. Note the following assumptions:
  - the 2% efficiency savings required over the two year period 2013/14 and 2014/15 have been included alongside procurement savings;
  - an allowance of 2% a year has been included for pay and prices across the forecast period (to 2017/18);
  - a neutral position with regard to the Government's system of Business Rates retention introduced on 1 April 2013 – i.e. no speculation as to growth or reduction;
  - a reduction in the anticipated interest rate on cash balances from 1.5% to the 0.75% currently being achieved; and
  - the revenue position cannot support significant contributions to the funding of the capital programme beyond the limited sums already included in the forecasts.

### City Police

4. As part of the strategy to achieve a balanced budget over the medium term, continue the policy of allowing City Police to draw from its reserves on a managed basis, subject to a minimum £4.5m being retained.

### Council Tax

5. From April 2013, council tax reduction replaced council tax benefit and in accordance with Section 10 of the Local Government Finance Act 2012 which amended Section 13A of the Local Government Finance Act 1992, local authorities have to make their own local schemes if not applying the Government default scheme. The City adopted the default scheme for 2013-14. There is no intention to amend the scheme for 2014-15 other than to apply the annual uprating of applicable amounts in line with housing benefit applicable amounts to ensure that no claimants in receipt of the council tax reduction are worse off in 2014/15.
6. The Common Council of the City of London hereby agrees, therefore, that the annual uprating of applicable amounts, premiums, disregarded income, or capital in relation to the Local Council Tax Reduction Scheme 2014/2015 as it applies to working age claimants, be in accordance with the uprating to be applied under the Housing Benefit Regulations which take effect from 1 April each year; and the annual uprating of non-dependent income and deductions, and income levels relating to Alternative Council Tax Reduction, or any other uprating as it applies to working age claimants, shall be adjusted in line with inflation levels by reference to relevant annual uprating in the Housing Benefit Scheme, or The Prescribed Council Tax Reduction Scheme for Pensioners.
7. It be noted that the Council Tax Base now has to be reduced to reflect the changes resulting from the new council tax reduction scheme.
8. It be noted that in 2012 the Finance Committee delegated the calculation of the Council Tax Base to the Chamberlain and the Chamberlain has calculated the following amounts for the year 2014/15 in accordance with Section 31B of the Local Government Finance Act 1992:
  - (a) £6187.65 being the amount calculated by the Chamberlain (as delegated by the Finance Committee), in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as the City's Council Tax base for the year; this amount includes a calculation of the amount of council tax reduction; and
  - (b) Parts of Common Council's Area

Inner Temple	Middle Temple	City excl. Temples (special expense area)
83.02	69.87	6034.76

being the amounts calculated by the Chamberlain, in accordance with the Regulations, as the amounts of the City's Council Tax Base for the year for dwellings in those parts of its area to which the special items relate.

9. For the year 2014/15 the Common Council determines, in accordance with Section 35(2) (d) of the Local Government Finance Act 1992, that any expenses incurred by the Common Council in performing in a part of its area a function performed elsewhere in its area by the Sub-Treasurer of the Inner Temple and the Under Treasurer of the Middle Temple shall not be treated as special expenses, apart from the amount of £13,152,000 being the expenses incurred by the Common Council in performing in the area of the Common Council of the City of London the City open spaces, highways, waste disposal, transportation planning and road safety, street lighting, drains and sewer functions.
10. That the following amounts be now calculated by the Common Council for the year 2014/15 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:
- |                    |   |
|--------------------|---|
| (a) £326,698,734   | Being the aggregate of the amounts which the Common Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act, including the local precepts issued by the Inner and Middle Temples  |
| (b) £321,394,000   | Being the aggregate of the amounts which the Common Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act;  |
| (c) £5,304,734     | Being the amount by which the aggregate at 9(a) above exceeds the aggregate at 9(b) above, calculated by the Common Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year;                                       |
| (d) £857.31        | Being the amount of 9(c) above, divided by the amount at 7(a) above, calculated by the Common Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year;  |
| (e) £13,485,203.88 | Being the aggregate amount of all special items referred to in Section 34(1) of the Act, including the local precepts issued by the Inner and Middle Temples;   |
| (f) £1,322.06 CR   | Being the amount at 9(d) above less the result given by dividing the amount at 9(e) above by the amount at 7(a) above, calculated by the Common Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for |

dwelling in those parts of its area to which no special item relates;

(g) Parts of Common Council's Area

Inner Temple	Middle Temple	City excl. Temples (special expense area)
£	£	£
857.31	857.31	857.31

being the amounts given by adding to the amount at 9(f) above the amounts of the special item or items relating to dwellings in those parts of the Common Council's area mentioned above divided in each case by the amount at 9(b) above, calculated by the Common Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one of the special items relate; and

(h) Council Tax Valuation Bands

Valuation Bands	Inner Temple	Middle Temple	City excl Temples (special expense area)
	£	£	£
A	571.54	571.54	571.54
B	666.80	666.80	666.80
C	762.05	762.05	762.05
D	857.31	857.31	857.31
E	1,047.82	1,047.82	1,047.82
F	1,238.34	1,238.34	1,238.34
G	1,428.85	1,428.85	1,428.85
H	1,714.62	1,714.62	1,714.62

being the amounts given by multiplying the amounts at 9(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which, in that proportion, is applicable to dwellings listed in valuation band D, calculated by the Common Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

11. It be noted that for the year 2014/15 the Greater London Authority has proposed the following amounts in precepts issued to the Common Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

<u>Valuation Bands</u>	<u>Precepting Authority</u>
	Greater London Authority
	£
A	56.32
B	65.71
C	75.09
D	84.48
E	103.25
F	122.03
G	140.80
H	168.96

12. Having calculated the aggregate in each case of the amounts at 9(h) and 10 above, the Common Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby proposes the following amounts as the amounts of Council Tax for the year 2014/15 for each of the categories of dwelling as shown below:

*Council Tax Valuation Bands Inclusive of GLA Precept*

Valuation Bands	Inner Temple	Middle Temple	City excl Temples (special expense area)
	£	£	£
A	627.86	627.86	627.86
B	732.51	732.51	732.51
C	837.14	837.14	837.14
D	941.79	941.79	941.79
E	1,151.07	1,151.07	1,151.07
F	1,360.37	1,360.37	1,360.37
G	1,569.65	1,569.65	1,569.65
H	1,883.58	1,883.58	1,883.58

13. The Common Council of the City of London hereby determines that the following amounts of discount be awarded:
- i. to dwellings in Class B as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State under the provisions of Section 11A of the Local Government Finance Act 1992 (i.e. second homes) - Nil for the financial year beginning on 1st April 2014:
  - ii. to dwellings in Class C as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State

under the provisions of Section 11A of the Local Government Finance Act 1992:

- (a) in the case of a vacant dwelling that has been such for a continuous period of less than 6 months ending immediately before the day in question: 100% for the financial year beginning on 1st April 2014;
  - (b) in the case of a vacant dwelling that has been such for a continuous period of 6 months or more: 50% for the financial year beginning on 1st April 2014; (i.e. a dwelling that is unoccupied and substantially unfurnished will qualify for a discount from the date the dwelling became vacant of 100% for the first 6 months (less one day) and 50% thereafter).
- iii. to dwellings in Class D as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State under the provisions of Section 11A of the Local Government Finance Act 1992 (i.e. vacant uninhabitable dwellings or vacant dwellings undergoing major works to make them habitable or vacant dwellings where major repair works have taken place): 100% for the financial year beginning on 1st April 2014.
14. The Common Council of the City of London hereby determines that its relevant basic amount of council tax for 2014/15, calculated in accordance with Section 52ZX of the Local Government Finance Act 1992 is not excessive in accordance with the Referendums Relating to Council Tax Increases (Principles) (England) Report 2014/15.

### **Non Domestic Rates**

15. The Common Council of the City of London being a special authority in accordance with Section 144(6) of the Local Government Finance Act 1988 hereby sets for the chargeable financial year beginning with 1st April 2014, a Non-Domestic Rating Multiplier of 0.486 and a Small Business Non-Domestic Rating Multiplier of 0.475 in accordance with Part II of the Schedule 7 of the said Act. (Both multipliers are inclusive of the City business rate premium of 0.004 which is unchanged from the current year.)
16. In addition, the levying by the Greater London Authority of a Business Rate Supplement in 2014/15 of 0.020 (i.e. 2.0p in the £) on hereditaments with a rateable value greater than £55,000, to finance its contribution to Crossrail, be noted.
17. A copy of the said Council Taxes and the Non-Domestic Rating Multipliers, signed by the Town Clerk, be deposited in the offices of the Town Clerk in the said City, and advertised within 21 days from the date of the Court's decision, in at least one newspaper circulating in the area of the Common Council.

### **Capital Expenditure and Financing for the Year 2014/15**

Having considered the circulated report, we further **recommend** that your Honourable Court do pass a resolution in the following terms:-

18. The City Fund capital budget be approved and its final financing be determined by the Chamberlain, apart from in regard to any possible borrowing options.
19. The continued pursuit of the approved financing methodology for the Corporation's funding commitment towards the cost of Crossrail be noted, particularly that each

future year's budget report will give a detailed update on funding progress.

20. For the purpose of Section 3(1) of the Local Government Act 2003, for the financial years 2014/15 to 2016/17, the Court of Common Council hereby determines that at this stage the amount of money (referred to as the "Affordable Borrowing Limit"), which is the maximum amount which the City may have outstanding by way of borrowing, shall be £0.
21. For the purpose of Section 21(A) of the Local Government Act 2003, for the financial year 2014/15, the Court of Common Council hereby determines that the prudent amount of Minimum Revenue Provision is £0, apart from any specific requirement arising from any property leases which have to be treated as finance leases.
22. Any potential borrowing requirement and associated implications will be subject to a further report to Finance Committee and the Court of Common Council.
23. The Chamberlain be authorised to lend surplus monies on the basis set out in the Annual Investment Strategy, with an absolute limit of £200m for maturities in excess of 364 days.
24. The following Prudential Indicators be set:

*Prudential indicators for affordability, prudence, capital expenditure and external debt:*

	2014/15	2015/16	2016/17
Estimates of the ratio of financing costs to net revenue stream:			
HRA	0.31	0.31	0.31
Non-HRA	(0.39)	(0.41)	(0.36)
Total	(0.34)	(0.35)	(0.31)
Estimate of the incremental impact of capital investment decisions on the Council Tax - compared to 2013/14 estimates and expressed as a Band D equivalent	£ (918)	£ (1,744)	£ (2,035)
Estimate of the incremental impact on average weekly rent of capital investment decisions on housing rents	£ 1.04	£ (0.37)	£ (0.27)
Estimates of Capital Expenditure	£m	£m	£m
HRA	17.378	3.253	0.620
Non-HRA	56.209	231.551	20.655
Total	73.587	234.804	21.275
Estimates of Capital Financing Requirement – underlying need to borrow	£m	£m	£m
HRA	10.492	10.282	10.076
Non-HRA	(12.420)	(12.210)	(12.004)
Total	(1.928)	(1.928)	(1.928)
Net borrowing/(Net investments)	Period 2013/14 to 2016/17 £m (70.174)		
Capital financing requirement – underlying need to borrow	(1.928)		

*Prudential Indicators for Treasury Management:*

	2014/15	2015/16	2016/17
<b>Operational Boundary for External Debt</b>	£m	£m	£m
Borrowing	0	0	0
<i>Other Long Term Liabilities</i>	0	0	0
<i>Total</i>	0	0	0
<b>Authorised Limit</b>	£m	£m	£m
Borrowing	0	0	0
<i>Other Long Term Liabilities</i>	0	0	0
<i>Total</i>	0	0	0
<i>Upper Limit - Fixed Interest Rate Exposure</i>	100%	100%	100%
<i>Upper Limit-Variable Interest Rate Exposure</i>	100%	100%	100%
<i>Upper limit for Principal Sums Invested for &gt; 364 days</i>	£200m	£200m	£200m
<b>Maturity Structure of New Fixed Rate Borrowing During 2014/15</b>	<i>Upper Limit</i>	<i>Lower Limit</i>	
	%	%	
<i>Under 12 months</i>	0	0	
<i>12 months and within 24 months</i>	0	0	
<i>24 months and within 5 years</i>	0	0	
<i>5 years and within 10 years</i>	0	0	
<i>10 years and above</i>	0	0	

Local Indicators focusing on investment incomes and revenue reserves:

	2014/15 <i>Estimate</i>	2015/16 <i>Estimate</i>	2016/17 <i>Estimate</i>
<i>Net investment income lost/(gained) due to capital disposals and capital expenditure in the period 2013/14 to 2015/16</i>	(£4.9m)	(£5.1m)	(£0.4m)
<i>Times cover on unencumbered revenue reserves (bracketed figures denote annual surpluses)</i>	(7.7)	250.0	6.4

#### Other Recommendations

25. The Treasury Management Strategy Statement and Annual Investment Strategy 2014/15 are endorsed.
26. The Chamberlain's assessment of the robustness of budgets and the adequacy of reserves be endorsed.

(B) Revenue and Capital Budgets 2013/14 and 2014/15

#### FINANCE COMMITTEE

(Roger Arthur Holden Chadwick)

18<sup>th</sup> February 2014

#### (B) Revenue and Capital Budgets 2013/14 and 2014/15

We submit a printed and circulated report which summarises the revenue and capital budgets for each of the City's three main funds, City Fund, City's Cash and Bridge House Estates together with the budgets for central support services within Guildhall Administration (which initially 'holds' such costs before these are wholly recharged). The report accompanies the Summary Budget Book which includes all the City's budgets at a summary level in a single document. The Summary Budget Book is available in the Members' Reading Room, and on the City Corporation's website. Further copies can be provided on request.

Having considered the circulated report we **recommend** approval of the revenue and capital budgets for City's Cash, Bridge House Estates and Guildhall Administration for the financial year 2014/154 (the budgets for City Fund having already been considered under part A above).

## 14 POLICY AND RESOURCES COMMITTEE - REPORTS

**(Mark John Boleat)**

**(A) London Councils Grants Scheme 2014/15 - Levy on the London Local Authorities Report of action taken under urgency procedures**

13 February 2014

This report advises Members of two decisions; one taken by the Court as a matter of urgency and the other by the Policy and Resources Committee, pursuant to Standing Order No.19, relating to the London Councils Grants Scheme ("the Scheme"). The Scheme enables the City of London Corporation and the London Boroughs to share the cost of making grants to those voluntary organisations that operate in more than one of the Local Authorities' areas.

The budget for the London Councils Grants Scheme, and the City Corporation's contribution to the Scheme, is considered on an annual basis. Last year, in order to simplify the approvals process, the Court of Common Council delegated the approval of the City Corporation's contribution and its total expenditure for the scheme, to the Policy and Resources Committee. On 23 January 2014, the Policy and Resources Committee approved the total amount of expenditure to be incurred in 2014/15 under the London Council Grant Scheme (£10m) and the City Corporation's subscription for 2014/15 (£8,233).

A further decision was then required, as the Court of Common Council is the designated body responsible for issuing the levies to all the Constituent Local Authorities for their contributions to the Scheme. A decision could not be taken until the total expenditure for the Scheme had been agreed by at least 2/3rds of the Constituent Councils and not before 1 February 2014.

On 27th January 2014, London Councils advised us that the budget had been approved by over two thirds of the Constituent Councils. Following this confirmation, the City Corporation, as levying body, was required to issue the levies before the statutory deadline of 15 February 2014. As the Court of Common Council was not due to meet within this period, a decision was sought under urgency procedures.

We therefore report that on 13 February 2014, approval was given to the issue of levies as set out below:-

	ONS Mid- 2012 Estimate of Population ('000)	%	2014/15 Base Borough Contribution (£)
<b>Inner London</b>			
Camden	224.96	2.71%	243,687
<b>City of London</b>	7.60	0.09%	<b>8,233</b>
Greenwich	260.07	3.13%	281,720
Hackney	252.12	3.03%	273,108
Hammersmith and Fulham	179.85	2.16%	194,822
Islington	211.05	2.54%	228,619
Kensington and Chelsea	155.93	1.88%	168,910
Lambeth	310.20	3.73%	336,023
Lewisham	281.56	3.39%	304,998
Southwark	293.53	3.53%	317,965
Tower Hamlets	263.00	3.17%	284,893
Wandsworth	308.31	3.71%	333,975
Westminster	223.86	2.69%	242,495
	<b>2,972.04</b>	<b>35.77%</b>	<b>3,219,447</b>
<b>Outer London</b>			
Barking and Dagenham	190.56	2.29%	206,423
Barnet	363.96	4.38%	394,258
Bexley	234.27	2.82%	253,772
Brent	314.66	3.79%	340,854
Bromley	314.04	3.78%	340,182
Croydon	368.89	4.44%	399,598
Ealing	340.67	4.10%	369,029
Enfield	317.28	3.82%	343,692
Haringey	258.91	3.12%	280,463
Harrow	242.38	2.92%	262,557
Havering	239.73	2.89%	259,686
Hillingdon	281.76	3.39%	305,215
Hounslow	259.05	3.12%	280,615
Kingston upon Thames	163.91	1.97%	177,555
Merton	202.22	2.43%	219,054
Newham	314.08	3.78%	340,226
Redbridge	284.62	3.43%	308,313
Richmond upon Thames	189.14	2.28%	204,885
Sutton	193.63	2.33%	209,749
Waltham Forest	262.57	3.16%	284,428
	<b>5,336.33</b>	<b>64.23%</b>	<b>5,780,553</b>
<b>Totals</b>	<b>8,308.37</b>	<b>100.00%</b>	<b>9,000,000</b>

**(B) London Councils: London Local Government Pension Scheme (LGPS) Collective Investment Vehicle**

20 February 2014

Following detailed work which has been undertaken by London Councils on the potential for more collaboration between a number of London boroughs and the City of London Corporation on the management and investment of pension funds, we have considered and agreed a number of recommendations relating to the establishment of a London Local Government Pensions Scheme (LGPS) Collective Investment Vehicle. The recommendations are also supported by your Finance Committee.

London Councils appointed expert legal and financial services advisors to develop a robust business case and a formal proposal. London Councils Leaders' Committee has since considered the outcome of this and agreed to make recommendations to all London boroughs (and the City Corporation) to proceed with establishing an Authorised Contractual Scheme (ACS), and the ACS Operator, which is the company

that would manage it. It should be noted that the proposals outlined are based on voluntary participation, and the decision as to whether to invest in the ACS would be made later in the year. It should be noted that nothing proposed in this matter locks the City Corporation into any level of commitment to invest at this point.

We submit a printed and circulated report thereon **recommending** that the Court supports the next steps in the establishment of a London LGPS Collective Vehicle. All London local authorities are being asked to respond by 14 April 2014 or before the day of the local government elections (22 May 2014).

## 15 HOSPITALITY WORKING PARTY OF THE POLICY AND RESOURCES COMMITTEE - REPORTS

**(George Marr Flemington Gillon, Chief Commoner)**

### (A) Applications for the Use of Guildhall

15 January 2014, 12 February 2014

In accordance with the arrangements approved by the Court on 21 June 2001 for the approval of applications for the use of Guildhall, we now inform the Court of the following applications which have been agreed to:-

<b>Name</b>	<b>Date</b>	<b>Function</b>
<i>The Worshipful Company of Needle-makers</i>	Thursday 13 February 2014	Banquet
<i>Ensemble Productions (British-Russia Gala dinner)</i>	Saturday 1 March 2014	Dinner
<i>Evening Standard</i>	Monday 3 March 2014	Debate
Mosimann's London (dinner for the Global Arabian Horse Flat Racing Festival)	Friday 30 May 2014	Dinner
William Reed ( 'Grocer' magazine Gold Awards ceremony)	Tuesday 10 June 2014	Dinner
Pipers Projects Ltd (New London Architecture Awards)	Wednesday 9 July 2014	Lunch
Ford Sinclair Events (the Private Business Awards)	Wednesday 10 September 2014	Dinner
City of London School for Girls	Wednesday 8 October 2014	Prize Giving
Man Booker Prize	Tuesday 14 October 2014	Dinner
Baltic Air Charter Association	Wednesday 22 October 2014	Awards Lunch
Banks Sadler Ltd (BPP College of Professional Studies Graduation Ceremony)	Thursday 20 November 2014	Graduation
The Royal British Legion	Wednesday 10 December 2014	Concert
	Thursday 11 December 2014	Concert
Reed's School (Foundation to support around 65 disadvantaged pupils a year through bursaries)	Thursday 5 February 2015	Lecture
The Worshipful Company of Innholders	Tuesday 16 June 2015	Dinner
The Chartered Institute of Arbitrators (leading body for promoting the settlement of disputes)	Friday 3 July 2015	Conference
General Motors	Sunday 18 May 2014	Dinner
Biogen idec (biotechnology company)	Thursday 22 May 2014	Dinner
City Livery Club	Monday 9 June 2014	Dinner
Incisive Media (business information provider to financial and professional services)	Friday 20 June 2014	Lunch
Royal Life Saving Society UK (charity to safeguard lives in, on or near water)	Saturday 4 October 2014	Awards Ceremony
Financial Services Forum (membership organisation for senior executives of financial services companies)	Tuesday 18 November 2014	Dinner
Scope (charity that aims to improve the lives of	Tuesday 25 November 2014	Dinner

disabled people and their families)  
Brewing, Food & Beverage Industry Suppliers'  
Association

Wednesday 29 April 2015

Awards  
Ceremony &  
Lunch

**(B) City of London Festival**

12 February 2014

It is proposed that the City hosts a pre-concert reception on the occasion of the performance of a 'Commonwealth Concert' at Guildhall on Monday, 14<sup>th</sup> July as part of the 2014 City of London Festival.

The City of London Festival was founded in 1962 as an independent trust with the aim of revitalising the cultural life of the City and is supported equally by the business community, the City of London Corporation and the general public. The first Festival programme ran over 8 days with both indoor and outdoor activities. Since then each year the City of London Festival has run an artistic programme incorporating a range of musical and visual arts performances and using the City's unique buildings and outdoor spaces.

The Commonwealth Concert performance is a key strand of this year's Festival's activity and will form part of the contribution to the 2014 Commonwealth Games' cultural programme - a nationwide calendar of cultural events to help "ensure the Games touch every part of the nation, as part of a year-long countdown." Guests at the reception will include City representatives together with Commonwealth political and diplomatic contacts.

We **recommend** that hospitality be granted and that arrangements are made under the auspices of the Culture, Heritage and Libraries Committee; the cost to be met from City's Cash, within the approved cost parameters.

(This will be a Committee event.)

**(C) Global Pound Conference**

12 February 2014

It is proposed that the City hosts a reception on 29<sup>th</sup> October 2014 at the conclusion of a one day Introductory Conference which will be the launch for the Global Pound Conference in 2015. This is planned to take place in some 15 cities around the world on the same day in 2015 linked by live webinar. The aim will be to identify and promote changes in methodology in relation to the resolution of cross-border disputes.

The first Pound Conference took place in 1976 named in honour of Professor Roscoe Pound, an American law professor and champion of legal reform. The conference is regarded as providing the impetus for major changes in the American justice system, and in particular the start of modern Alternative Dispute Resolution (ADR). The International Mediation Institute (based in The Hague) and the International Dispute Resolution Group (based in London) are co-hosting a second Pound Conference on ADR in 2015.

The event should provide a high-level networking opportunity for conference delegates and City business representatives specialising in international dispute

resolution, mediation and arbitration. The guest list will also include parliamentarians and Members with relevant business interests.

We **recommend** that hospitality be granted and that arrangements are made under the auspices of the Policy and Resources Committee; the cost to be met from City's Cash, within the approved cost parameters.

(This will be a Committee event.)

**(D) Heritage Gallery Opening**

12 February 2014

It is proposed that the City hosts an early evening reception to launch the opening of the Guildhall Art Gallery's Heritage Gallery on Thursday, 11th September 2014.

The Gallery will provide a new and fitting space to display some of the most significant and internationally important items from the City's documentary collections. These include the 1215 charter from King John granting the City the right to elect its own Mayor, the City's own copy of Magna Carta dating from 1297 and the 1613 Shakespeare Deed.

As this initiative coincides with the 800<sup>th</sup> anniversary in 2015 of the sealing of Magna Carta, the guest list will include representatives from the Magna Carta 800<sup>th</sup> Committee, other London Councils and the arts and cultural sector.

We **recommend** that hospitality be granted and that arrangements are made under the auspices of the Policy and Resources Committee and the Culture, Heritage and Libraries Committee; the cost to be met from City's Cash, within the approved cost parameters.

(This will be a Committee event.)

**16 ESTABLISHMENT COMMITTEE - REPORTS**

**(John Alfred Barker, OBE Deputy)**

30 January 2014

**Pay Policy Statement 2014/15**

The Localism Act 2011 requires the City of London Corporation to prepare and publish a Pay Policy Statement each year setting out its approach to pay for the most senior and junior members of staff. This must be agreed by the full Court of Common Council.

The Court approved the Corporation's first Pay Policy Statement in January 2012 and the current version was approved this time last year. This was published by 31<sup>st</sup> March 2013. A draft Pay Policy Statement for 2014/15, which has been separately circulated, has been approved by both the Establishment and the Policy and Resources Committees and, with your agreement, will be published by 31<sup>st</sup> March 2014.

We submit a printed and circulated report thereon **recommending** that the Court agree the separately circulated draft Pay Policy Statement for 2014/15 to ensure that the City Corporation meets its requirements under the Localism Act 2011.

## 17 PORT HEALTH AND ENVIRONMENTAL SERVICES COMMITTEE - REPORTS

**(John Tomlinson BA, MSc, Deputy)**

20 January 2014

### **Animal Reception Centre – Heathrow Airport: Annual Review of Charges**

It is necessary to submit periodic recommendations to the Court for an increase to be applied to the Schedule of Charges in respect of services provided at the Heathrow Animal Reception Centre (HARC), for the forthcoming financial year 2014/2015.

The Byelaws, incorporating a new schedule of charges for the services provided, can be found in Appendix A to a separately printed and circulated report and we **recommend** approval thereof; the Comptroller and City Solicitor being instructed to seal the Byelaws accordingly.

## 18 COMMUNITY & CHILDREN'S SERVICES COMMITTEE - REPORTS

**(The Reverend Dr Martin Dudley)**

14 June 2013

### **The proposed federation of City of London Academy (Southwark) and Redriff Primary Academy to form a Multi-Academy Trust**

It is proposed that the Court approves the formation of a Multi-Academy Trust between the City of London Academy Southwark and Redriff Primary Academy. The schools are close to signing the final agreements and will submit them to the Secretary of State for Education. It requires the approval of the Court of Common Council to enter in to the arrangement and agree to extend the City of London's academy sponsorship to Redriff Primary Academy.

The potential educational benefits identified from such an arrangement include improving transition from primary to secondary education, raising standards in teaching and learning, and providing continuity of provision for vulnerable pupils and their families. The proposal to establish a Multi-Academy Trust is in line with government policy on education which promotes collaboration between schools as a means of securing improvements in educational standards. The proposal supports the City Corporation's corporate objectives of enhancing services and outcomes for children and young people in the City and City fringes.

The Community and Children's Services Committee has been monitoring the progress of discussions between the Academies and the Department for Education. To strengthen the case for federation a business case, risk register and arrangements for governance have been developed. The necessary consultations have taken place, including with the London Borough of Southwark who agree with the proposals. As the Committee responsible for the City Academy schools, the Community and Children's Services Committee agreed to the development of the proposal in June 2013 and, following receipt of further information on the business

case, due diligence checks, the governance arrangements and the financial implications, approved the agreement in principle.

We submit a printed and circulated report thereon **recommending** that the Court agree that the federation of the City of London Academy Southwark Ltd and Redriff Primary Academy is approved and that the City of London extends its academy school sponsorship to Redriff Primary Academy.

## 19 STANDARDS COMMITTEE - REPORTS

**(Charles Edward Lord OBE, JP)**

31<sup>st</sup> January 2014

### **Composition of the Standards Committee**

Your Committee seeks approval to revise the composition of the Standards Committee with a small increase in the number of Common Councilmen appointments. The revised membership would result in an increase from five to seven Common Councilmen appointed to serve on the Committee and would ensure that quorate sub-committees of the Standards Committee, for the purposes of considering complaints and requests for dispensations, could be formed whilst avoiding potential conflicts of interest amongst Members.

The current composition of the Committee, which includes 5 Common Councilmen, 1 Alderman, 4 Co-opted Members [and 3 Independent Persons]) has led to some difficulties in recent months in respect of convening sub-committees where Members' conflicts of interest and date availability have inhibited the timely convening of quorate meetings.

We therefore **recommend** that the Standards Committee's composition be revised to include 7 Common Councilmen, 1 Alderman, 4 Co-opted Members [and 3 Independent Persons].

## **MOTION**

20 By the Chief Commoner

"That the public be excluded from the meeting for the following items of business below on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act, 1972:-

- A) recommendations of the Board of Governors of the Guildhall School of Music and Drama on its Capital/Supplementary Revenue Programme; and
- B) action taken under urgency procedures approving recommendations of the Barbican Centre Board on the lease of Exhibition Hall 1 at the Barbican Centre.

Item No:



## WOOLF, MAYOR COURT OF COMMON COUNCIL

16th January 2014

### MEMBERS PRESENT

#### ALDERMEN

Nicholas Anstee  
Charles Bowman  
Jeffrey Richard Evans  
John Garbutt  
Alison Gowman  
David Andrew Graves

Timothy Russell Hailes  
Gordon Warwick Haines  
Peter Hewitt, FCSI, FRSA  
Sir David Howard Bt MA DSc  
Professor Michael Raymond Mainelli FCCA  
FCSI FBCS  
Julian Henry Malins QC

Neil Graham Morgan Redcliffe  
Matthew Richardson  
William Anthony Bowater Russell  
Sir David Hugh Wootton  
Alan Colin Drake Yarrow

#### COMMONERS

Randall Keith Anderson  
Kenneth Edwin Ayers MBE,  
Deputy  
Alex Bain-Stewart MSc JP  
John Alfred Barker, OBE Deputy  
Douglas Barrow, Deputy  
John Bennett Deputy  
Christopher Paul Boden  
Mark Boleat  
David John Bradshaw  
Michael John Cassidy CBE  
Deputy  
Roger Arthur Holden Chadwick  
Nigel Kenneth Challis MA FCA  
FCSI (Hon)  
John Douglas Chapman, Deputy  
Henry Nicholas Almroth Colthurst  
Alexander John Cameron Deane,  
Deputy  
Karina Dostalova  
William Harry Dove MBE JP,  
Deputy  
Simon D'Olier Duckworth DL  
The Revd Dr Martin Raymond  
Dudley  
Peter Gerard Dunphy  
Anthony Noel Eskenzi CBE DSc,  
Deputy  
Kevin Malcolm Everett DSc

Sophie Anne Fernandes  
John William Fletcher BSc  
William Barrie Fraser OBE  
Deputy  
Stuart John Fraser CBE  
Marianne Bernadette Fredericks  
Lucy Frew  
George Marr Flemington Gillon,  
Chief Commoner  
Stanley Ginsburg JP Deputy  
Brian Nicholas Harris  
Christopher Michael Hayward  
Tom Hoffman  
Ann Holmes  
Robert Picton Seymour Howard,  
Deputy  
Michael Hudson  
Wendy Hyde  
Jamie Ingham Clark  
Clare James MA  
Alastair John Naisbitt King MSc  
Deputy  
Stanley Keith Knowles MBE  
Deputy  
Gregory Alfred Lawrence  
Vivienne Littlechild JP  
Oliver Arthur Wynlayne Lodge TD  
BSc

Charles Edward Lord OBE JP  
Professor John Stuart Penton  
Lumley  
Paul Nicholas Martinelli  
Jeremy Paul Mayhew MA MBA  
Deputy Catherine McGuinness  
Andrew Stratton McMurtrie  
Wendy Mead  
Brian Desmond Francis Mooney  
MA  
Gareth Wynford Moore  
Hugh Fenton Morris  
Alastair Michael Moss, Deputy  
Sylvia Doreen Moys  
Joyce Caruthers Nash OBE,  
Deputy  
Barbara Patricia Newman CBE  
John Richard Owen-Ward MBE,  
Deputy  
Graham David Packham  
Ann Marjorie Francescia  
Pembroke  
James Henry George Pollard,  
Deputy  
Henrika Johanna Sofia Priest  
Gerald Albert George Pulman JP,  
Deputy  
Chris Punter  
Richard David Regan, Deputy  
OBE

Delis Regis  
Adam Fox McCloud Richardson  
Elizabeth Rogula  
Virginia Rounding  
John George Stewart Scott JP  
BA (Hons) FRPSL  
Ian Christopher Norman Seaton  
Dr Giles Robert Evelyn Shilson,  
Deputy  
Jeremy Lewis Simons MSc  
Tom Sleigh  
Graeme Martyn Smith  
Sir Michael Snyder  
Angela Mary Starling  
Patrick Thomas Streeter  
David James Thompson  
James Michael Douglas  
Thomson Deputy  
John Tomlinson, Deputy  
James Richard Tumbridge  
Michael Welbank, Deputy MBE  
Mark Raymond Peter Henry  
Delano Wheatley  
Philip Woodhouse

Minutes

*Resolved* – That the Minutes of the last two Courts are correctly recorded and that the informal response of Archbishop Desmond Tutu at his Honorary Freedom on 25 November 2013 be included in the records of the meeting of that day, for safe keeping and posterity.

Evans, J.R.,  
Alderman,  
Gillon G.M.F.

*Resolved unanimously* – That it is with great sadness that the Members of this Honourable Court learn of the death of their friend and colleague, Deputy Robin Eve.

Robin faithfully represented the Ward of Cheap and served continuously on this Court for nearly 34 years. He was a member of various City Corporation Committees becoming Chairman of the Establishment Committee and on more than one occasion Chairman of the Board of Governors of the City of London Freeman's School, which was particularly significant for him bearing in mind that he was a former pupil and old boy of the School.

Robin's civic career culminated in his being elected chairman of the City Lands & Bridge House Estates Committee and, therefore, Chief Commoner in 2000.

Throughout his illness, Robin showed great courage and determination and his colleagues on this Honourable Court take this opportunity to express to Ann and to his family, their most sincere condolences at this sad and painful time for them.

*Resolved unanimously* – that the sincere congratulations of this Court be offered to Alderman Sir Roger Gifford on his recent appointment by Her Majesty the Queen as a Knight Bachelor for services to international business, charity and the City of London.

*Resolved unanimously* - that the sincere congratulations of this Court be offered to Deputy Michael Welbank, MBE on his recent appointment by Her Majesty the Queen as a Member of the Most Excellent Order of the British Empire for services to local government and to the community in north west London.

Deputy Welbank was heard in reply.

*Resolved unanimously* - that the sincere congratulations of this Court be offered to Philip Jordan, QPM, the new City Marshal and a former Chief Superintendent at the Metropolitan Police on his recent award of the Queen's Police Medal by Her Majesty the Queen.

*Resolved unanimously* - that the sincere congratulations of this Court be offered to Police Constable Ian John Mansfield, MBE of the City of London Police, on his recent appointment by Her Majesty the Queen as a Member of the Most Excellent Order of the British Empire for services to counter terrorism.

*Resolved unanimously* - that the sincere congratulations of this Court be offered to Patrick Otto Rarden, MBE Special Inspector at the City of London Police, on his recent appointment by Her Majesty the Queen as a Member of the Most Excellent Order of the British Empire for services to policing.

Overseas visit

The Right Honourable the Lord Mayor reported on her recent overseas visit to Hong Kong and Taiwan.

Policy  
Statement

There was no policy report.

Hospital Seal Sundry documents were sealed with the Hospital Seal.

Freedoms The Chamberlain, in pursuance of the Order of this Court, presented a list of the under-mentioned, persons who had made applications to be admitted to the Freedom of this City by redemption:-

Claus Keimer Jorgensen	a Bank Director	Brondesbury Park, Brent
Mary Caitrin Stockdale	a University Adjunct Professor	Vernon, British Columbia Canada
Susan Danaher	a Strategic Communications Director	Chelsea, Kensington and Chelsea
Bernard John Roe	a Food Distribution Company Director, retired	Goffs Oak, Hertfordshire
Bruce Christopher Tennent Clitherow, TD	a Chartered Surveyor	Westminster
Naseema Emma Khan	an Interior Designer	Whitstable, Kent
Herbert Victor Hugh Parker Lawrence	a Solicitor	Southgate, Brent
Susan Lucy Emmerson	a Legal Secretary	Tower Hamlets
Joanna Elizabeth Dickson	a Teacher	Ewell, Epsom, Surrey
Brian Peter Charlick	a Business Consultant	Billericay, Essex
David Christopher Pike	a Teacher	St Albans, Hertfordshire
William James Ashworth	a Satellite Communications Company Director	Leatherhead, Surrey
Ida Virginia Ashworth	a Teacher	Leatherhead, Surrey
Norman Harry De La Mouette	an Anglican Priest, retired	Winchester, Hampshire
Andreas Papagiannis	a Planning and Construction Company Manager	Athens, Greece
Stewart Anthony Shrank	a Solicitor, retired	Barnet
Neville Edward Percival Chamberlin	a Malt Whisky Exporting Company Director	Sunderland, Tyne and Wear
Anna Elizabeth Litherland	a Communications Consultant	Hounslow
Mark Carty	a Local Government Director	Egerton, Kent
Tracey Kerly	a Head of Communities and Housing	West Malling, Kent
Edward Thomas Fullaway	a Shipping Company Director	Gidea Park, Havering
David Thomas Williams	a Cobbler	Romford, Havering
Jane Elizabeth Hodkinson	a Married Woman	Harpenden, Hertfordshire
John Harold Martin	a Public Relations Consultant, retired	Freshwater, Isle of Wight
Tara Jane Nicholson	an Executive Assistant	Surbiton, Surrey
Edwin John Stevens, MBE	a Housing Services Director	Barbican, in the City of London
Mark Alexander John Thomson	a Master Mariner	St Mary's Island, Chatham Kent
Michael John Alec Newth	a Master Funeral Director, retired	Worthing, Sussex
David Sutlieff	a Tree Surgeon	Horsham, Sussex
Dean William Watkinson	a Taxi Driver	Loughton, Waltham Forest
Elie Abdulazer	a Retail Company Director	Camden
Clio Lyndon Perraton- Williams	a Classical Singer	Greenwich
Paul Hilton Williams	a Police Officer, retired	Brandy Wharf, Lincolnshire
Perri Ahmet	an Engraver and Locksmith	Orpington, Bromley
Margaret Anne Brown	a Secretary, retired	Esher, Surrey
Raymond Edward Jones	a Facilities Manager	Blackheath, Greenwich
Jennifer Florence Jones	a Nurse, retired	Blackheath, Greenwich
James Nicholas Dovell Di	an Osteopath	Chelmsford, Essex

Cicco Peter James Kane	a Substance Misuse Senior Services Manager	Hackney
Douglas John Avery	a Transport Company Director, retired	Leighton Buzzard, Bedfordshire
James David Thomas	a Casino President	Nanpantan, Leicestershire
Karina Ninosca Thomas	an Accountant	Nanpantan, Leicestershire
Bruno Lodovico Riccardo Maini	a Hospitality Company Director, retired	Langley, Berkshire
Paul Graham Neale	a Marine Insurance Broker	Colchester, Essex
Eric George Evans, MBE	a Mechanical and Electrical Engineer, retired	Linslade, Bedfordshire
Kenneth Francis Bailey	an Insurance Broker	Benfleet, Essex
Cedric Philip Wake	an Educational Charity Chief Executive	Putney, Wandsworth
Richard Michael Syred	a Property Investor	Holborn, Camden
Christine Ann Kalveks	a Writer and University Lecturer	Kensington, Kensington and Chelsea
Rudolph John Kalveks	a Management Consultant	Kensington and Chelsea
Charles Ivan Kalveks	a Graduate Trainee	Kensington, Kensington and Chelsea
Alexander Rudolph John Kalveks	a Management Consultant	Kensington, Kensington and Chelsea
Moreno Giuseppe Nando Corradi	a Wine Bar Proprietor	Totteridge, Barnet
Cleo Rocos	a Drinks Company Chief Executive	Tower Hamlets
Bernice Karen Church	a Bank Supervisor, retired	Hornchurch, Havering
Frederik Dag Arfst Paulsen	a Pharmaceutical Company Chairman	Lausanne, Switzerland
Anthony Charles Hunt	a Licensed Black Cab Driver	Wandsworth
Camilla Nadine Hempleman-Adams	a Student	Box, Wiltshire
Alicia Nicole Hempleman- Adams	a Student	Box, Wiltshire
Amelia Gabrielle Hempleman-Adams	a Student	Box, Wiltshire
Regina Magdalena Fischer	a Social Secretary	Lambeth
Daniel Peter Large	a Campaign Strategist	Fulham, Hammersmith and Fulham
Hamish Christopher Wilson	a Veterinary Surgeon	Stoke Pound, Bromsgrove, Worcestershire
Rosemary Anne Wilson	a Married Woman	Stoke Pound, Bromsgrove, Worcestershire
Jonathan Beasley	a City of London Police Officer	Chelmsford, Essex
Lord Rogers of Riverside, Richard George Rogers	an Architect	Kensington, Kensington and Chelsea
Clare Connolly	a Solicitor	Crouch End, Haringey
The Honourable Edward Herwald Ramsbotham	a Riparian Owner	Oxenwood, Wiltshire
Thomas Joseph Mace Archer Mills	an Author	Holborn, Camden
Lauretta Jayne Williams	a Vice Principal, retired	Brandy Wharf, Lincolnshire
Andrew David Wild	a Chartered Surveyor	Shortlands, Bromley
Edward Reynolds Byron	an Architect, retired	Royal Leamington Spa, Warwickshire
Christine Byron	a Teacher, retired	Royal Leamington Spa, Warwickshire
Ian Michael Benjamin	a Solicitor	Acton, Ealing

Priscilla Ann Benny	a School Improvement Advisor	Islington
Anthony John Hardy	a Shipping Group Chairman, retired	Pokfulam, Hong Kong
Paul Wells	a Senior Operations Manager	Stevenage, Hertfordshire
Deborah Joy Gale	a Company Secretary	Hothersall, Lancashire
Professor Sir David Philip Tweedie	an Accountant	North Berwick, East Lothian
Ian Douglas Ball	an Accountant	Camden
Andrew Grant Cobb	a Surgeon	Epsom, Surrey
Faruk Ahmed Chowdhury	The Lord Mayor of Bristol	Clifton, Bristol
Mehmet Kurt	a Property Company Chairman	Chelsea Harbour, Kensington and Chelsea

Read.

Resolved – That this Court doth hereby assent to the admission of the said persons to the Freedom of this City by redemption upon the terms and in the manner mentioned in the several Resolutions of this Court, and it is hereby ordered that the Chamberlain do admit them severally to their Freedom accordingly.

Bill

A Bill for an Act of Common Council to:-

- provide for the nomination and election of Auditors of Chamberlain's and Bridgemasters' Accounts, Bridgemasters and Ale Conners of this City; and
- repeal any previous conflicting provisions regulating or enforcing the same.

(Third and Final Reading).

(A printed report of the Policy and Resources Committee thereon has been circulated).

*Resolved* – That the report be agreed to and that the Bill be read a third time, do pass into Law and do become an Act of Common Council.

Parliament

The Remembrancer reported on measures introduced to Parliament which may have an effect on the services provided by the City Corporation.

#### Subordinate Legislation

Title	With effect from
The Animal By-Products (Enforcement) (England) Regulations 2013, S.I. No. 2952.	12th December 2013.
The Local Authorities (Funds) (England) (Amendment) Regulations 2013, S.I. No. 2974.	20th December 2013.
The Council Tax (Reductions for Annexes) (England) Regulations 2013, S.I. No. 2977.	1st April 2014.
The Income-related Benefits (Subsidy to Authorities) Amendment (No. 2) Order 2013, S.I. No. 2989.	28th January 2014.
The Food Safety and Hygiene (England) Regulations 2013, S.I. No. 2996.	31st December 2013.
The School and Early Years Finance (England) Regulations 2013, S.I. No. 3104.	1st January 2014.
The Transfer of Functions Concerning School Lunches etc. (England) (Amendment) Order 2013, S.I. No. 3111.	1st January 2014.
The Feed (Hygiene and Enforcement) and the Animal Feed (England) (Amendment) Regulations 2013, S.I. No. 3133.	17th January 2014.
The Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2013, S.I. No. 3193.	1st September 2014.
The Town and Country Planning (Development Management Procedure and Section 62A Applications) (England) (Amendment No. 2) Order 2013, S.I. No. 3194.	13th January 2014.
The Infrastructure Planning (Business or Commercial Projects) Regulations 2013, S.I. No. 3221.	18th December 2013.

(The text of the measures and the explanatory notes may be obtained from the Remembrancer's office.)

*Received.*

Results of  
Ballots

a) One Member on the Open Spaces & City Gardens and West Ham Park Committees for the balance of a term to expire in April 2014.

	Votes
John Alfred Barker, O.B.E., Deputy	37
Graeme Martyn Smith	61

Whereupon the Lord Mayor declared Graeme Smith to have been appointed on the Open Spaces & City Gardens and West Ham Park Committees for the balance of a term to expire in April 2014.

b) Two Members on the Board of Governors of the Museum of London for four year terms to expire in December 2017.

	Votes
John George Stewart Scott, J.P., B.A.(Hons)	74
Graeme Martyn Smith	35
Michael Welbank, M.B.E., Deputy	78

Whereupon the Lord Mayor declared John Scott and Deputy Michael Welbank to have been appointed on the Board of Governors of the Museum of London for four year terms to expire in December 2017.

c) To agree with the recommendation of the Standards Committee that Ms Felicity Lusk and Ms Judith Barnes be appointed as Co-opted Members of the Standards Committee for four year terms to expire in December 2017.

Affirmative	93
Negative	4

Whereupon the Lord Mayor declared Felicity Lusk and Judith Barnes to be appointed as Co-opted Members of the Standards Committee for four year terms to expire in December 2017.

## Appointments

The Court proceeded to make the following appointments in respect of which the Town Clerk reported that the following nominations had been received: -

a) One Member on the Hampstead Heath Management Committee for the balance of a term to expire in April 2014.

Nomination received:-  
Ann Holmes

Read.

Whereupon the Lord Mayor declared Ann Holmes to have been appointed on the Hampstead Heath Management Committee for the balance of a term to expire in April 2014.

b) One Member on the Investment Committee for the balance of a term to expire in April 2016.

Nomination received:-  
Michael Hudson

Read.

Whereupon the Lord Mayor declared Michael Hudson to have been appointed on the Investment Committee for the balance of a term to expire in April 2016.

c) One Member on The City Bridge Trust Committee for the balance of a term to expire in April 2016.

Nominations received:-  
The Revd. Dr. Martin Dudley  
Stanley Ginsburg J.P., Deputy  
Ann Holmes  
Andrew Stratton McMurtrie  
Judith Lindsay Pleasance  
John George Stewart Scott, J.P., B.A.(Hons)

Read.

The Court proceeded, in accordance with Standing Order No.10, to ballot on the foregoing vacancy.

The Lord Mayor requested the Chief Commoner and the Chairman of Finance Committee, or their representatives, to be scrutineers of the ballot.

*Resolved* – That the votes be counted at the conclusion of the Court and the result printed in the Summons for the next meeting.

d) One Member on the Castle Baynard Educational Foundation for the balance of a term to expire in March 2016.

Nomination received:-  
Jeremy Lewis Simons, M.Sc.

Read.

Whereupon the Lord Mayor declared Jeremy Simons to have been appointed on the Castle Baynard Educational Foundation for the balance of a term to expire in March 2016.

Questions

There were no questions.

Letter

Letter of Sir Robert Finch thanking the Court for the resolution passed following his retirement from the Court of Common Council.

*Received.*

Motion

*Resolved* - That Delis Regis be appointed on the Culture, Heritage and Libraries Committee and John Fletcher be appointed on the Markets Committee for the Ward of Portsoken, both in the room of Ibthayhaj Gani.

Awards and Prizes

**National Joint Utilities Group Partnership Award 2013**  
Report of the Chairman of the Planning and Transportation Committee.

“The City of London Corporation was awarded the “National Joint Utilities Group Partnership Award 2013” on the 10<sup>th</sup> December 2013 at the House of Commons for

its work in partnering with office developers and telecoms providers in promoting a scheme for communal entry chambers for new developments in the City.

Communal entry chambers, which are built under the public highway, have been constructed for 11 new office developments in the City. They have resulted in faster, more coordinated installation of telecoms services into new office buildings, reducing the incidence of street works and disruption to vehicle and pedestrian movement in the City, and avoiding disturbing newly landscaped areas around new developments. The initiative has been led by the City Property Advisory Team (CPAT) and the Department of Built Environment (DBE), and has saved a total of 396 days working in the public highway in the City of London throughout 2013.

The City's planning powers (section 106) have been amended to require developers to fund the building of communal entry chambers to supply new developments. Chambers are funded, owned, and maintained by the developer, under a section 50 highways licence – *"private apparatus under a public street"*, and on-going access and is managed by the building owner.

The judging panel from the National Joint Utilities Group made the following comment:

*"The City of London Corporation's submission showed both great partnership engagement and working but also demonstrated a proactive approach to effectively future proof the location from further unnecessary disruption. It showed great awareness in thinking beyond the matter at hand."*

*Received.*

**PLANNING AND TRANSPORTATION COMMITTEE**  
**(Michael Welbank M.B.E., Deputy)**

**A) Adoption of the West Smithfield Area Enhancement Strategy**

26 November 2013

Your Committee seeks approval for the adoption of the revised West Smithfield Area Enhancement Strategy to progress the delivery of public realm improvement and a separately printed report has been submitted thereon.

The Strategy will -

- a) provide improvements to the public realm in the West Smithfield Area to benefit the increasing number of pedestrians using the streets and new developments including Crossrail;
- b) provide an improved, accessible and functional pedestrian environment that would support the projected increased pedestrian footfall, whilst supporting the activity of Smithfield meat market and the continuing operation of St Bart's Hospital; and
- c) identify current issues and future demands and set out a framework for addressing these within the context of existing policies and guidance.

In addition, the Strategy sets out a delivery plan which identifies projects arising from the Strategy, it prioritises them and indicates the funding strategy for delivery and we **recommend** its adoption.

*Read and agreed to.*

**B) On-Street Parking Surplus Report 2012-2013**

12 January 2014

Section 55(3A) of the Road Traffic Regulation Act 1984 (as amended) requires the City of London Corporation (together with the London Borough Councils and Transport for London) to report to the Mayor of London on action taken in respect of any deficit or surplus in their On-Street Parking Account for each financial year.

We submit a short printed and circulated report thereon, which we **recommend** be noted and submitted to the Mayor of London.

*Read and agreed to.*

**CULTURE, HERITAGE AND LIBRARIES COMMITTEE**  
**(John George Stewart Scott, J.P., B.Sc.(Hons))**

4 December 2013

**Public Library Byelaws**

It is a requirement of the Public Libraries and Museums Act, 1964 (the legislation that governs the provision of library services by local authorities) that library services shall have byelaws setting out the rules for their use, formally approved by their parent Council. The byelaws follow a standard formula recommended by the Department of Culture, Media and Sport and, subject to the endorsement of the Court, would require further approval by the Department of Culture, Media, and Sport.

The library byelaws currently in force in the City were approved by the Court in 1966 and are in need of updating. A revised set of byelaws has been drafted and is attached to a separately printed and circulated report and we **recommend** the approval thereof.

Read and agreed to.

**HOSPITALITY WORKING PARTY OF THE POLICY AND RESOURCES COMMITTEE**  
**(George Marr Flemington Gillon, Chief Commoner)**

12 November 2013 &amp; 11 December 2013

**Applications for the Use of Guildhall**

In accordance with the arrangements approved by the Court on 21 June 2001 for the approval of applications for the use of Guildhall, we now inform the Court of the following applications which have been agreed to:-

<b>Name</b>	<b>Date</b>	<b>Function</b>
London District Surveyors Association	Friday 9 May 2014	Awards Ceremony
The London Platinum and Palladium Market	Tuesday 20 May 2014	Reception
Ifo (Institute of Financial Services) School of Finance	Friday 18 July 2014	Graduation
Embassy of Israel	Monday 27 April 2015	Dinner

The Worshipful Company of Carmen	Wednesday 15 July 2015	Cart Marking & Lunch
EuroWeek (Global capital markets newspaper)	Wednesday 12 February 2014	Dinner
Trades Exhibitions Limited (Annual Professional Beauty Awards)	Sunday 23 February 2014	Dinner
William Reed Business Media Ltd	Sunday 27 April 2014	Awards Ceremony
Association of the Luxembourg Fund Industry	Wednesday 14 May 2014	Conference

*Received.*

### **AUDIT & RISK MANAGEMENT COMMITTEE (Jeremy Paul Mayhew, MA, MBA)**

11 December 2013

#### **Audit and Risk Management Committee – Appointment of Independent Members**

At its meeting on 9 September 2011 the Court agreed the procedure for appointing the external, independent, members of the Audit and Risk Management Committee. Whilst the procedure specifies that appointments cover a four year term, it does not include any scope for the re-appointment of existing members. We submit for your approval a printed report which seeks to address this by varying the procedure to allow external members to be re-appointed for a further term. However, in the interests of maintaining a fresh perspective, we are also recommending that, normally, a maximum of two terms be served in total.

We also seek the Court's approval to the re-appointment of Kenneth Ludlam and Caroline Mawhood, the current external members of the Audit and Risk Management Committee. Both terms expire in March 2014 and, in order to maintain an element of continuity, your Committee is recommending that their proposed new terms be staggered at 3 and 4 years respectively, expiring in 2017 and 2018. For your information, the term of the third external member, Hilary Daniels, who was appointed by the Court in 2012, expires in 2016.

*Received.*

### **SOCIAL INVESTMENT BOARD OF THE INVESTMENT COMMITTEE (Alderman Peter Hewitt)**

13 December 2013

#### **Social Investment Board - Update on activities**

Under the leadership of the Policy & Resources Committee, the City Corporation is working to position London as a global hub for social investment. In October 2012 the Court approved a designation of £20 million from Bridge House Estates for investments that produce a positive financial return and demonstrable social benefit and we submit a printed and circulated report informing Members of progress and we **recommend** that it be noted.

*Received.*

**THE CITY BRIDGE TRUST COMMITTEE**  
**(William Harry Dove, M.B.E., J.P., Deputy)**

28 November 2013

**City of London as Trustee of the Bridge House Estates**

At a recent meeting of The City Bridge Trust Committee Members requested clarification regarding the position in respect of the Bridge House Estates and City Bridge Trust being 'independent of the Corporation'. The Committee also sought clarification regarding Members' responsibilities when acting as Bridge House Estates Trustees.

We therefore submit, for your information, a separately printed and circulated report which explains the role of the City of London Corporation as Trustee of the Charity, Bridge House Estates and clarifies the distinct functions and responsibilities of the Committees of the Court of Common Council of the City Corporation that conduct business relating to the Charity.

*Received.*

**FINANCE COMMITTEE**  
**(Roger Arthur Holden Chadwick)**

13 December 2013

**(A) City of London Procurement Regulations**

Since the latest edition of the City's Procurement Regulations were approved in July 2012, there have been significant changes in the way in which the City organises its procurement, most notably the launch of the new City of London Procurement Service (CLPS) on 2<sup>nd</sup> April 2013. There have also been several important legislative and policy developments which have impacted on areas of the City's procurement. All of these developments require significant revisions to some of the existing Regulations, together with the introduction of some new regulations. The revisions and new regulations are more than minor technical updates and therefore require the approval of the Court and we submit a separately printed report for your approval.

*Read and agreed to.*

**(B) Appointment of the Chamberlain**

As Members are aware, the current Chamberlain Chris Bilsland has given notice of his intention to retire on 31 May 2014. In accordance with Standing Order No. 61(1), the Recruitment Panel established by your Finance Committee submit a candidate for appointment as Chamberlain.

The candidate will appear before the Court of Common Council (in private session) and will give a presentation. Upon the candidate's withdrawal from the Court, a ballot by Members will be held for the appointment. On completion of that, the public will be re-admitted and the decision of the Court can be made known.

Our report has been separately printed and circulated only to Members as its contents include personal information relating to the candidate, which is considered to be

exempt information as defined in Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act, 1972.

Read.

**Summary of the exempt item considered whilst the public were excluded**

The candidate for the Chamberlain, having been called in, addressed the Court on a given subject and then withdrew.

The Court proceeded to ballot on the appointment.

The Lord Mayor appointed Roger Chadwick and Deputy Michael Welbank to be scrutineers of the ballot.

The ballot for the Chamberlain having been taken up and cast, the Lord Mayor declared Peter Kane to have been elected.

Whereupon the Court resolved that strangers be re-admitted.

The Town Clerk reported that the Court of Common Council had, in accordance with Standing Order No. 61(1), elected Peter Kane to be Chamberlain. Peter Kane was called back in, onto the Dais.

Whereupon The Right Honourable The Lord Mayor declared Peter Kane to be duly appointed to the Office of Chamberlain on the usual terms and conditions relating to the appointment of Chief Officers and subject to such other regulations as this Court had adopted or may hereafter adopt in respect of the said appointment, and to all other orders and regulations of this Court with reference to its Officers.

Peter Kane accepted the appointment on the above terms and conditions, thanked the Court and withdrew.

Gillon, G.M.F.  
Chadwick,  
R.A.H.

Resolved - that the public be excluded from the meeting for the following items of business below on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act, 1972.

**Summary of exempt items considered whilst the public were excluded**

The Court:-

- A) agreed recommendations of the Property Investment Board on various property transactions; and;
- B) approved the terms of an Address of Welcome to a visiting Head of State.

**The meeting commenced at 1.00 pm and ended at 2.00 pm**

**BARRADELL.**



## List of Applications for the Freedom

*To be presented on Thursday, 6th March, 2014*

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

Set out below is the Chamberlain's list of applicants for the Freedom of the City together with the names, etc. of those nominating them.

<b>Edward Christopher Dickson</b>	an Accountant	Ewell, Epsom, Surrey
<i>John Alfred Bennett, Deputy</i>	<i>Citizen and International Banker</i>	
<i>Roger Arthur Holden Chadwick, CC</i>	<i>Citizen and Bowyer</i>	
<b>Thomas David Gray</b>	a Student	Swindon, Wiltshire
<i>Brian Nicholas Harris, CC</i>	<i>Citizen and Glazier</i>	
<i>John Richard Owen-Ward, MBE, Deputy</i>	<i>Citizen and Mason</i>	
<b>Christopher James Mapp</b>	an Osteopath	Nesfield, Barlow, Dronfield, Derbyshire
<i>Lorna Zaitzeff</i>	<i>Citizen and Wax Chandler</i>	
<i>Antony John Zaitzeff</i>	<i>Citizen and Arbitrator</i>	
<b>Tatiana Elizabeth Lilia Kalveks</b>	a Student	Kensington, Kensington and Chelsea
<i>Judy Senta Tayler-Smith</i>	<i>Citizen and Upholder</i>	
<i>Simon Jonathan Tayler-Smith</i>	<i>Citizen and Basketmaker</i>	
<b>Jonathan Deryck Bullock</b>	a Landlord	Geddington, Northamptonshire
<i>Christopher Michael Hayward, CC</i>	<i>Citizen and Pattenmaker</i>	
<i>Alexander Bain Stewart, CC</i>	<i>Citizen and Gold and Silver Wyre Drawer</i>	
<b>John Kershaw</b>	a Law Lecturer	Denton, Manchester
<i>Christopher Michael Hayward, CC</i>	<i>Citizen and Pattenmaker</i>	
<i>Alexander Bain Stewart, CC</i>	<i>Citizen and Gold and Silver Wyre Drawer</i>	
<b>Ralph Patrick Henry Freeston</b>	a Civil Engineer	Ware, Hertfordshire
<i>Stanley Brown, QGM, TD</i>	<i>Citizen and Loriner</i>	
<i>Michael Richard Adkins</i>	<i>Citizen and Water Conservator</i>	
<b>Michael Barry Stodart</b>	a Wood Flooring Installation Manager	Willesden, Brent
<i>Gareth Wynford Moore, CC</i>	<i>Citizen and Joiner</i>	
<i>Karina Dostalova, CC</i>	<i>Citizen and Common Councilman</i>	
<b>Vicki Louise Stanfield</b>	a Registered Nurse	Willesden, Brent
<i>Wendy Mead, CC</i>	<i>Citizen and Glover</i>	
<i>Elizabeth Rogula, CC</i>	<i>Citizen and Common Councilman</i>	

<b>John William Adams</b> <i>John Gavin</i> <i>Guy Leppard</i>	a Lambswool Duster Manufacturing Company Director <i>Citizen and Information Technologist</i>	Welling, Bexley
<b>Simon James Lowe</b> <i>Geoffrey Richard Lewis</i> <i>Alan William Cornwell</i>	a Chartered Accountant <i>Citizen and Needle-maker</i>	Waresley, Cambridgeshire
<b>Nicholas Graham Jenkins</b> <i>Frederick Charles Parr</i> <i>Michael Peter Cawston</i>	a Mobilisation Director <i>Citizen and Tyler and Bricklayer</i> <i>Citizen and Tyler and Bricklayer</i>	Swanscombe, Kent
<b>Philip Samir Halim Salama</b> <i>Ian Patterson Wilson</i> <i>Douglas William Neill</i>	a Structural Engineer <i>Citizen and Arbitrator</i> <i>Citizen and Mason</i>	Romford, Havering
<b>Christian Paul Stanley</b> <i>Donald Howard Coombe, MBE</i> <i>Richard Howard Coombe</i>	an Insurance Executive <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Guildford, Surrey
<b>Paul King</b> <i>Alexander Bain Stewart, CC</i>  <i>Michael Hudson, CC</i>	a Motor Trade Company Director <i>Citizen and Gold and Silver Wyre Drawer</i> <i>Citizen and Painter Stainer</i>	Banstead, Surrey
<b>Christina Anna Amelia King</b> <i>Alexander Bain Stewart, CC</i>  <i>Michael Hudson, CC</i>	a Health Care Adviser <i>Citizen and Gold and Silver Wyre Drawer</i> <i>Citizen and Painter Stainer</i>	Banstead, Surrey
<b>David Barry Constable</b> <i>Desmond Alan Millward</i> <i>Rodney Walter Scott</i>	a Heavy Goods Vehicle Driver <i>Citizen and Glover</i> <i>Citizen and Glover</i>	Hellesdon, Norwich, Norfolk
<b>Craig Kelly Constable</b> <i>Desmond Alan Millward</i> <i>Rodney Walter Scott</i>	a Network Record Keeper <i>Citizen and Glover</i> <i>Citizen and Glover</i>	Hellesdon, Norwich, Norfolk
<b>Katharine Louise Freedman</b> <i>Elizabeth Rogula, CC</i> <i>Stuart John Fraser, CC</i>	a Capability Manager <i>Citizen and Common Councilman</i> <i>Citizen and Fletcher</i>	Ashtead, Surrey
<b>John Edward Jerome</b> <i>Christopher Michael Hayward, CC</i> <i>Alexander Bain Stewart, CC</i>	a Logistics Director <i>Citizen and Pattenmaker</i> <i>Citizen and Gold and Silver Wyre Drawer</i>	Blackheath, Greenwich
<b>Anthony John Middleditch</b> <i>Christopher Michael Hayward, CC</i> <i>Alexander Bain Stewart, CC</i>	a Cleaning Contractor <i>Citizen and Pattenmaker</i> <i>Citizen and Gold and Silver Wyre Drawer</i>	Erith, Kent
<b>David Patrick Barouch</b> <i>Christopher Michael Hayward, CC</i> <i>Alexander Bain Stewart, CC</i>	a Building Surveyor <i>Citizen and Pattenmaker</i> <i>Citizen and Gold and Silver Wyre Drawer</i>	Blackheath, Greenwich
<b>Andrew John Clarke-Stanley</b> <i>Christopher Michael Hayward, CC</i> <i>Alexander Bain Stewart, CC</i>	a Civil Servant <i>Citizen and Pattenmaker</i> <i>Citizen and Gold and Silver Wyre Drawer</i>	Bobbers Mill, Nottinghamshire
<b>Ian Alistair McInnes</b> <i>William Barrie Fraser, OBE, Deputy</i> <i>Christine Mackenzie Cohen, OBE</i>	a Development Director <i>Citizen and Gardener</i> <i>Citizen and Gardener</i>	Honor Oak Park, Lewisham

<b>Benjamin Dougal Chatterton</b> <i>John Alfred Bennett, Deputy Roger Arthur Holden Chadwick, CC</i>	a Doctor  <i>Citizen and International Banker Citizen and Bowyer</i>	Epsom, Surrey
<b>Gina Doreen Mullett</b> <i>Michael Greville Dudgeon, OBE James George Williams</i>	a School Language Co-Ordinator <i>Citizen and Mercer  Citizen and Builders Merchant</i>	Oxted, Surrey  Upper Norwood, Croydon
<b>Alfred Alan Hanford</b> <i>David Benjamin Morris David Johnson</i>	a Social Worker <i>Citizen and Solicitor Citizen and Management Consultant</i>	
<b>Francesco Guazzolini</b> <i>Simon Michael Thompson Paul Ernest Woodley</i>	a Marketing Executive <i>Citizen and Apothecary Citizen and Tobacco Pipe Maker and Tobacco Blender</i>	Pesaro, Italy
<b>Nicolas James Jansa</b> <i>Timothy John Delano Cunis Richard Lawton Cunis</i>	a Banker <i>Citizen and Merchant Taylor Citizen and Mercer</i>	Putney, Wandsworth
<b>David John Morgan</b>  <i>Kenneth William Morgan Julian Smith</i>	a Global Client Operations Director <i>Citizen and Chartered Surveyor Citizen and Chartered Surveyor</i>	Warfield, Berkshire
<b>Timothy Christopher Casey</b> <i>Sarah Cheale Paul Cheale</i>	a Financial Markets Broker  <i>Citizen and Cooper Citizen and Butcher</i>	Brentwood, Essex
<b>Justin Eliot Musson</b>  <i>David Johnson David Benjamin Morris</i>	a Risk Manager  <i>Citizen and Management Consultant Citizen and Solicitor</i>	Crystal Palace, Upper Norwood, Bromley
<b>Douglas George Gordon</b>  <i>Peter Claude Cave Daphne Edwina Cave</i>	an Insurance Brokers Company Director <i>Citizen and Insurer Citizen and Glover</i>	Ditchling, Sussex
<b>Barry Frederick Laws</b> <i>James John Roscoe Donald Henry McGarr</i>	a Facilities Manager <i>Citizen and Currier Citizen and Basketmaker</i>	Hayes, Bromley
<b>Donald Ernest Ray</b> <i>Richard Stuart Goddard Richard Leslie Springford</i>	a Salesman <i>Citizen and Shipwright Citizen and Carman</i>	Abbey Wood, Greenwich
<b>Laura Vivien Parker</b>  <i>David Palsler Tomkins Simon John Fleet</i>	a Senior Banks Relationship Manager <i>Citizen and Farrier Citizen and Farrier</i>	Tooting, Wandsworth
<b>Peter Alan Jones</b> <i>Denise Deroy-Parker John Donald Lunn</i>	a Solicitor <i>Citizen and Upholder Citizen and Fan Maker</i>	Redhill, Surrey
<b>Russell Silk</b>  <i>Ian David Luder, Ald. Linda Jane Luder</i>	a Telecommunications Company Manager, retired <i>Citizen and Cooper Citizen and Fletcher</i>	Cockfosters, Barnet, Hertfordshire
<b>Adewale Olaolu Olatunde Olujinmi Oladele-Ajose</b> <i>Howard Andre Beber Brian John Coombe</i>	an Application Support Engineer  <i>Citizen and Poulter Citizen and Poulter</i>	Catford, Lewisham
<b>Abigail Louise Dougal Chatterton</b> <i>John Alfred Bennett, Deputy Stuart John Fraser, CC</i>	a Medical Student  <i>Citizen and International Banker Citizen and Fletcher</i>	Epsom, Surrey
<b>Charles Thomas Telfer</b> <i>Richard Leslie Springford Richard Stuart Goddard</i>	a Boat Captain <i>Citizen and Carman Citizen and Shipwright</i>	Blackheath, Greenwich

<b>Tyler Jackson Mitchell</b>	a Student	Indian Land, South Carolina, United States of America
<i>Adam Fox McCloud Richardson, CC</i>	<i>Citizen and Common Councilman</i>	
<i>Matthew Charles Falco Lombardi Richardson, Ald</i>	<i>Citizen and Wax Chandler</i>	
<b>Alice Amy Diamond</b>	a Teacher	Tooting, Wandsworth
<i>David Palsler Tomkins</i>	<i>Citizen and Farrier</i>	
<i>Simon John Fleet</i>	<i>Citizen and Farrier</i>	
<b>Neil Francis Dowdeny, TD*,DL.</b>	a Stock Broker	Marksbury, Bath
<i>Christopher Michael Hayward, CC</i>	<i>Citizen and Pattenmaker</i>	
<i>Alexander Bain Stewart, CC</i>	<i>Citizen and Gold and Silver Wyre Drawer</i>	
<b>Roger William Campkin</b>	an Operations Manager	Sidcup, Bexley
<i>Catherine Sidony McGuinness, Deputy</i>	<i>Citizen and Solicitor</i>	
<i>Gerald Albert George Pulman, JP, Deputy</i>	<i>Citizen and Basketmaker</i>	
<b>Massimiliano Ballaro</b>	a Livery Company Assistant Beadle	Leigh On Sea, Essex
<i>Paul Mynors Farnar</i>	<i>Citizen and Saddler</i>	
<i>Keith Walter Marsh</i>	<i>Citizen and Poulter</i>	
<b>Urs Halter</b>	a Consultancy Company Director	Pimlico, Westminster
<i>Sir David Roche, Bt</i>	<i>Citizen and Saddler</i>	
<i>Frances Kelly</i>	<i>Citizen and Saddler</i>	
<b>Nikhil Carlo Cascone</b>	a Doctor in Ophthalmology	Westminster
<i>Michael Hudson, CC</i>	<i>Citizen and Painter Stainer</i>	
<i>Christopher Michael Hayward, CC</i>	<i>Citizen and Pattenmaker</i>	
<b>Robby Misir</b>	a Facilities and Transport Manager	Gidea Park, Havering
<i>Alexander Bain Stewart, CC</i>	<i>Citizen and Gold and Silver Wyre Drawer</i>	
<i>Christopher Michael Hayward, CC</i>	<i>Citizen and Pattenmaker</i>	
<b>Geeta Misir</b>	a Witness Care Officer	Gidea Park, Havering
<i>Alexander Bain Stewart, CC</i>	<i>Citizen and Gold and Silver Wyre Drawer</i>	
<i>Christopher Michael Hayward, CC</i>	<i>Citizen and Pattenmaker</i>	
<b>Sir James Rufus McDonald, KB</b>	a University Professor and Vice Chancellor	Chapelton By Stewarton, Ayrshire
<i>Andrew Charles Parmley, Ald.</i>	<i>Citizen and Musician</i>	
<i>Wendy Davina Calder Parmley</i>	<i>Citizen and Information Technologist</i>	
<b>Lady Eileen Maria Teresa McDonald</b>	a Podiatrist	Chapelton, Ayrshire
<i>Andrew Charles Parmley, Ald.</i>	<i>Citizen and Musician</i>	
<i>Wendy Davina Calder Parmley</i>	<i>Citizen and Information Technologist</i>	
<b>Barbara Jane Giles</b>	a Human Resources Manager	Stanway, Colchester, Essex
<i>Peter Bernard Hardwick, QHP</i>	<i>Citizen and Barber</i>	
<i>John Alfred Barker, OBE, Deputy</i>	<i>Citizen and Basketmaker</i>	
<b>Barry Philip John Cramer</b>	a Lawyer	Thorpe, Egham, Surrey
<i>Russell Bew</i>	<i>Citizen and Painter Stainer</i>	
<i>Jeremy Richard Ffolliott Sorrell</i>	<i>Citizen and Basketmaker</i>	
<b>Charlotte Louise Fryer</b>	a Student	Leatherhead, Surrey
<i>John Alfred Bennett, Deputy</i>	<i>Citizen and International Banker</i>	
<i>Stuart John Fraser, CC</i>	<i>Citizen and Fletcher</i>	

<b>Annie Beek Kwan Ho</b> <i>Chaslav Paul Frim</i> <i>John Hazel</i>	a Banker <i>Citizen and Baker</i> <i>Citizen and Baker</i>	Hackney
<b>George Malcolm William Muckle</b> <i>Michael Richard Adkins</i> <i>Stanley Brown, QGM, TD</i>	a Facilities Management Account Manager <i>Citizen and Water Conservator</i> <i>Citizen and Loriner</i>	New Eltham, Greenwich
<b>Maureen Elizabeth Shannon</b> <i>Pauline Ann Halliday, OBE</i> <i>Flora Jane Louise Winfield</i>	an Information Technology Manager <i>Citizen and Farrier</i> <i>Citizen and Farrier</i>	Beckenham, Bromley
<b>Anna Aristibou</b> <i>Richard Sidney Redman</i> <i>Anthony George Willenbruch</i>	a Property Developer <i>Citizen and Plumber</i> <i>Citizen and Engineer</i>	Norbury, Croydon
<b>Judith Evelyn Fisher</b>  <i>John Richard Owen-Ward, MBE, Deputy</i> <i>Alan George Colin Downing</i>	a Regional Commercial Director, retired <i>Citizen and Mason</i>  <i>Citizen and Chartered Architect</i>	Flitwick, Bedfordshire
<b>Nicholas David Gilbert</b> <i>Michael John William Piercy</i> <i>Stanley Liu</i>	a Livery Company Beadle <i>Citizen and Pewterer</i> <i>Citizen and Butcher</i>	Bushey, Hertfordshire
<b>Jean Margaret Gill</b> <i>Daphne Edwina Cave</i> <i>Peter Claude Cave</i>	a Personal Assistant, retired <i>Citizen and Glover</i> <i>Citizen and Insurer</i>	Brentwood, Essex
<b>Keith Hewitt Alexander</b>  <i>Martin Robert Charles Humphrys</i> <i>Paul Baldwin</i>	a Graphics Company Director  <i>Citizen and Wheelwright</i>  <i>Citizen and Wheelwright</i>	Sherfield On Loddon, Hampshire
<b>Kyle Jamie Alexander</b> <i>Martin Robert Charles Humphrys</i> <i>Paul Baldwin</i>	a Marketing and Sales Manager <i>Citizen and Wheelwright</i>  <i>Citizen and Wheelwright</i>	Ealing
<b>Charlotte Clare Bennett</b> <i>William Barrie Fraser, OBE, Deputy</i> <i>Christine Mackenzie Cohen, OBE</i>	a Business Manager <i>Citizen and Gardener</i>  <i>Citizen and Gardener</i>	Sidcup, Bexley
<b>Nicholas Wentworth Roskill</b> <i>Michael Robin Castle Sherlock</i> <i>Edward Stephen Wentworth Roskill</i>	a Banker, retired  <i>Citizen and Skinner</i>  <i>Citizen and Skinner</i>	Camberwell, Southwark
<b>Felicity Ann Banks</b> <i>Andrew Charles Parmley, Ald.</i> <i>Gordon Warwick Haines, Ald.</i>	a Teacher, retired <i>Citizen and Musician</i>  <i>Citizen and Needlemaker</i>	Woodford Green, Redbridge
<b>Timothy Charles Hemsley, MBE</b> <i>Marianne Bernadette Fredericks, CC</i> <i>James Henry George Pollard, Deputy</i>	a Risk Project Manager  <i>Citizen and Baker</i>  <i>Citizen and Skinner</i>	Beckenham, Bromley
<b>Elizabeth Margaret Mills</b> <i>Michael Peter Cawston</i> <i>Timothy James Callow</i>	a Lock Keeper <i>Citizen and Tyler and Bricklayer</i> <i>Citizen and Security Professional</i>	Goodmayes, Redbridge
<b>Ian Charles Musgrin</b>  <i>Michael Peter Cawston</i> <i>Timothy James Callow</i>	a Lorry Driver  <i>Citizen and Tyler and Bricklayer</i> <i>Citizen and Security Professional</i>	Barking, Barking and Dagenham

<b>James Gareth Hill</b>	a Head of Nursing	Bethnal Green, Tower Hamlets
<i>Alison Jane Gowman, Ald. The Hon Philip John Remnant</i>	<i>Citizen and Glover Citizen and Salter</i>	
<b>Jessica Grace Bethell-Jones</b>	a Solicitor	Wandsworth
<i>Neville John Watson Peter Francis Clark</i>	<i>Citizen and Fletcher Citizen and Mason</i>	
<b>Harmesh Singh Bhambra</b>	a Management Consultant	Earls Court, Kensington and Chelsea
<i>Peter Francis Clark Neville John Watson</i>	<i>Citizen and Mason Citizen and Fletcher</i>	
<b>Stewart Mackman</b>	a Senior Private Banker	Horsham, Sussex
<i>Neville John Watson Peter Francis Clark</i>	<i>Citizen and Fletcher Citizen and Mason</i>	
<b>Rt Hon Dame Tessa Jane Helen Douglas Jowell, DBE, PC, MP</b>	a Member of Parliament	Haringey
<i>Stuart John Fraser, CC Catherine Sidony McGuinness, Deputy, CC</i>	<i>Citizen and Fletcher Citizen and Solicitor</i>	
<b>Clint Malcolm Darwen</b>	a Marine Consultant	East Sheen, Richmond Upon Thames
<i>John Alexander Smail Gordon Mark Gentry</i>	<i>Citizen and Distiller Citizen and Baker</i>	
<b>David James Ward</b>	a Police Officer, retired	Newton Abbot, Devon
<i>Sir Gavyn Arthur, Kt Joseph Charles Felix Byllam Byllam-Barnes</i>	<i>Citizen and Gardener Citizen and Upholder</i>	
<b>Barry Davey</b>	a Council Enforcement Officer	Grays, Essex
<i>Sir Gavyn Arthur, Kt Joseph Charles Felix Byllam Byllam-Barnes</i>	<i>Citizen and Gardener Citizen and Upholder</i>	
<b>Nicholas James Gill, TD</b>	a Logistics Manager	Wandsworth
<i>Sir Gavyn Arthur, Kt Joseph Charles Felix Byllam Byllam-Barnes</i>	<i>Citizen and Gardener Citizen and Upholder</i>	
<b>Wayne Kevin O'Connor</b>	a Regional Crime Investigator	Rainham, Essex
<i>John Alexander Smail Anne Elizabeth Holden</i>	<i>Citizen and Distiller Citizen and Basketmaker</i>	
<b>Duncan Philip Bennett</b>	a Fire Safety Inspecting Officer	Barnham, Sussex
<i>Sir Gavyn Arthur, Kt Joseph Charles Felix Byllam Byllam-Barnes</i>	<i>Citizen and Gardener Citizen and Upholder</i>	
<b>James Alexander Bennett</b>	a City of London Police Officer	Tooting, Wandsworth
<i>Sir Gavyn Arthur, Kt Joseph Charles Felix Byllam Byllam-Barnes</i>	<i>Citizen and Gardener Citizen and Upholder</i>	
<b>Bianca Naomi Campbell</b>	a Database Administrator	Croydon
<i>John Alexander Smail Anne Elizabeth Holden</i>	<i>Citizen and Distiller Citizen and Basketmaker</i>	
<b>Nichola Jeanne Harrison</b>	a Health and Safety Manager	Poole, Dorset
<i>Sir Gavyn Arthur, Kt Joseph Charles Felix Byllam Byllam-Barnes</i>	<i>Citizen and Gardener Citizen and Upholder</i>	
<b>Aubrey Ann Jacobs-Tyson</b>	a Chief Proof Reader	Croydon
<i>John Alexander Smail Anne Elizabeth Holden</i>	<i>Citizen and Distiller Citizen and Basketmaker</i>	
<b>Mark Bernard Clayton</b>	an Insurance Broker	Bicknacre, Chelmsford, Essex
<i>Mark Hill Abraham Geoffrey Hill Abraham</i>	<i>Citizen and Blacksmith Citizen and Blacksmith</i>	

<b>Eleanor Catherine Ogilvie</b> <i>Neville John Watson</i> <i>Peter Francis Clark</i>	a Management Consultant <i>Citizen and Fletcher</i> <i>Citizen and Mason</i>	Southwark
<b>Martyn Jon Boxall</b> <i>Christopher Michael Hayward, CC</i> <i>Alexander Bain Stewart, CC</i>	a Data Centre Manager <i>Citizen and Pattenmaker</i> <i>Citizen and Gold and Silver Wyre Drawer</i>	Reading, Berkshire
<b>Robert Michael Anderson</b> <i>Michael Hudson, CC</i> <i>Christopher Michael Hayward, CC</i>	a Scaffolder <i>Citizen and Painter Stainer</i> <i>Citizen and Pattenmaker</i>	West Wickham, Bromley
<b>Robert Ronald Anderson</b> <i>Michael Hudson, CC</i> <i>Christopher Michael Hayward, CC</i>	a Scaffolding Company Director <i>Citizen and Painter Stainer</i> <i>Citizen and Pattenmaker</i>	Peckham, Southwark
<b>John Gerard Drake</b> <i>Michael Hudson, CC</i> <i>Christopher Michael Hayward, CC</i>	a Building Services Manager <i>Citizen and Painter Stainer</i> <i>Citizen and Pattenmaker</i>	Erith, Kent
<b>Claire Scott</b>  <i>Roger Arthur Holden Chadwick, CC</i> <i>Jeremy Paul Mayhew, CC</i>	Personal Assistant To The Chamberlain of London <i>Citizen and Bowyer</i> <i>Citizen and Loriner</i>	Hornchurch, Havering
<b>Julia Elizabeth Helena Constantine</b> <i>Neville John Watson</i> <i>Peter Francis Clark</i>	a Research Consultant <i>Citizen and Fletcher</i> <i>Citizen and Mason</i>	Richmond, Richmond Upon Thames
<b>Matthew John Ellis</b> <i>Roger Arthur Holden Chadwick, CC</i> <i>Jeremy Paul Mayhew, CC</i>	a Pay and Administrative Officer <i>Citizen and Bowyer</i> <i>Citizen and Loriner</i>	Dartford, Kent
<b>Ian James Hall</b>  <i>Ivor Colin Shrago</i> <i>Michael Peter Cawston</i>	a Chandeliers and Fine Lighting Company Director <i>Citizen and Plaisterer</i> <i>Citizen and Tyler and Bricklayer</i>	Bicester, Oxfordshire
<b>Rakesh Kumar Hira</b> <i>Marianne Bernadette Fredericks, CC</i> <i>David Andrew Graves, Ald.</i>	a Local Government Officer <i>Citizen and Baker</i> <i>Citizen and Solicitor</i>	Shoreditch, Hackney
<b>Bonnie Luck Yin Chu</b>  <i>Neville John Watson</i> <i>Peter Francis Clark</i>	a Chartered Architect <i>Citizen and Fletcher</i> <i>Citizen and Mason</i>	Barnes, Richmond Upon Thames
<b>Kenneth David Jones</b> <i>Alexander Bain Stewart, CC</i>  <i>John Douglas Chapman, CC</i>	a Refinery Technician, retired <i>Citizen and Gold and Silver Wyre Drawer</i> <i>Citizen and Common Councilman</i>	Northfleet, Gravesend, Kent
<b>Kenneth Michael Sheehan</b> <i>Alexander Bain Stewart, CC</i>  <i>Christopher Michael Hayward, CC</i>	a Computer Systems Engineer, retired <i>Citizen and Gold and Silver Wyre Drawer</i> <i>Citizen and Pattenmaker</i>	Benfleet, Essex
<b>Roger Benjamin Nettleton-Hammond</b> <i>Alexander Bain Stewart, CC</i>  <i>John Douglas Chapman, CC</i>	a Motor Body Repairer, retired <i>Citizen and Gold and Silver Wyre Drawer</i> <i>Citizen and Common Councilman</i>	Gravesend, Kent

<b>Rebecca Marie Samouilhan</b> <i>Roger Arthur Holden Chadwick, CC Jeremy Paul Mayhew, CC</i>	a Personal Assistant <i>Citizen and Bowyer</i>	Tooting, Wandsworth
<b>Anthony John Clarke</b> <i>Peter John Neal Nigel Keith Croxford</i>	a Civil Construction Company Director, retired <i>Citizen and Loriner Citizen and Plaisterer</i>	Bromley
<b>Norma Una Gibbes</b> <i>Anthony Sharp Frederick Joseph Trowman</i>	a Head Teacher, retired <i>Citizen and Loriner Citizen and Loriner</i>	Dulwich, Southwark
<b>Charles Frederick Andrews</b> <i>Andrew Stratton McMurtrie, CC Alexander Bain Stewart, CC</i>	a Street Cleanser <i>Citizen and Salter Citizen and Gold and Silver Wyre Drawer</i>	Dagenham, Barking and Dagenham
<b>David George Johnson</b> <i>Brian Andrew Kay, OBE, TD, DL Martin William Lindsay Dodd, TD</i>	an Investment Banker <i>Citizen and Furniture Maker Citizen and Vintner</i>	Islington
<b>Peter Ronald Kane</b> <i>Roger Arthur Holden Chadwick, CC Jeremy Paul Mayhew, CC</i>	The Chamberlain of London Elect <i>Citizen and Bowyer Citizen and Loriner</i>	Haringey
<b>Terence Patrick Keech</b> <i>Richard Stuart Goddard Richard Leslie Springford</i>	a Chartered Engineer <i>Citizen and Shipwright Citizen and Carman</i>	Downe Village, Orpington, Bromley
<b>Nicholas Ethelbert Woodcock</b> <i>Sir Alexander Graham, GBE, DCL Sir David Brewer, Kt, CMG</i>	a Priest <i>Citizen and Mercer Citizen and Merchant Taylor</i>	Lavenham, Sudbury, Suffolk
<b>John Aloysius Maher III</b> <i>Wendy Mead, CC Sir David Wootton, Kt., Ald.</i>	a Legislator <i>Citizen and Glover Citizen and Fletcher</i>	Pittsburgh, Pennsylvania, United States of America
<b>Christopher John Anderson</b> <i>Roger Arthur Holden Chadwick, CC Sylvia Doreen Moys, CC</i>	an Information Technology Manager <i>Citizen and Bowyer Citizen and Chartered Secretary and Administrator</i>	Sanderstead, Surrey
<b>Gary William Sullivan, OBE</b> <i>Jurgita Zilinskiene Mark Hill Abraham</i>	a Business Support Company Chairman <i>Citizen and Fruiterer Citizen and Blacksmith</i>	Westcliff, Essex
<b>Laura Thompson</b> <i>Adam Fox McCloud Richardson, CC Matthew Charles Falco Lombardi Richardson, Ald</i>	a Midwife <i>Citizen and Common Councilman Citizen and Wax Chandler</i>	Bethnal Green, Tower Hamlets
<b>Stephen Michael Holmwood</b> <i>Nigel Peter Easton Glenn Appleyard Bridgeman Shaw</i>	a Regular Army Fusilier <i>Citizen and Coachmaker and Coach Harness Maker Citizen and Cordwainer</i>	Romford, Havering
<b>Patrick Dennis Pearman</b> <i>Henry Llewellyn Michael Jones, Deputy John William Fletcher, CC</i>	a Hydrant Engineer <i>Citizen and Common Councilman Citizen and Common Councilman</i>	Grays, Havering

<b>Philippa Alexandra Martinelli</b> <i>Gregory Alfred Lawrence, CC</i> <i>Paul Nicholas Martinelli</i>	an International Adviser in Atomic Rave Physics <i>Citizen and Common Councilman</i> <i>Citizen and Butcher</i>	Wimbledon, Merton
<b>Gary Andrew James Macleod</b> <i>John George Stewart Scott, CC</i> <i>Jeffrey Richard Evans, Ald</i>	an Information Technology Manager <i>Citizen and International Banker</i> <i>Citizen and Shipwright</i>	Enfield
<b>Stephen Malcolm Nunn</b> <i>Richard George Clerk Thornton, TD</i> <i>Donald Henry McGarr</i>	a Helicopter Operations Officer <i>Citizen and Leatherseller</i> <i>Citizen and Basketmaker</i>	White Notley, Essex
<b>Robert Frederick Morris</b>  <i>Richard George Clerk Thornton, TD</i> <i>Donald Henry McGarr</i>	a Regular Army Warrant Officer, retired <i>Citizen and Leatherseller</i> <i>Citizen and Basketmaker</i>	Ipswich, Suffolk
<b>Peter Andrew Cruddas</b>  <i>Eric Robert Butcher</i> <i>Jonathan Alexander Butcher</i>	a Finance Company Chief Executive <i>Citizen and Painter Stainer</i> <i>Citizen and Painter Stainer</i>	Much Hadham, Hertfordshire
<b>Janice Lorraine Evans</b> <i>Roger Arthur Holden Chadwick, CC</i> <i>Jeremy Paul Mayhew, CC</i>	a Teacher <i>Citizen and Bowyer</i> <i>Citizen and Loriner</i>	Haringey
<b>Elefteria Lisa Katsavos</b> <i>Andrew Charles Parmley, Ald.</i> <i>Jonathan Patterson Shiels</i>	a Pharmacy Director <i>Citizen and Musician</i> <i>Citizen and Joiner</i>	Melbourne, Victoria, Australia
<b>Dorothy Newlands of Lauriston</b> <i>John Alexander Smail</i> <i>Brian Lawrence Williamson</i>	a Writer <i>Citizen and Distiller</i> <i>Citizen and Master Mariner</i>	St Cyrus, Montrose, Angus
<b>Herbert Alfred Busby</b>  <i>James William Lane</i> <i>Stanley Brown, QGM, TD</i>	a Quality Control Manager, retired <i>Citizen and Tyler and Bricklayer</i> <i>Citizen and Loriner</i>	Queensbury, Stanmore, Harrow
<b>David William Dyke</b> <i>Alice Jessica Fountaine</i> <i>John Hazel</i>	a School Teacher, retired <i>Citizen and Haberdasher</i> <i>Citizen and Baker</i>	East Finchley, Barnet
<b>Kenneth Philip Lyons</b> <i>William Frederick Welch</i> <i>Daniel McGinley</i>	a Chartered Surveyor <i>Citizen and Plaisterer</i> <i>Citizen and Environmental Cleaner</i>	Rainham, Essex
<b>Benjamin John Bilsland</b> <i>Roger Arthur Holden Chadwick, CC</i> <i>Jeremy Paul Mayhew, CC</i>	a Chartered Accountant <i>Citizen and Bowyer</i> <i>Citizen and Loriner</i>	Bristol
<b>Charlotte Frances Rose Bilsland</b> <i>Roger Arthur Holden Chadwick, CC</i> <i>Jeremy Paul Mayhew, CC</i>	a Chartered Accountant <i>Citizen and Bowyer</i> <i>Citizen and Loriner</i>	Oxted, Surrey
<b>James David Bobin</b> <i>Matthew Charles Falco Lombardi Richardson, Ald</i> <i>Adam Fox McCloud Richardson, CC</i>	a Film Director <i>Citizen and Wax Chandler</i> <i>Citizen and Common Councilman</i>	Los Angeles, California

This page is intentionally left blank



## Report of the Town Clerk to be considered in conjunction with Item 8 (B)

*To be presented on Thursday, 6<sup>th</sup> March 2014*

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

Candidates were invited to provide information in support of their application to join the body set out below and the following were received:-

**To appoint FOUR Common Councilmen on The Honourable The Irish Society for terms of three years to expire in 2017.**

### **John Absalom**

*Curriculum Vitae in support of nomination:-*

I have been a member of the HIS since I was first nominated by my Ward in 1997 and have remained on the court until now. I was elected Deputy Governor for the year 2011-12 and acted as IPDG for the following year 2012-13. I have enjoyed my time on the court and find it ever more interesting and have found the work we do in N.I. extremely worthwhile especially the help we give to local schools and good causes. I think it is essential that the HIS has a degree of continuity with members as it takes some time to grasp exactly what the charity is all about. Therefore I feel that my experience and knowledge of the HIS is a valuable asset.

### **Peter Dunphy**

*Curriculum Vitae in support of nomination:-*

I was a member of the Society for the year prior to the reduction in the size of the Court and I attended the autumn visitation. I am of Northern Irish descent and felt that my involvement added to the Society's credibility as a cross-community organisation contributing to the greatly improved relations between groups and communities within the Province. I was invited to become involved directly in some of the cross-community initiatives and was also invited to talk to students at North West Regional College. I am keen to resume involvement as an active member contributing to the Society's diversity.

### **Christopher M Hayward**

#### *Curriculum Vitae in support of nomination:-*

I have a lifelong interest in Ireland with strong family connections and a close involvement with their various Junior Chambers of Commerce. This follows my time as National President of the British Junior Chambers of Commerce. I also have extensive knowledge of property matters, sitting as I do as a non-executive director of two commercial property companies. I would greatly value being able to participate in this ancient Society and to the City's continued contribution to the life of Ireland.

### **Wendy Hyde**

#### *Curriculum Vitae in support of nomination:-*

I first became interested in Northern Ireland when I visited banks in Belfast on business which I did from time to time, starting during the troubles and finishing after the peace settlement. I have therefore had a small personal insight into the changes that have taken place. I would now like to have the opportunity to learn more about the country by becoming a member of The Honourable the Irish Society. I would hope to bring to the Society an interest in Northern Ireland and its history as well as some knowledge of financial matters.

### **Gregory Jones QC**

#### *Curriculum Vitae in support of nomination:-*

I would like to stand for the Hon Irish Society. I know Northern Ireland pretty well my mother's family are from Northern Ireland. I'm Called to the Bar there and practice in Northern Ireland and so for my work I'm there quite a bit. I'm also involved with London Irish rugby club currently in the premiership where I am actively seeking closer links with the City. London Irish's crest includes the City badge halved with a Shamrock.

### **Vivienne Littlechild**

#### *Curriculum Vitae in support of nomination:-*

I believe my experience as Deputy Chairman of Culture Heritage & Libraries, being a member of Barbican Centre Committee and serving on City arts based groups would stand me in good stead with the Society's arts connections. The history of our connection with Londonderry is one I trust we can maintain. My long experience as a school governor at CLFS where I am the trained Child Protection Governor and my experience as a Magistrate in the Community, visiting schools introducing pupils to the legal system would also be good experience with schools visited. My many years in law must be useful background. If elected I can promise to bring genuine involvement, as I trust I do with all the committees upon which I serve.

### **Oliver Lodge**

#### *Curriculum Vitae in support of nomination:-*

Having completed a year on the Court of the Society, I hope to have the opportunity to continue for as full term in order to complete the work that is only just beginning. Major projects affecting the assets and charitable scope of the Society take several years to come to fruition and require a degree of continuity as well as new blood periodically. I take the view that The Honourable The Irish Society remains an aspect of the City Corporation through which we are able to demonstrate to the wider world that the City is not exclusively about banking and provides an illustration of the many ways in which it provides benefits for the nation.

### **Hugh Morris**

#### *Curriculum Vitae in support of nomination:-*

I am proud to submit my application to serve on The Honourable The Irish Society. The Society makes a unique contribution to the communities it serves in the County of Londonderry. Its presence in cross-community initiatives reinforces the City of London's tradition of political neutrality. It is valued both locally and across Northern Ireland. I have served in a variety of not-for-profit roles in the City, and outside, for the last 20 years. This has involved several community-focused roles in chairing charities focused on drugs/alcohol rehabilitation, community redevelopment, animal rescue and community arts. I would be honoured to apply my experiences and skills to support the mission and objectives of The Honourable The Irish Society.

### **Elizabeth Rogula**

#### *Curriculum Vitae in support of nomination:-*

I have been a Trustee of The Honourable The Irish Society (HIS) since February 2011 and have been on three visitations to Northern Ireland since that time. In my opinion, these visits are indispensable to understanding the role and objectives of the HIS and have played an important part in the knowledge I have acquired to date. I have been extremely pro-active in the work of the HIS and, in particular, I am most interested in progressing the educational work of the HIS and the relationship it has with various schools in County Londonderry. I have no political or religious bias.

### **Jeremy Simons**

#### *Curriculum Vitae in support of nomination:-*

The Honourable the Irish Society has evolved to being a charity supporting education and community activities across Derry-Londonderry and Coleraine. Having now served as Common Councilman for several years, I believe that I can put my experience to good use on the Court of the Irish Society. Through my role at Hampstead Heath I have a good knowledge of environmental issues and have much experience of building consensus and achieving balanced positions. I am a trustee of four charities, including three that support individuals in need in the community. I will aim to make a thoughtful and useful contribution.

### **Patrick Streeter**

#### *Curriculum Vitae in support of nomination:-*

For a long time I have been interested in Irish History and I have both of Professor Stevens Curl's impressive histories of the Londonderry Plantations on my bookshelves. One I have read from cover to cover and the other I have studied closely. I consider that The Irish Society has adapted well to changing times and that it does much useful work. I hope therefore to be able to play a positive role in its activities.

This page is intentionally left blank



## Report of the Town Clerk to be considered in conjunction with Item 9 b), d), e), g) and h)

*To be presented on Thursday, 6<sup>th</sup> March 2014*

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

Candidates were invited to provide information in support of their applications to join the bodies stated below and the following were received:-

*\* denotes a Member standing for re-appointment.*

**Two Members on the Audit and Risk Management Committee, one for the balance of a term to expire in April 2016 and one for the balance of a term to expire in April 2015.**

### **Alderman Charles Bowman**

*Curriculum Vitae in support of nomination:-*

As a senior audit partner in PwC, with 30 years of experience working in audit and 18 years as a partner specialising in delivering audit services to larger listed clients, I am hopeful that I might be considered someone with the range of skills and experience which are useful to support the Corporation and the Audit and Risk Management Committee.

Throughout my career I have worked with the Audit and Risk committees and the boards of many companies; until recently leading the PwC Audit and Risk Assurance practice looking after our FTSE100/150 clients.

Since being elected a member in May 2013 I have been keen to be able to engage with and contribute to the work of the Corporation and its committees.

### **Alderman Timothy Hailes Esq. JP \***

*Curriculum Vitae in support of nomination:-*

I am seeking election to the committee based on over 20 years professional experience as a risk manager in a leading US investment bank. I am a Managing Director and Practice Group Head in the Legal Department responsible for our equities line of business coverage worldwide and all aspects of financial services regulatory reform impacting our global corporate and investment bank. As a relatively newly elected member I am keen to demonstrate an active engagement in the work of our committees and this would naturally capitalise on my professional skills. I am a practising Solicitor.

### **Graeme M. Smith**

#### *Curriculum Vitae in support of nomination:-*

I currently work for BNY Mellon in Information Risk Management, part of Risk & Compliance, risk assessing and managing all M&A and similar activities for the company around the world. I have an accountancy-relevant degree from City University, and spent the subsequent four years working on statutory audits while studying for English Institute exams. I spent three years in Internal Control as a Banking Control Manager. I am qualified CISSP, CISM, and CRISC. I believe my previous 20+ years of experience working in audit, accountancy, operational risk, technical risk and information security, would be of value to this committee.

**One Member on the Board of Governors of the Museum of London for the balance of a term to expire in November 2016.**

### **Alison Gowman**

#### *Curriculum Vitae in support of nomination:-*

I have extensive experience of serving on the Board of the Sir John Soane's Museum where I am currently the Deputy Chairman and Chairman of the Audit Committee (I have served in the role of Chairman of Finance, Nominations and Remuneration variously during my 9 year term). I have also served on the Board of the Greenwich Foundation (Old Royal Naval College) for 8 years (ended March 2013) and Chaired their fundraising campaign that raised £6 million for a newly refurbished exhibition centre. Both have required skills to negotiate with Government and local authority bodies concerning funding, strategy and planning. I have been a member of the Museum of London's friends for over 10 years and am the Trustee of the Aldersgate Flame that stands immediately outside the Museum's front door. I have worked with the Museum in relation to that sculpture over various refurbishment periods since 2002.

### **Jeremy Mayhew**

#### *Curriculum Vitae in support of nomination:-*

I would bring much relevant experience, as well as personal enthusiasm and commitment, to the Museum of London Board. I have considerable familiarity with cultural institutions and creative industries, as a result of both:

- my professional career in the media industry – as a former senior BBC manager (e.g. a Board Director, BBC Worldwide, the BBC's main commercial Division) and, more recently, a strategy consultant, advising clients in and about the media sector – now a senior Adviser to PwC; and
- my involvement in a wide range of cultural institutions - e.g. a former Chairman, Barbican Centre Board; still on its Board. Also a Director of the City Arts Trust.

With the exciting plans to develop the City's "Cultural Hub", an awareness of the work and aspirations of the other City cultural institutions would, I believe, be of real value to the Museum's Board. In addition, I would bring a range of financial and commercial skills – demonstrated both in my business career and the Corporation. In summary, I hope that my professional and public service experience would enable me to make a useful contribution as a Governor of the Museum – which, also, happens to be in my Ward!

**Graeme M. Smith**Curriculum Vitae in support of nomination:-

I am very passionate about the Museum, and it's potential to be at the heart of a new cultural quarter, allowing people see and think about the City and London in a different manner. I've been a regular visitor to Museum throughout my childhood, while studying at the City University Business School in the Barbican Centre, and all through my working life in the City. I'd like the opportunity to help shape the Museum's future, and to bring fresh ideas and a new perspective to Board, perhaps from the many city museums I have visited around the world.

**Two Members on the City and Metropolitan Welfare Charity for four year terms to expire in March 2018.**

**Deputy Billy Dove \***Curriculum Vitae in support of nomination:-

I wish to seek re-election to the City Metropolitan Welfare Charity having served on it for some years now. I have over fifty years of experience in charity matters both in raising and distributing funds and have previously served on Sir John Cass Foundation, Bishopsgate Foundation, St Andrew Holborn Foundation and the Reeves Foundation among others. The work of the City Met fits in well with my portfolio of charity and education appointments and I hope my colleagues will do me the honour of re-electing me.

**Henry Colthurst**Curriculum Vitae in support of nomination:-

I step down from the Education & Charity committee of the Grocers' Company in July. Much existing work of the committee is involved in selection of potential recipients for small but meaningful grants intended to relieve poverty or provide services to the elderly. Prior to the giving of such grants, specific research must be carried out into individual recipients to determine how monies will be spent. With more time on my hands I would like to use some of that expertise to help this deserving East End based charity to give similar grassroot type assistance to ex-offenders.

**Two Members on the Candidate for City of London Reserve Forces and Cadets Association for three year terms to expire in March 2007.**

**Jamie Ingham Clark**Curriculum Vitae in support of nomination:-

During my lifetime I spent 4 years in the Combined Cadet Force and then spent 16 years on the HAC active list. I have also been an employer dealing with the HR side of volunteers. This experience gives me a perspective which should allow me to make a significant contribution to the work of the association, particularly in encouraging employers to support those who wish to volunteer. This is key during the next few years when the reserve forces have been set a significant recruiting challenge. I also have served as a Marshall on the Lord Mayor's Show which has shown me the diversity of the Units the City supports.

This page is intentionally left blank



## Report – Finance Committee City Fund: 2014/2015 Budget and Medium Term Financial Strategy

*To be presented on Thursday, 6<sup>th</sup> March 2014  
To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

### **Summary**

1. This report presents the overall financial position of the City Fund (i.e. the Corporation's finances relating to Local Government, Police and Port Health services) and recommends setting levels of business rates and council tax. There is a further report to your Committee on the financial position of all the City Corporation's Funds.
2. The City Fund forecast previously approved by the Court, included a provision for further government grant cuts up to 2016/17. The agreed strategy was to generate small surpluses for the next two years to bolster our reserves, allowing time to plan for neutralising the City Fund deficits with an additional savings programme identified from a service based review of activities and central departments. As expected and notwithstanding government cuts in the current Comprehensive Spending Review period, the City Fund is forecast to make a small surplus in 2014/15.
3. City Fund moves to a breakeven position in 2015/16 and significant deficits are forecast from 2016/17 onwards. By 2017/18, additional savings in the order of £9m p.a. will need to be found. This is equivalent to about 10% on Chief Officers' net cash limit budgets (paragraph 9).
4. So far, savings options worth up to £7.5m have been identified and are being examined. Of this, some £2m is reasonably secure and has therefore been removed from budget. These savings, along with investing cash reserves into property, have moved the deficit out a year from the position forecasted in the autumn 2013, when the scale of the likely government funding reductions became apparent (paragraph 10).
5. City Police and the Police Committee has its own savings plan to match reductions in police funding and is therefore a ring-fenced budget within the City Fund. The forecast is that the Force will achieve its balanced position over the medium term through drawing on its reserve on a measured basis (paragraph 12).

## **Recommendations**

6. We recommend that the Court of Common Council:-
- i) Approve the overall financial framework and the revised Medium Term Financial Strategy for the City Fund (paragraph 7);
  - ii) Approve the City Fund Net Budget Requirement of £110.4m (paragraph 15);
  - iii) Note the change in anticipated earnings from cash deposits to 0.75% across the planning period (paragraph 7a);
  - iv) Continue the policy of allowing City Police to draw from its reserves over the medium term on a managed basis, subject to a minimum £4.5m being retained (paragraph 12);
  - v) Note that no provision in the revenue estimates is made for growth or reduction in business rates, any changes being met from the use of balances (paragraph 22); and
  - vi) Approve that the annual uprating of applicable amounts, premiums, disregarded income, or capital in relation to the Local Council Tax Reduction Scheme 2014-2015 as it applies to working age claimants, be in accordance with the uprating to be applied under the Housing Benefit Regulations which take effect from 1 April each year; and the annual uprating of non-dependent income and deductions, and income levels relating to Alternative Council Tax Reduction, or any other uprating as it applies to working age claimants, shall be adjusted in line with inflation levels by reference to relevant annual uprating in the Housing Benefit Scheme, or The Prescribed Council Tax Reduction Scheme for Pensioners (paragraphs 32 and 33).

## **Business Rates**

- vii) Retain the City Business Rate Premium at 0.4p in the pound in 2014/15, but advise ratepayers of a possibility of an increase in 2015/16 if there is a further reduction in in the specific government grant for the Police's capital city responsibilities (paragraph 14h);
- viii) Set, inclusive of this premium, a Non-Domestic Rate multiplier of 48.6p for 2014/15 together with a Small Business Non-Domestic Rate multiplier of 47.5p (paragraph 20 );
- ix) Note that the Greater London Authority is in addition levying a Business Rate Supplement in 2014/15 of 2p in the £ on properties with a rateable value greater than £55,000 (paragraph 25); and
- x) Delegate to the Chamberlain the award of the following discretionary rate reliefs awarded under Section 47 of the Local Government Finance Act 1988:

relief of up to £1,000 to retail premises; 50% relief from non-domestic rates for up to 18 months between 1<sup>st</sup> April 2014 and 31<sup>st</sup> March 2016 on retail premises that become occupied, having been empty for at least one year; and exemption from empty rate for new rating assessments completed between 1<sup>st</sup> October 2013 and 30<sup>th</sup> September 2016 for up to 18 months (paragraph 24)

### **Council Tax**

- xi) Based on a zero increase over 2013/14, determine the provisional amounts of Council Tax for the three areas of the City to which are added the precept of the Greater London Authority (paragraphs 26-29);
- xii) Determine that the relevant (net of local precepts and levies) basic amount of Council tax for 2014/15 will not be excessive in relation to the requirements for referendum (paragraph 30);
- xiii) Approve that the cost of highways, transportation planning, road safety waste disposal, drains and sewers, open spaces and street lighting functions for 2014/15 be treated as special expenses to be borne by the City's residents outside the Temples (paragraph 16)

### **Capital expenditure**

- xiv) Note the proposed financing methodology of the capital programme in 2014/15 (paragraph 36);
- xv) Approve the Prudential Code indicators (paragraph 37 and Appendix C);
- xvi) Approve the following resolutions for the purpose of the Local Government Act 2003 (paragraph 35) that:-
  - at this stage the affordable borrowing limit (which is the maximum amount which the Corporation may have outstanding by way of borrowing) be zero; and
  - the prudent amount of Minimum Revenue Provision is zero.
- xvii) Any potential borrowing requirement and associated implications will be subject to a further report to Finance Committee and the Court of Common Council (paragraph 39); and
- xviii) Note the continued pursuit of the approved financing methodology for the Corporation's funding commitment towards the cost of Crossrail, in particular each future year's budget report will give an update on funding progress (paragraph 43 and Appendix A).

### **Chamberlain's assessment**

- xix) Take account of the Chamberlain's assessment of the robustness of estimates and the adequacy of reserves (paragraphs 41-44).

## Main Report

### Financial overview

1. The City Fund forecast previously approved by the Court included a provision for further government grant cuts up to 2016/17. The agreed strategy was to generate small surpluses for the next two years to bolster our reserves, allowing time to plan for neutralising the City Fund deficits with an additional savings programme identified from a service based review of activities and central departments.
2. The Government recently issued the Local Government Finance Settlement for 2014/15 and 2015/16 and the Policing Minister published the revenue allocations for police for 2014/15.
3. For City Fund, the government funding cuts equating to £5.1m in 2015/16, a further £2.2m in 2016/17 and £1.7m in 2017/18, have a significant impact. By 2017/18, the further cuts anticipated in government funding contribute to an expected deficit of £8.9m. The service based review sets a target to identify proposals amounting to £13m p.a, in order to provide a range of options from which Members may choose £9m p.a. The surplus for 2014/15 and the broadly breakeven position in 2015/16 allow two years for agreed savings proposals to be implemented.
4. For City Police, there is a reduction of £2.6m in grant compared to 2013/14. This reduction, equates to 4.5% which is exactly the same reduction as for all police forces. Our 2014/15 forecast assumed the 3.3% cash reduction the Home Office announced in relation to the 2014/15 grant, but the reduction in funding is some £667,000 worse than anticipated, despite the fact that Police has been protected from additional Government cuts announced in the Autumn statement. Further reductions are anticipated in subsequent years.
5. The economic context also remains challenging and the historically low interest rates mean that returns on cash investments remain small. The City has invested a considerable, but prudent, proportion of formerly cash-backed reserves into investment properties to secure a better income return.

### Revenue spending across planning period

6. This overview of the City Fund's financial position, covering the medium term period to 2017/18, is based on the annual in-depth survey of all revenue income and expenditure used to draft budgets approved by Committees.
7. Whilst the fundamental basis and approach underlying the previous forecast and the City Fund Medium Term Financial Strategy remains sound, it is proposed that certain key assumptions should be revised:-
  - a) **Investment income outlook:** On the City's two other key income streams, rental and investment income, market rents appear to be performing strongly for the foreseeable future. Property rental income is forecast based on the expected rental for each individual property, allowing for anticipated vacancy levels. For City Fund there is a fall in rental income of £1.1m p.a. in 2016/17

(and a further £0.6m p.a. in 2017/18) as the impact of financing the Crossrail contribution through the disposal of investment properties on City Fund takes effect.

As the economic situation improves, it is likely that interest rates will rise at some point in the medium term. However, it remains difficult to predict when an increase might occur. Accordingly, the rate of 0.75% currently being achieved on cash deposits has been included in the financial forecasts throughout the period.

However, since Resource Allocation Sub Committee decided to invest £110m of City Fund cash backed reserves into property, the income derived from cash balances has accordingly fallen.

A 1% increase in interest rates in 2015/16 would lead to increased income of £3m for the City Fund.

- b) **Service Based Review:** So far, savings options worth up to £7.5m have been identified and are being examined. Of this, some £2m is reasonably secure and has therefore been removed from budget. Work continues to provide the June meeting of the Resource Allocation Sub Committee with proposals in the order of £13m p.a.

8. To highlight three important continuing assumptions:-

- The Financial Strategy assumes no council tax increases across the planning period. The Government has announced that it will provide a grant to local authorities that freeze council tax for 2014/15. Councils that freeze or reduce council tax will get a grant worth 1% of their council tax in each of 2014/15 and 2015/16 - approximately £50,000 each year for the City. However, it is anticipated that City council tax payers will pay a very slightly lower bill as the GLA proportion, is expected to decrease by £1.60 on an average band D property in the City;
- Freezing of the City Business Rate Premium at the existing level for 2014/15;
- As part of securing savings, the inflation provision was revised in the previous forecast to 1% in 2013/14 and 2% in 2014/15. This excluded Police funding, as the City Police are restricted to their resource cash limit based on Government grant allocations and their share of the City's premium rate. Inflation at 2% per annum is also factored in throughout the remainder of the period. The Government's own measure – the GDP deflator - is presently 2.2% falling to 1.7% over the next 3 to 4 years. We continue to drive down procurement costs through the PP2P programme. We have a policy to consider supporting exceptional cost increases on a case by case basis and anticipate that might be necessary, for example on energy costs, notwithstanding the very good work being undertaken to reduce energy consumption. On City Fund each 2% is approximately £1.7m.

9. The latest forecast for City Fund-Non Police Services and Police services, taking account of conclusions from the annual survey and the property rental income forecasts from the City Surveyor, is shown below:

Table 3: City Fund Overall Revenue Deficit/ (Surplus)

	£m				
	<u>13/14</u>	<u>14/15</u>	<u>15/16</u>	<u>16/17</u>	<u>17/18</u>
<b>Non-Police</b>					
March 2013 forecast	(5.7)	(0.8)	1.4	5.2	NA
Current forecast	(5.4)	(6.8)	0.2	4.7	8.9
Uncommitted revenue reserves #	(39.5)	(45.2)	(45.0)	(39.0)	(23.6)
<b>Police</b>					
March 2013 forecast	2.1	1.8	0	0	NA
Current forecast *	0.4	4.6	4.7	6.7	NA
Uncommitted revenue reserves	(14.8)	(10.2)	(5.5)	1.2	NA

# Please note there are revenue contributions to capital spend in some years as approved by the Policy and Resources Committee. Consequently reserves are adjusted by more than the forecast deficit/ surplus.

\* Assumes Capital City Grant will continue to be received at £2.5m per year.

10. For City Fund, the large increase in the forecast surplus for 2014/15 is largely due to increased rent income following the purchase of investment properties from City's Cash and Bridge House Estates, together with the re-phasing to later years of revenue works programmes. The service based review savings of £2m already identified and removed from budgets, along with investing cash reserves into property, have moved the deficit out a year from the position forecasted in the autumn 2013, when the scale of the likely government funding reductions became apparent.
11. The key assumptions that underpin these latest projections for City Fund include the following:
- Provisional Grant settlement:** The financial forecast position includes an adjustment to the annual surplus/ (deficit) for the government funding settlement announced on the 18 December- a marginal reduction compared to forecast on 2014/15 and a 15.8% reduction in grant income in 2015/16 (compared to the 2014/15 grant level). A further likely reduction of 8% has been applied to 2016/17 and a further cut of 7% in 2017/18, in line with Local Government Association's assumptions included in its Future Funding Outlook report. It is worth noting that the LGA's reduction assumptions are consistent with the 15% forecast over the same period by the Institute of Fiscal Studies.
  - City Offset:** In addition to Formula Grant, the City Fund uniquely receives an Offset from the business rates collected in the Square Mile. The amount of the Offset is determined annually by DCLG and for 2014/15 is £10.7m.

- c. **Business Rates:** The 2012 Local Government Finance Act became law on 31 October 2012. It provided for the implementation of a system of business rate retention from 1 April 2013. If the City can increase non domestic rate revenue above its baseline funding level, it can retain a proportion of that growth. The way in which the scheme works means that any growth is split between central Government 50%, the GLA 20% and the City 30%. This 30% is then subject to a 50% levy payable to central Government. However, the assumptions in setting the starting point mean it is unlikely that the City will be able to share in business rate growth; rather the impact of future appeals means we are more likely to be concerned by the safety net which at 7.5% of the baseline funding level at least limits the City's share of future losses to £1.1m p.a. Of all local authorities, the City is at most risk of calling on the safety net, as this would occur if there was a decline in business rates of just 0.42%. Whilst appeals and consequential income loss are expected, we do not know the certainty or timing - it might be outside our current planning horizon.

Assumption - No growth or reduction anticipated, but note that due to appeals, there is a high likelihood that rates due will fall, in which case additional provision would need to be made for the City of up to £1.1m p.a. but this would be best met from reserves for the immediate future.

- d. **Council Tax:** The City's Council tax, expressed at band D and excluding the GLA precept is £857.31 for the current financial year, 2013/14. In December, the Chancellor announced that freeze grant will be rolled into the national baseline. Councils that freeze or reduce council tax will get a grant worth 1% of their council tax. For the City 1% equates to a figure of around £50,000.

The Government has announced that for 2014/15 any council tax increase of 2%, or higher than 2%, would require a referendum.

The forecast currently anticipates accepting the freeze grant. This would be in line with our policy of maintaining parity with London Boroughs most of whom have indicated that they will freeze, although three have confirmed reductions between 0.5% and 3%.

- e. The forecast currently anticipates accepting the freeze grant.

### **City Fund: Police**

12. Notwithstanding the assumption that the Capital City Grant will be maintained at £2.5m a year across the forecast period; current projections indicate that Police reserves will be fully utilised by 2016/17. This would breach the current policy of allowing City Police to draw on its reserves over the medium term, subject to a minimum £4.5m being retained. The Police has its own savings plan to match reductions in police funding which will also amount to about £9m by 2017/18. It is proposed that the current policy of allowing City Police to draw on its reserves, subject to a minimum of £4.5m is retained, pending the outcome of the Police's cost reduction programme.

13. The increasing deficits from 2014/15 onwards and hence use of reserves, is essentially the net impact of allowances for pay and price increases, changes in manpower levels and revenue contributions towards the funding of the capital programme.

14. Funding assumptions include:

- f. **Grant funding**, as in previous years, City of London Police will receive formula funding from two sources - Home Office Police Grant and DCLG formula funding. The City Police will receive £55.2m for 2014/15. This is a reduction of £2.6m compared to 2013/14. This reduction, equates to 4.5% which is exactly the same reduction as for all police forces. Our 2014/15 forecast assumed the 3.3% cash reduction the Home Office announced in relation to the 2014/15 grant, but the reduction in funding is some £667,000 worse than anticipated, despite the fact that Police has been protected from additional Government cuts announced in the Autumn statement. This is mainly due to top slicing of the overall Police Grant to fund a number of new initiatives, such as Police Innovation Fund, additional funding for the Independent Police Complaints Commission and the City Police Capital City Grant.

As with 2013/14, the City's provisional settlement includes some £10m protection (damping mechanism) which presents a financial risk in future reviews of the Police Allocation Formula.

For 2015/16, the Home Secretary has deferred publication of police funding allocations pending her review of all Home Office budgets. For planning purposes the 2015/16 and 2016/17 forecasts assume cash reductions of 3.2% and 3.75% respectively.

- g. **Specific grants**: In addition to the main Police grant, the City Police receives many specific grants. One of these, for Dedicated Security Posts/ Capital City funding, was initially forecast to reduce from £8.5m to £5m as the City Police has been benefitting from protection measures in the distribution formula. This grant has now been confirmed at £7.8m for 2014/15 including a £2.5m Capital City element 'in recognition of its national and international city functions'. Whilst the £7.8m compares favourably with £5m that had been anticipated by the City of London Police, it does still represent a further £0.7m cash reduction to Police funding compared to 2013/14. The Police forecast assumes that the £2.5m Capital City Grant will be received across the forecast period.

Although the Capital City Grant settlement for 2014/15 is welcomed, it comes with the caveat that for future years a joint bid will need to be presented with the Metropolitan Police which itself is facing very tough budget decisions.

- h. **Business Rates Premium**: The City is uniquely able to raise additional income for the City Fund from its business rate premium. The current premium on City businesses has been unchanged since 2006/07 at 0.4p. In light of Police funding constraints and the likelihood of further grant

reductions, the December Resource Allocation Sub Committee considered a potential increase to 0.5p in the pound. However, the Sub Committee preferred to seek appropriate levels of funding to help support national responsibilities in 2015/16 rather than looking to raise the premium.

At the Ratepayers meeting on 4 February 2014, the Chairman of Finance signalled that if there was a further reduction in the specific Government grant for dedicated security posts /capital city responsibilities, a request for an increase in the premium on the business rate may be made from 2015/16.

The Police forecast assumes that there will be no increase in the business rate premium.

## Revenue Spending Proposals for 2014/15

15. Total revenue expenditure of £146.1m is proposed for 2014/15, a decrease of £4.2m. The table below shows how this is financed and the resulting council tax requirement.

<b>Table 2: Setting the Council Tax requirement</b>		
	<b>2013/14 £m (original)</b>	<b>2014/15 £m</b>
Net Expenditure on Services	149.2	144.5
Supplementary Revenue Projects	1.1	1.6
<b>Total revenue requirement</b>	<b>150.3</b>	<b>146.1</b>
Estate rental income	(34.7)	(39.3)
Income on balances	(4.4)	(2.1)
Net requirement	111.2	104.7
Plus proposed contribution to/(from) reserves*	5.7	5.7
<b>City Fund Net Budget Requirement</b>	<b>116.9</b>	<b>110.4</b>
<u>Financing sources</u>		
Formula Grant	(94.3)	(87.4)
City Offset	(10.5)	(10.7)
NNDR premium (net)	(6.5)	(6.5)
City's share of Collection Fund Surplus	(0.4)	(0.5)
<b>Council Tax Requirement</b>	<b>5.2</b>	<b>5.3</b>

\* The £5.7m contribution to reserves in 2014/15 comprises the £6.8m underlying surplus less £1.1m used to finance capital expenditure from revenue.

16. A separate report on today's agenda "Revenue and Capital Budgets 2013/14 and 2014/15" includes the detailed net revenue budget requirements of the City Fund. Included within the net expenditure on services of £144.5m is provision for any levy or special levies issued to the City by relevant levying bodies such as the Environment Agency, the Lee Valley Regional Park Authority, London Pensions Fund Authority and London Council's Grant scheme. This also includes the following precepts anticipated for the year by the Inner and Middle temples (after

allowing for the cost of highways, transportation planning, road safety, waste disposal, drains and sewers, open spaces and street lighting being declared as special expenses).

	2013/14 £	2014/15 £
Inner Temple	175,297	180,931
Middle Temple	146,341	152,273
<b>Total</b>	<b>321,638</b>	<b>333,204</b>

17. On financing, the table below analyses the change in formula grant:

	2013/14 £m	2014/15 £m	Reduction on 2013/14	
			£m	%
Police	57.8	55.2	-2.6	-4.5
Non-Police	36.5	32.2	-4.3	-11.8
<b>Total</b>	<b>94.3</b>	<b>87.4</b>	<b>-6.9</b>	<b>-7.3</b>

18. The City Offset of £10.7m is included in the new arrangements for Business Rates Retention.

#### Business Rates

19. The Secretary of State has proposed a National Non-Domestic Rate multiplier of 48.2p and a Small Business Non-Domestic Rate Multiplier Rate of 47.1p for 2014/15. These multipliers represent an increase of 1.1p and 0.9p respectively over the 2013/14 levels. The actual amount payable by each business will depend upon its rateable value and the impact of the transitional relief scheme following the Government's five yearly business rate revaluation implemented in April 2010.

20. The business rate premium on City businesses has been unchanged since 2006/07 at 0.4p and it is proposed that this remain unchanged again this year. The proposed premium will result in a National Non-Domestic Rate multiplier of 48.6p and a Small Business Non-Domestic Rate of 47.5p for the City for 2014/15. It is anticipated that a premium of 0.4p will raise approximately £6.5m.

21. Likely appeals would also affect the premium income. However, as with business rates, we do not know the certainty or timing- it might be outside our current planning horizon.

22. The forecast assumes no increase in business rates premium. No estimate has been included for potential reductions from successful appeals.

23. One final issue in relation to business rates: The Government has announced that the temporary increase in small business rate relief will continue to 31st March 2015. Also three new reliefs have been, or are about to be, introduced:

- a discount of £1,000 in 2014/15 and 2015/16 for retail properties with a rateable value of up to £50,000 (there will be a few exclusions, e.g. betting shops, building societies, and professional services such as solicitors);
- a 50% discount for new occupiers of previously empty property for up to 18 months; and
- an exemption from empty rate for up to 18 months for new property completed between 1<sup>st</sup> October 2013 and 31<sup>st</sup> March 2016.

24. As rateable values in the City are comparatively very high, more than half the retail premises will not qualify for the £1,000 relief. There is no upper limit with the other two forms of relief. All these reliefs will be subject to state aid rules and will therefore be complicated to administer. It is understood that these new reliefs are to be funded fully by central government, although full details are not yet available. Technically, in order to avoid primary legislation, these reliefs will be discretionary. However, as they are to be fully funded by central Government and not subject to the rates retention split, there is no reason not to award them to all cases that meet the criteria. It is anticipated that virtually every qualifying retail business will apply and delegation to the Chamberlain is therefore sought to award all three of these reliefs.

#### Business Rate Supplement

25. The Mayor for London is again proposing to levy a Business Rate Supplement of 2.0p in the £ on properties with a rateable value greater than £55,000, to raise funds towards Crossrail.

#### Determination of the Council Tax requirement

26. The 1992 Act prescribes detailed calculations that the City, as billing authority, has to make to determine Council Tax amounts. The four steps are shown in Appendix B. Although the process is somewhat laborious, it is a legislative requirement that these separate amounts be formally determined by resolutions of the Court of Common Council.

27. After allowing for a proposed contribution to reserves (to balance the revenue position over the planning period), the final City Fund council tax requirement for 2014/15 is £5.3m. In accordance with the provisions in the Localism Act 2011, the council tax requirement allows for the Formula Grant, the City Offset, the City's Rate Premium and the estimated surplus on the Collection Fund at 31 March 2014. As detailed in Appendix B, the City's proposed Council Tax for 2014/15 at band D is £857.31. Consequently it is proposed to freeze Council Tax for 2013/14 at £857.31 (band D property), before adding the Greater London Authority (GLA) precept. To determine the City's Council Tax for each property band, nationally-fixed proportions are applied to the average band D property.

28. The GLA's proposed precept for 2014/15 is £84.48 for a Band D property. This excludes the Metropolitan Police requirement and represents a decrease of £1.60 (1.86%) compared with 2013/14.

29. The total amounts of Council Tax for each category must be set by the City before 11 March. The proposed amounts are shown in the table below:

<b>Table 5: Council Tax per Property Band: calculated by applying nationally fixed proportions from Band D.</b>								
	£							
	A	B	C	D	E	F	G	H
CoL	571.54	666.80	762.05	857.31	1,047.82	1,238.34	1,428.85	1,714.62
GLA	56.32	65.71	75.09	84.48	103.25	122.03	140.80	168.96
Total	627.86	732.51	837.14	941.79	1,151.07	1,360.37	1,569.65	1,883.58

30. It is anticipated that the City's total Council Tax will remain the third lowest in London. The Court of Common Council will be requested to formally determine that the relevant (net of local precepts and levies) basic amount of Council tax for 2014/15 will not be excessive in relation to the new referendum requirements for any council tax increases.

31. One final issue in respect of the City's Council Tax relates to discounts:

- Currently second homes in the City still receive 10% discount and no changes have been made since 2007. However, following a report to the January 2013 meeting of the Finance Committee, it was agreed to retain the discounts at 10% for 2013/14 but to consult with council tax payers about the level of discounts so that any changes could be made from 1<sup>st</sup> April 2014. This consultation has now taken place.
- Letters were sent to all council tax payers, not only second home owners, asking for comments on the level of discount for second homes. Around 5,500 letters were sent but there have only been about 130 responses. As there are at least 1,500 second properties in the City, this implies that there is no strong objection to removing the discount. All London Boroughs, apart from two, have removed the second homes discount. Finance Committee considered this issue at its January meeting and proposes to recommend to the Court of Common Council that the discount applying to second homes should be removed in 2014/15.

Council Tax Reduction (formerly council tax benefit)

32. From April 2013, council tax reduction replaced council tax benefit and local authorities have to make their own local schemes if not applying the Government default scheme. The City adopted the default scheme for 2013/14. There is no proposal to amend the scheme for 2014/15 other than to apply the annual uprating of applicable amounts in line with housing benefit applicable amounts to ensure that no claimants in receipt of the council tax reduction are no worse off in 2014/15.

33. It is proposed, therefore, that the annual uprating of applicable amounts, premiums, disregarded income, or capital in relation to the Local Council Tax Reduction Scheme 2014-2015 as it applies to working age claimants, be in accordance with the uprating to be applied under the Housing Benefit Regulations which take effect from 1 April each year; and the annual uprating of non-dependent income and deductions, and income levels relating to Alternative Council Tax Reduction, or any other uprating as it applies to working age claimants, shall be adjusted in line with inflation levels by reference to relevant annual uprating in the Housing Benefit Scheme, or The Prescribed Council Tax Reduction Scheme for Pensioners.

### Capital

34. The Corporation has a significant programme of property investments and works to improve the operational property estate and the street scene. Spending on these types of activity is classified as capital expenditure. Key areas in the 2014/15 capital programme include:

	<b>£m</b>
Property Investment	9.0
New Police Accommodation	8.2
Old Bailey Enhancements	4.3
Affordable Housing Construction	9.7
Dwelling Improvements	7.6
Barbican Podium	8.1
Roads, Bridges, Streetscene	17.9

35. Capital expenditure is primarily financed from capital reserves derived from the sale of properties, earmarked reserves and grants or reimbursements from third parties. The City has not borrowed any money to finance these schemes.

36. This is summarised in the table below:-

	£m
Estimated Capital Expenditure	73.6
Financing	
Internal	
• Earmarked reserves:	
Housing Revenue Account (HRA)	5.4
Highways Improvements	9.0
Other	1.0
• Capital Receipts	25.2
• Revenue Reserves	2.1
External	
• Grants and reimbursements	30.9
<b>Total</b>	<b>73.6</b>

37. The Local Government Act 2003 requires the City to set prudential indicators as part of the budget setting process. The indicators that the Court of Common Council will be asked to set are:

- Estimates of capital expenditure 2014/15 to 2016/17
- Estimates of the capital financing requirement 2014/15 to 2016/17
- Ratio of financing costs to net revenue stream (City Fund and HRA)
- Net debt and the capital financing requirement
- Estimate of the incremental impact on council tax and housing rents.

38. The prudential indicators listed above, together with some locally developed indicators, have been calculated in Appendix C. In addition, treasury-related prudential indicators are required to be set and these are included within the 'Treasury Management Strategy and Annual Investment Strategy' at Appendix D.

39. The main point to highlight is that there is no underlying requirement at this stage to borrow for capital purposes and therefore the Corporation's Minimum Revenue Provision towards borrowing costs (MRP) is also zero. The Court of Common Council needs to formally approve these indicators.

Provision for future capital expenditure

40. In addition to the programmed capital schemes over the planning period, the Capital Programme allows £3m per annum for new schemes [of which £1m has been earmarked to provide capital funding for the Museum of London] which have not yet been identified. If schemes are identified in excess of these provisions, Resource Allocation Sub Committee will need to prioritise resources.

### **Robustness of Estimates and Adequacy of Reserves**

41. Section 25 of the Local Government Act 2003 requires the Chamberlain to report on the robustness of estimates and the adequacy of reserves underpinning the budget proposals.

42. In coming to a conclusion on the robustness of estimates the Chamberlain needs to assess the risk of over or under spending the budget. To fulfil this requirement the following comments are made:-

- a) provision has been made for all known liabilities, together with indicative costs (where identified) of capital schemes yet to be evaluated;
- b) the estimates and financial forecast have been prepared at this stage on the basis of the Corporation remaining debt free as no requirement to borrow is currently anticipated;
- c) prudent assessments have been made in regard to key assumptions;
- d) an annual capital envelope is in place seeking to ensure that capital expenditure is contained within affordable limits;
- e) although the City Fund financial position is vulnerable to rent levels and interest rates, it should be noted that:-
  - the City Surveyor has carried out an in-depth review of rent incomes
  - the assumed interest rate has been lowered across the planning period

- f) a strong track record in achieving budgets gives confidence on the robustness of estimates.

43. There are, nevertheless, risks to the achievement of the latest forecasts:

Within the City of London's control:

- The key risk we highlighted to the Resource Allocation Sub Committee in December 2013 for achieving the financial forecast lies in achieving the programme of asset sales needed to finance the capital programme. Whilst capital spend up to 2018 can be supported by the disposal programme, this level of spend cannot be sustained in the longer term. The forecast revenue position cannot support significant contributions to the funding of the capital programme. Consequently the overall level of capital spend will need to be contained unless the revenue position can be improved.
- The forecasts also assume that sufficient capital receipts will be generated to fund the Crossrail commitment of £200m from City Fund and that the payment is made on 31 March 2016. As set out in Appendix A, part of these receipts have been achieved and a strategy is being prepared to deliver the balance. Based on the forecast receipts, there is a small gap, estimated to be in the order of £7.1m, in the provision for the £200m, although with 2 years to run, the aim is to eliminate this.

Outside the City of London's control

- The key risk on City Fund relates to the government funding streams and system. We now have confirmation of the grant figures for 2014/15 and 2015/16 for City Fund non- Police services and for 2014/15 for Police; sometime in 2014 we should have a more informed view about the impact of the mini spending review but as ever, will need to translate this in terms of potential reductions to the Revenue Support Grant.
- The Business Rates Retention Scheme currently presents more of a risk to our funding rather than an opportunity; however, we are forecasting a neutral position on this for the present. Against this however, when interest rates do eventually increase, the additional income could offset the risks of these losses.
- The assumption on interest rates of 0.75% may appear overly prudent across the period, but if interest rates rise then it is likely inflation will do also and the assumption also provides a buffer against the risk of a loss in business rates income, capped at £1.1m p.a.

44. The Chamberlain has reviewed the various levels of Reserves within City Fund as listed at Appendix E and is satisfied that each reserve continues to be relevant.

### **Equalities Implications**

45. During the preparation of this report all Chief Officers have been asked to consider whether there would be any potential adverse impact of the various

budget policy proposals on the equality of service with regard to service provision and delivery that affects people, or groups of people, in respect of disability, gender and racial equality. None are anticipated but they are expected to confirm this by the date of the Committee.

## **Consultations**

46. The various proposals contained in this report were presented to the annual meeting of business ratepayers held in the Guildhall on the 4th February. No objections were raised.
47. A meeting was held with the Trade Unions to discuss the recommendations. There were no objections to the proposals and the trade unions have asked to meet to discuss the service based review.

## **Conclusion**

48. Based on these projections, the estimates are considered robust and the level of and policies relating to the City Fund reserves considered reasonable.
49. The main risk to City Fund relates to the Government funding from 2016/17 onwards. We have factored a 15% reduction over 2016/17 and 2017/18 into our financial forecasts, however the reduction could be greater than this. The financial strategy already addresses this risk in making additional savings and efficiencies through the service based review.

## **Appendices**

Appendix A	Crossrail Funding Commitment; latest position
Appendix B	Calculating Council Tax
Appendix C	Prudential Code Indicators
Appendix D	Treasury Management Strategy and Annual Investment Strategy
Appendix E	City Fund Reserves 2014/15

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

DATED this 18<sup>th</sup> day of February 2014.

SIGNED on behalf of the Committee.

**ROGER ARTHUR HOLDEN CHADWICK**  
**Chairman of the Finance Committee**

**Item 13 (a) Appendix A**

**Progress on City Fund Crossrail Funding Commitment  
Forecast position for 31/03/2016**

The City Corporation is committed to a contribution of £200m from City Fund to the Crossrail Project. The earliest date for payment is estimated to be 31 March 2016. The latest forecast of the sum to be delivered by the Crossrail funding strategy is £192.9m as summarised in the table below.

<b>Resources Available from City Fund Crossrail Funding Strategy Forecast for 31 March 2016</b>	
Capital receipts from sale of Crossrail investment properties	£m 114.4
General capital receipts reserve	
From planned disposals	51.0
Unused balance of £100m provision for Crossrail investment properties	2.9
Revenue reserve- Rental income from Crossrail investment properties and interest on cash balances held	24.6
Total forecast of resources available at 31 March 2016	192.9
City Fund Crossrail commitment	200.0
Shortfall	7.1

The realisation of this forecast level of resources is dependent upon the delivery by 31 March 2016 of £114.4m capital receipts from the sale of Crossrail investment properties of which £22.9m has been received to date. The City Surveyor is preparing a strategy for delivering the balance of £91.5m.

The forecast also assumes that £51m will be available from the planned disposal of other investment properties and operational assets which are surplus to requirements. These receipts are primarily related to two development sites which are on track to deliver as planned.

Based on these receipts being achieved, the forecast indicates a shortfall of £7.1m.

However, with two years yet to run, officers will seek to address this shortfall within the present Crossrail funding strategy. Should this not be possible, any residual shortfall would, in all likelihood, need to be met from further asset disposals.

This page is intentionally left blank

## Calculating Council Tax

### Step One ('B1')

This requires calculation of the basic amount of Council Tax for a Band D dwelling for the whole of the City's area by applying the formula:

$$'B1' = \frac{R}{T}$$

Where

'B1' is the Basic Amount 'One':

R is the amount calculated by the authority as its council tax requirement for the year;

T is the amount which is calculated by the authority as its Council Tax base for the year. This amount was approved by the Chamberlain under the delegated authority of the City of London Finance Committee, (6,187.65) together with the Council Tax bases for each part of the City's area.

The above calculation is as follows:

$$'B1' = \frac{\underline{\pounds 5,304,734}}{6,187.65}$$

$$'B1' = \pounds 857.31$$

**Note:** Item R consists of the following components:

	£	£
City Fund Net Budget Requirement		110,463,307
Less:		
Formula Grant	(87,415,000)	
City's Offset	(10,743,000)	
Estimated Non-Domestic Rate Premium (Net)	(6,500,000)	
Estimated Collection Fund Surplus as at 31 March 2014 (City's share)	(500,573)	(105,158,573)
<b>TOTAL COUNCIL TAX REQUIREMENT (R)</b>		<b>5,304,734</b>

### Step Two ('B2')

This calculation is for the basic amount of tax for the area of the City excluding special items. The prescribed formula is:

$$'B2' = 'B1' - \frac{A}{T}$$

Where:

'B2' is the Basic Amount 'Two';

'B1' is the Basic Amount of Council Tax (Basic Amount 'One')  
NB included with 'B1' is the aggregate of special items

A is the Aggregate of all special items;

T is the Council Tax base for the whole area

The above calculation is as follows:

$$'B2' = \frac{\pounds 857.31 - \pounds 13,485,203.88}{6,187.65}$$

$$'B2' = \pounds 1,322.06 \quad \underline{CR}$$

**Note:** Item A consists of the following components:

	£	£
Highways Net Expenditure	6,969,000.00	
Waste Disposal Net Expenditure	1,329,000.00	
Open Spaces Net Expenditure	1,426,000.00	
Transportation Planning	1,557,000.00	
Drains and Sewers	554,000.00	
Street Lighting Net Expenditure	1,317,000.00	
Total City's Special Expenses		13,152,000.00
Inner Temple's Precept	180,931.30	
Middle Temple's Precept	152,272.58	333,203.88
Total Special Items		13,485,203.88

### Step Three 'B3'

The next calculation is for the basic amount of each of the three parts of the City (the Inner and the Middle Temples and the remainder of the City area) to which special items relate (Basic Amount 'Three'). The calculations for each of the areas are as follows:

$$'B3' = 'B2' + \frac{S}{TP}$$

Where:

'B3' is the Basic Amount 'Three'

'B2' is the Basic Amount 'Two'

S is the amount of the special items for the part of the area

TP is the billing authority's Tax base for the part of the area to which the special items relate as determined by the Chamberlain under the delegated authority of the City of London Finance Committee.

### City Area Excluding the Temples

$$\text{'B3'} = \text{£}1,322.06 \text{ CR} + \frac{\text{£}13,152,000}{6,034.76}$$

$$\text{'B3'} = \text{£}857.31$$

### Inner Temple

$$\text{'B3'} = \text{£}1,322.06 \text{ CR} + \frac{\text{£}180,931.30}{83.02}$$

$$\text{'B3'} = \text{£}857.31$$

### Middle Temple

$$\text{'B3'} = \text{£}1,322.06 \text{ CR} + \frac{\text{£}152,272.58}{69.87}$$

$$\text{'B3'} = \text{£}857.31$$

### Step Four

Finally, Council Tax amounts have to be calculated for each valuation band (A to H) in each of the three areas (i.e. 24 Council Tax categories). The formula to be used is:

$$\text{Council Tax for particular category} = A \times \frac{N}{D}$$

A is the Basic Amount 'Three' ('B3') calculated for each part of its area;

N is the proportion applicable to dwellings listed in the particular valuation Band for which the calculation is being made;

D is the proportion applicable to dwellings listed in valuation Band D.

<b>Council Tax per Property Band: calculated by applying nationally fixed proportions from Band D.</b>								
	£							
	A	B	C	D	E	F	G	H
Proportion	6	7	8	9	11	13	15	18
CoL	571.54	666.80	762.05	857.31	1,047.82	1,238.34	1,428.85	1,714.62
GLA	56.32	65.71	75.09	84.48	103.25	122.03	140.80	168.96
Total	627.86	732.51	837.14	941.79	1,151.07	1,360.37	1,569.65	1,883.58

This page is intentionally left blank

## PRUDENTIAL INDICATORS

The following Prudential Indicators (and those included in Appendix E) have been calculated in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities. In addition two local indicators have been developed to reflect the City's particular circumstances. Those indicators relating to estimates for the financial years 2014/15, 2015/16 and 2016/17 (values shown in bold) are required to be set by the Court of Common Council as part of the budget setting process, and should be taken into account when considering the affordability, prudence and sustainability of capital investments.

### Prudential Indicators for Affordability

#### Estimate of the ratio of financing costs to net revenue stream

Table 1

	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Revised	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
HRA	0.20	0.18	0.21	0.20	0.22	0.23	0.24	0.24	<b>0.31</b>	<b>0.31</b>	<b>0.31</b>
Non-HRA	-0.36	-0.44	-0.40	-0.29	-0.28	-0.37	-0.39	0.22	<b>-0.39</b>	<b>-0.41</b>	<b>-0.36</b>
Total	-0.32	-0.39	-0.36	-0.26	-0.25	-0.32	-0.33	0.22	<b>-0.34</b>	<b>-0.35</b>	<b>-0.31</b>
<i>At this time last year</i>	-0.32	-0.39	-0.36	-0.26	-0.28	-0.26	-0.30	-0.29	-0.29	-0.30	-

This ratio is intended to represent the extent to which the net revenue consequences of borrowing impact on the net revenue stream. Since the City Fund is a net lender in its Treasury operations and is in receipt of significant rental income from investment properties, the Non-HRA and Total ratios are usually negative. However, in 2013/14 these ratios are positive as a result of the treasury management decision to make a significant investment of revenue cash balances in property.

#### Estimate of the incremental impact of capital investment decisions on the Council Tax

Table 2

	2013/14 Revised £	2014/15 Estimate £	2015/16 Estimate £	2016/17 Estimate £
Incremental increase/(decrease) Per Band 'D' Equivalent	(100.00)	<b>(918.00)</b>	<b>(1,744.00)</b>	<b>(2,035.00)</b>
<i>At this time last year</i>	(322.00)	(569.00)	(539.00)	-

This ratio has been calculated to show the net incremental revenue impact of variations in the capital programme since the 2013/14 original estimates were prepared, expressed as a Band D equivalent. The variations generally reflect the impact on interest earnings and rental income arising from changes in the capital programme. In particular the marked increase over the indicators at this time last year are a result of the treasury management decision to switch from cash to property investment in 2013/14. Whilst in theory, this

could be a strong indicator of affordability, in reality it is difficult to demonstrate a direct link between capital expenditure and its impact on the Council Tax, due to the special arrangements relating to the setting of the City's Council Tax.

### **Estimate of the incremental impact of capital expenditure on housing rents**

Table 3

	<b>2013/14 Revised £</b>	<b>2014/15 Estimate £</b>	<b>2015/16 Estimate £</b>	<b>2016/17 Estimate £</b>
Incremental increase/(decrease) on Average Weekly Rent	(0.57)	1.04	(0.37)	(0.27)
<i>At this time last year</i>	(1.10)	(0.02)	(0.02)	-

The current figures reflect the variations in annual capital costs associated with maintaining the decent homes standard and other improvements. Positive figures denote an increase and negative figures denote a decrease in the costs to be borne by the Housing Revenue Account. Councils' discretion to amend rents has, until recently, been largely removed by the Government's restrictions on the levels of rent chargeable, which previously made the above figures purely notional. As a result of Government reforms to council housing finance, the extent to which capital will impact on future rent levels is under review.

### **Prudential Indicator of Prudence**

#### **Net debt and the Capital Financing Requirement**

Table 4

	<b>Period 2013/14 to 2016/17 £m</b>
Net borrowing/(Net investments)	(70.174)
Capital Financing Requirement	(1.928)

To ensure that, over the medium term, net borrowing will only be for capital purposes, this indicator is intended to demonstrate that net external borrowing does not exceed the capital financing requirement over the period 2013/14 to 2016/17. For this purpose, net debt is defined as the net total of external borrowing and investments. The existing financial plans assume that no external borrowing will be undertaken within the planning period, resulting in a 'net investment position', and this indicator has been calculated simply to comply with the Code.

## Prudential Indicators for Capital Expenditure and External Debt

### Estimate of Capital Expenditure

Table 5

	2006/07 Actual £m	2007/08 Actual £m	2008/09 Actual £m	2009/10 Actual £m	2010/11 Actual £m	2011/12 Actual £m	2012/13 Actual £m	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
HRA	1.303	0.444	1.755	1.000	3.541	12.910	3.502	2.838	17.378	3.253	0.620
Non-HRA	28.936	27.060	121.934	76.404	42.109	210.156	17.939	191.005	56.209	231.551	20.655
Total	30.239	27.504	123.689	77.404	45.650	223.066	21.441	193.843	73.587	234.804	21.275
<i>At this time last year</i>	30.239	27.504	123.689	77.404	45.650	99.681	32.373	46.085	94.011	253.985	-

This indicator is based on the capital budget, augmented to reflect the indicative cost of schemes which have been approved in principle but have yet to be evaluated. It should be noted that the figures represent gross expenditure and that a number of schemes are wholly or partially funded by external contributions. Comparison with this time last year's figures shows a significant increase in 2013/14 which reflects the investment of revenue cash balances in property.

### Estimate of the Capital Financing Requirement

Table 6

	2006/07 Actual £m	2007/08 Actual £m	2008/09 Actual £m	2009/10 Actual £m	2010/11 Actual £m	2011/12 Actual £m	2012/13 Actual £m	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
HRA	12.164	11.958	11.758	11.563	11.374	11.374	10.924	10.706	10.492	10.282	10.076
Non-HRA	-15.545	-15.158	-14.558	-14.282	-14.016	-13.413	-12.852	-12.634	-12.420	-12.210	-12.004
Total	-3.381	-3.200	-2.800	-2.719	-2.642	-2.039	-1.928	-1.928	-1.928	-1.928	-1.928
<i>At this time last year</i>	-3.381	-3.200	-2.800	-2.719	-2.719	-2.642	-2.039	-2.039	-2.039	-2.039	-2.039

The capital financing requirement reflects the underlying need to borrow; the overall negative figures are indicative of the City's debt-free status. The estimate is calculated by considering the capital expenditure and identifying all the financing options (e.g. capital receipts, grants) to be applied to finance it. In accordance with the guidance contained in the Prudential Code, the 'Actual' indicators are calculated directly from the Balance Sheet, whilst the method of calculating the HRA and Non-HRA elements is prescribed under Statute.

The remaining prudential indicators relating to external debt and treasury management are included within Appendix E.

## **Local Indicators**

The City has considerable reserves and unusual revenue streams when compared to a typical local authority, and as a result, some of the standard indicators required under the Code are not directly relevant.

To address this, a local indicator has been developed focusing on the impact of capital investment and disposal decisions on investment income.

### **Impact of capital disposals and capital expenditure in the period 2013/14 to 2016/17 on investment income**

Table 7

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Net investment income lost/(gained) due to capital disposals and capital expenditure in the period 2013/14 to 2016/17	(0.6)	(4.9)	(5.1)	(0.4)
<i>At this time last year</i>	(2.4)	(2.1)	(4.1)	-

This is calculated by taking the interest lost and rent income gained due to capital investment, less the notional rent lost and the interest gained from asset disposals during the period. This indicator demonstrates the importance of developing spend to save capital schemes and evaluating projects using a whole life costing approach, in order to maximise the income from rents and interest which service delivery relies upon. It should be noted that the anticipated net investment income gains take account of income receivable from Crossrail investment properties and the investment of revenue balances in property, the fall in 2016/17 reflecting disposals to fund the Crossrail contribution at the end of 2015/16.

Another local indicator which gives a useful measure of both sustainability and of the adequacy of revenue reserves has been developed.

### **Times cover on unencumbered revenue reserves**

Table 8

	2013/14	2014/15	2015/16	2016/17
Times cover on unencumbered revenue reserves	0.5	(7.7)	250.0	6.4
<i>At this time last year</i>	(20.5)	(139.7)	83.1	-

This indicator is calculated by dividing the balance of unencumbered general reserves by any annual revenue deficit, and demonstrates that annual revenue deficits are generally forecast over the planning period with the exception of 2014/15. The anticipated deficits result from the cumulative impact of increases in pay and prices and further reductions in government grant and can only be covered by reserves in the short term pending benefits to be achieved from service based reviews.

**TREASURY MANAGEMENT  
STRATEGY STATEMENT**

**AND**

**ANNUAL INVESTMENT  
STRATEGY**

**2014/15**

# Treasury Management Strategy Statement, Minimum Revenue Provision (MRP) Strategy and Annual Investment Strategy 2014/15

## 1. Introduction

### 1.1 Background

The City of London Corporation (the City) is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the City's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of capital expenditure plans. However, the City is not anticipating any borrowing at this time.

### 1.2 The Treasury Management Policy Statement

The City defines its treasury management activities as:

1. The management of the organisation's investments and cash flows, its banking, money market and capital market transaction; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. The City regards the security of its financial investments through the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
3. The City acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

### 1.3 Statutory Requirements

The Local Government Act 2003 (the Act) and supporting regulations requires the City to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the City's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the City to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act and included as paragraph 7 of this report); this sets out the City's policies for managing its investments and for giving priority to the security and liquidity of those investments.

### 1.4 CIPFA Requirements

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009) was adopted by the Court of Common Council (the Court) on 3 March 2010.

The primary requirements of the Code are as follows:

- (i) The City of London Corporation will create and maintain, as the cornerstones for effective treasury management:
  - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- (ii) This organisation (i.e. the Court of Common Council) will receive reports on its treasury management policies, practices and activities, including as a minimum an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.
- (iii) The Court of Common Council delegates responsibility for the implementation and regular monitoring of its treasury management policies to the Finance Committee and the Financial Investment Board and for the execution and administration of treasury management decisions to the Chamberlain, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- (iv) The Court of Common Council nominates the Audit and Risk Management Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

## **1.5 Treasury Management Strategy for 2014/15**

The Local Government Act 2003 (the Act) and supporting regulations require the City to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the City's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Court of Common Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act) (included as paragraph 7 of this report); this sets out the City's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2014/15 in respect of the required aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the City's treasury adviser, Capita Asset Services, Treasury Solutions.

The strategy covers:

- treasury limits in force which will limit the treasury risk and activities of the City
- Treasury Indicators
- the current treasury position
- the borrowing requirement
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy

- creditworthiness policy
- policy on use of external service providers.

These elements cover the requirements of the local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

## **1.6 Balanced Budget Requirement**

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the City to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

1. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
2. any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the City for the foreseeable future.

## **2. Treasury Limits for 2014/15 to 2016/17**

It is a statutory duty under Section 3 of the Act and supporting regulations, for the City to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

The City must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is ‘acceptable’.

Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion in corporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years; details of the Authorised Limit can be found in appendix 3 of this report.

### 3. Current Portfolio Position

The City's treasury portfolio position at 31 December 2013 comprised:

<b>Table 1</b>		<b>Principal</b>		<b>Ave. rate</b>
		<b>£m</b>	<b>£m</b>	<b>%</b>
Fixed rate funding	PWLB	0		
	Market	0	0	-
Variable rate funding	PWLB	0	0	-
	Market	0	0	-
Other long term liabilities			0	
<b>Gross debt</b>			<b>0</b>	<b>-</b>
<b>Total investments</b>			<b>492.1</b>	<b>1.1</b>
<b>Net Investments</b>			<b>492.1</b>	

### 4. Treasury Indicators for 2014/15 – 2016/17

Treasury Indicators (as set out in Appendix 3 to this report) are relevant for the purposes of setting an integrated treasury management strategy.

The City is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The original 2001 Code was adopted by the Court of Common Council on 9 March 2004 and the revised 2009 Code was adopted on 3 March 2010.

### 5. Prospects for Interest Rates

The City of London has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the City to formulate a view on interest rates. Appendix 1 draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Sector central view.

<b>Annual Average %</b>	<b>Bank Rate %</b>	<b>PWLB Borrowing Rates % (including certainty rate adjustment)</b>		
		<b>5 year</b>	<b>25 year</b>	<b>50 year</b>
Mar 2014	0.50	2.50	4.40	4.40
Jun 2014	0.50	2.60	4.50	4.50
Sep 2014	0.50	2.70	4.50	4.50
Dec 2014	0.50	2.70	4.60	4.60
Mar 2015	0.50	2.80	4.60	4.70
Jun 2015	0.50	2.80	4.70	4.80
Sep 2015	0.50	2.90	4.80	4.90
Dec 2015	0.50	3.00	4.90	5.00
Mar 2016	0.50	3.10	5.00	5.10
Jun 2016	0.75	3.20	5.10	5.20
Sep 2016	1.00	3.30	5.10	5.20
Dec 2016	1.00	3.40	5.10	5.20
Mar 2017	1.25	3.40	5.10	5.20

Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth has rebounded during 2013 to surpass all expectations, propelled by recovery in consumer spending and the housing market. Forward surveys are also currently Page 61 in indicating that growth prospects are

strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- As for the Eurozone, concerns have subsided considerably in 2013. However, sovereign debt difficulties have not gone away and major concerns could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2014/15 and beyond;
- Borrowing interest rates have risen significantly during 2013 and are on a rising trend. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring even higher borrowing costs, which are now looming ever closer, where authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt, in the near future;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

## **6. Borrowing Strategy**

It is anticipated that there will be no capital borrowings required during 2014/15.

## **7. Annual Investment Strategy**

### **7.1 Investment Policy**

The City of London's investment policy will have regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes ("the CIPFA TM Code"). The City's investment priorities are:

- (a) the security of capital and
- (b) the liquidity of its investments.

The City will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of the City is low in order to give priority to security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and the City will not engage in such activity.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the City has clearly stipulated below the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings and watches published announcements by all three ratings agencies with a full understanding of what the ratings reflect in the eyes of each agency. Using the Capita Asset Services ratings service potential counterparties ratings are monitored on a real time basis with knowledge of any changes notified electronically when the agencies issue modifications.

Further, the City's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the City will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps" and use that information alongside the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thereby mitigate concentration risk.

The overall objective of the strategy is to provide security of investment and minimisation of risk.

Investment instruments identified for use in the financial year are listed in appendices 4 & 5 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits are set within these appendices.

## **7.2 Creditworthiness policy**

The City uses the creditworthiness service provided by Capita Asset Services. This service has been progressively enhanced over the last year and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swap spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries.

The City will not specifically follow the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties but will have regard to the approach adopted by Capita Asset Services creditworthiness service which incorporates ratings from all three agencies and uses a risk weighted scoring system, thereby not giving undue preponderance to just one agency's ratings.

All credit ratings will be monitored on a daily basis. The City is alerted to changes to ratings of all three agencies through its use of the Capita Asset Services creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the City's minimum criteria, its further use as a possible investment will be withdrawn immediately.
- In addition to the use of Credit Ratings the City will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution and possible removal from the City lending list.

Sole reliance will not be placed on the use of this external service. In addition the City will also use market data and market information, information on government support for banks and the credit ratings of that government support. Regular meetings are held involving the Chamberlain, Financial Services Director, Corporate Treasurer and Members of the Treasury Team, when the suitability of prospective counterparties and the optimum duration for lending is discussed and agreed.

The primary principle governing the City's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the City will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security.
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the City's prudential indicators covering the maximum principal sums invested.

The Chamberlain will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to the Financial Investment Board as necessary. These criteria are separate to those which determine which types of investment instruments are classified as either specified or non-specified and in so doing provides an overall pool of counterparties considered high quality which the City may use, rather than defining which specific types of investment instruments are to be used.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) are:

- Banks 1 – good credit quality – the City will only use banks which:
  - (i) are UK banks; and/or
  - (ii) are non-UK and domiciled in a country which has a minimum sovereign long-term rating of AAA (Fitch rating) and have, as a minimum the following Fitch credit rating:
 

(i) Short-term	F1
(ii) Long-term	A
(iii) Viability/financial strength	bbb
(iv) Support	3
- Banks 2 – Part Nationalised UK banks – Lloyds Banking Group and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised, or they meet the ratings in Banks 1 above.
- Banks 3 – The City's own banker for transactional purposes if the bank falls below the above criteria, although in this case, balances will be minimised in both monetary size and duration.

- Bank subsidiary and treasury operation. The City will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above. This criteria is particularly relevant to City Re Limited, the City's Captive insurance company, which deposits funds with bank subsidiaries in Guernsey.
  - Building Societies – The City may use all societies which:
    - (i) meet the ratings for banks outlined above; or
    - (ii) have assets in excess of £9bn.
  - Money Market Funds – with minimum credit ratings of AAA
  - UK Government – including government gilts and the debt management agency deposit facility.
  - Local authorities.
- A limit of £200m will be applied to the use of non-specified investments.

### 7.3 Country limits

The City has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA from Fitch Ratings (or equivalent from other agencies if Fitch does not provide a rating). The counterparty list, as shown in Appendix 6, will be added to or deducted from by officers should individual country ratings change in accordance with this policy. It is proposed that the UK will be excluded from this stipulated minimum sovereign rating requirement.

### 7.4 Investment Strategy

**In-house funds:** The City's in-house managed funds are both cash-flow derived and also represented by core balances which can be made available for investment over a 2-3 year period. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). The City has recently reviewed its cash holdings and has decided to invest as much as possible in alternative, higher return earning asset classes, such as property, absolute return bond funds, equities and bonds. The surplus cash available for money market activities is therefore expected to reduce further as these alternative investment allocations are made.

The City does not currently have any term deposits which span the 2014/15 financial year.

**7.5 Investment returns expectations:** Bank Rate has been unchanged at 0.50% since March 2009. Bank Rate is forecast by Capita Asset Services to remain unchanged at 0.5% before starting to rise from quarter 2 of 2016. Bank Rate forecasts for financial year ends (March) are as follows:

- 2013/14 0.50%
- 2014/15 0.50%
- 2015/16 0.50%
- 2016/17 1.25%

Capita Asset Services considers that there are upside risks to these forecasts (i.e. start of increases in Bank Rate occurs sooner) if economic growth remains strong and unemployment falls faster than expected. However, should the pace of growth fall back, there could be downside risk, particularly if Bank of England forecasts for the rate of fall of unemployment were to prove to be too optimistic.

The Chamberlain and his Treasury Officers consider there is a likelihood of interest rates remaining at very low levels for some considerable time, and in view of the importance of interest earnings included in forward financial forecasts, opportunities have been taken to lock-in some of the 'core balances' cash holdings to 2 and 3 year deals when attractive interest rates have been available, having regard however to the alternative investment opportunities already agreed.

For 2013/14 the City has budgeted for an average investment return of 1.15% on investments placed during the financial year and previously. Financial forecasts for the period 2014/15 to 2016/17 include interest earnings based on an average investment return of 0.75%.

For its cash flow generated balances, the City will seek to utilise its business reserve accounts, money market funds, and short-dated deposits (overnight to twelve months) in order to benefit from the compounding of interest.

## 7.6 Investment Treasury Indicator and Limit

Total principal funds invested for greater than 364 days are subject to a limit, set with regard to the City's liquidity requirements and to reduce the need for an early sale of an investment, and are based on the availability of funds after each year end.

The Board is asked to approve the treasury indicator and limit:

Maximum principal sums invested for more than 364 days (up to three years)

<u>£m</u>	<u>2014/15 (£m)</u>	<u>2015/16 (£m)</u>	<u>2016/17 (£m)</u>
Principal sums invested >364 days	200	200	200

It should be emphasised that the City is prepared to lend monies out for periods of up to three years which is longer than most other local authorities who tend to opt for shorter durations.

## 7.7 End of year investment report

At the end of the financial year, the City will report on its investment activity as part of its Annual Treasury Report.

## 7.8 External fund managers

A proportion of the City's funds, amounting to £120m as at 31 December 2013, are externally managed on a discretionary basis by Ignis Asset Management, Invesco, Prime Rate, CCLA Liquidity Fund and Payden Global Funds Plc. The City's external fund managers will comply with the Annual Investment Strategy, and the fund managers additionally stipulate guidelines and duration and other limits in order to contain and control risk. Investments made by the Money Market Fund Managers include a diversified portfolio of very high quality sterling-dominated investments, including gilts, supranationals, bank and corporate bonds, as well as other money market securities. The individual investments held within the Money Market Funds are monitored on a regular basis by Treasury staff.

The minimum credit criteria to be used for the selection of the cash fund manager(s) are based on Fitch Ratings and is AAA/mmff. The Payden Sterling Reserve Fund is rated by Standard and Poors at AAA/f.

## **7.9 Policy on the use of external service providers**

The City uses Capita Asset Services as its external treasury management advisers.

The City recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon its external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The City will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Capita Asset Services offer a range of training events targeted at elected Members responsible for treasury management matters which will be offered to Members of the Financial Investment Board as appropriate. In addition, Members of the Board are invited to request any specific training requirement that they would like to receive.

## **7.10 Scheme of delegation**

Please see appendix 8.

## **7.11 Role of the Section 151 officer**

Please see appendix 9.

## **APPENDICES**

1. Interest Rate Forecasts
2. Economic Background
3. Treasury Indicators
4. Specified and Non Specified Investments
5. Current Approved Counterparties
6. Approved Countries for Investments
7. Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management
8. Treasury Management Scheme of Delegation
9. The Treasury Management Role of the Section 151 Officer

APPENDIX 1: Interest Rate Forecasts 2014 - 2017

Capita Asset Services Interest Rate View													
	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
<b>Bank Rate View</b>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.00%	1.25%
3 Month LIBID	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.60%	0.70%	0.90%	1.30%
6 Month LIBID	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.70%	0.80%	1.00%	1.20%	1.40%
12 Month LIBID	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	1.00%	1.20%	1.40%	1.60%	1.80%	2.00%	2.30%
5yr PW IB Rate	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.40%
10yr PW IB Rate	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.20%	4.30%	4.30%	4.40%	4.50%
25yr PW IB Rate	4.40%	4.50%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.10%
50yr PW IB Rate	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.20%
<b>Bank Rate</b>													
Capita Asset Services	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.00%	1.25%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	-	-	-	-	-
<b>5yr PW IB Rate</b>													
Capita Asset Services	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.40%
UBS	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	2.60%	2.60%	2.60%	2.60%	2.70%	2.80%	3.00%	3.20%	-	-	-	-	-
<b>10yr PW IB Rate</b>													
Capita Asset Services	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.20%	4.30%	4.30%	4.40%	4.50%
UBS	3.70%	3.80%	3.90%	4.05%	4.05%	4.30%	4.55%	4.55%	-	-	-	-	-
Capital Economics	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	4.05%	-	-	-	-	-
<b>25yr PW IB Rate</b>													
Capita Asset Services	4.40%	4.50%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.10%
UBS	4.55%	4.55%	4.80%	4.80%	5.05%	5.05%	5.30%	5.30%	-	-	-	-	-
Capital Economics	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.45%	-	-	-	-	-
<b>50yr PW IB Rate</b>													
Capita Asset Services	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.20%
UBS	4.45%	4.45%	4.70%	4.70%	4.90%	4.90%	5.05%	5.05%	-	-	-	-	-
Capital Economics	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.60%	-	-	-	-	-

## APPENDIX 2: Economic Background

### THE UK ECONOMY

**Economic growth.** Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth strongly rebounded in 2013 - quarter 1 (+0.3%), 2 (+0.7%) and 3 (+0.8%), to surpass all expectations as all three main sectors, services, manufacturing and construction contributed to this strong upturn. The Bank of England has, therefore, upgraded growth forecasts in the August and November quarterly Inflation Reports for 2013 from 1.2% to 1.6% and for 2014 from 1.7% to 2.8%, (2015 unchanged at 2.3%). The November Report stated that: -

*In the United Kingdom, recovery has finally taken hold. The economy is growing robustly as lifting uncertainty and thawing credit conditions start to unlock pent-up demand. But significant headwinds — both at home and abroad — remain, and there is a long way to go before the aftermath of the financial crisis has cleared and economic conditions normalise. That underpins the MPC's intention to maintain the exceptionally stimulative stance of monetary policy until there has been a substantial reduction in the degree of economic slack. The pace at which that slack is eroded, and the durability of the recovery, will depend on the extent to which productivity picks up alongside demand. Productivity growth has risen in recent quarters, although unemployment has fallen by slightly more than expected on the back of strong output growth.*

Forward surveys are currently very positive in indicating that growth prospects are also strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates.

**Forward guidance.** The Bank of England issued forward guidance in August which stated that the Bank will not start to consider raising interest rates until the jobless rate (Labour Force Survey / ILO i.e. not the claimant count measure) has fallen to 7% or below. This would require the creation of about 750,000 jobs and was forecast to take three years in August, but revised to possibly quarter 4 2014 in November. The UK unemployment rate has already fallen to 7.4% on the three month rate to October 2013 (although the rate in October alone was actually 7.0%). The Bank's guidance is subject to three provisos, mainly around inflation; breaching any of them would sever the link between interest rates and unemployment levels. This actually makes forecasting Bank Rate much more complex given the lack of available reliable forecasts by economists over a three year plus horizon. The recession since 2007 was notable for how unemployment did NOT rise to the levels that would normally be expected in a major recession and the August Inflation Report noted that productivity had sunk to 2005 levels. There has, therefore, been a significant

level of retention of labour, which will mean that there is potential for a significant amount of GDP growth to be accommodated without a major reduction in unemployment. However, it has been particularly encouraging that the strong economic growth in 2013 has also been accompanied by a rapid increase in employment and forward hiring indicators are also currently very positive. It is therefore increasingly likely that early in 2014, the MPC will need to amend its forward guidance by reducing its 7.0% threshold rate and/or by adding further wording similar to the Fed's move in December (see below).

**Credit conditions.** While Bank Rate has remained unchanged at 0.5% and quantitative easing has remained unchanged at £375bn in 2013, the Funding for Lending Scheme (FLS) was extended to encourage banks to expand lending to small and medium size enterprises. The second phase of Help to Buy aimed at supporting the purchase of second hand properties, will also start in earnest in January 2014. These measures have been so successful in boosting the supply of credit for mortgages, and so of increasing house purchases, (though levels are still far below the pre-crisis level), that the Bank of England announced at the end of November that the FLS for mortgages would end in February 2014. While there have been concerns that these schemes are creating a bubble in the housing market, house price increases outside of London and the south-east have been much weaker. However, bank lending to small and medium enterprises continues to remain weak and inhibited by banks still repairing their balance sheets and anticipating tightening of regulatory requirements.

**Inflation.** Inflation has fallen from a peak of 3.1% in June 2013 to 2.1% in November. It is expected to remain near to the 2% target level over the MPC's two year time horizon.

**AAA rating.** The UK has lost its AAA rating from Fitch and Moody's but that caused little market reaction.

## THE GLOBAL ECONOMY

**The Eurozone (EZ).** The sovereign debt crisis has eased considerably during 2013 which has been a year of comparative calm after the hiatus of the Cyprus bailout in the spring. In December, Ireland escaped from its three year EZ bailout programme as it had dynamically addressed the need to substantially cut the growth in government debt, reduce internal price and wage levels and promote economic growth. The EZ finally escaped from seven quarters of recession in quarter 2 of 2013 but growth is likely to remain weak and so will dampen UK growth. The ECB's pledge to buy unlimited amounts of bonds of countries which ask for a bail out has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2012 figures) of Greece 176%, Italy 131%, Portugal 124%, Ireland 123% and Cyprus 110%, remain a cause of concern, especially as many of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are continuing to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US. Greece remains particularly vulnerable and continues to struggle to meet EZ targets for fiscal correction. Whilst a Greek exit from the Euro is now improbable in the short term, as Greece has made considerable progress in reducing its annual government deficit and a return towards some economic growth, some commentators still view an eventual exit as being likely. There are also concerns that austerity measures in Cyprus could also end up in forcing an exit. The question remains as to how much damage an exit by one country would do and whether contagion would spread to

other countries. However, the longer a Greek exit is delayed, the less are likely to be the repercussions beyond Greece on other countries and on EU banks.

Sentiment in financial markets has improved considerably during 2013 as a result of firm Eurozone commitment to support struggling countries and to keep the Eurozone intact. However, the foundations to this current “solution” to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries like Greece and Spain which have unemployment rates of over 26% and unemployment among younger people of over 50%. The Italian political situation is also fraught with difficulties in maintaining a viable coalition which will implement an EZ imposed austerity programme and undertake overdue reforms to government and the economy. There are also concerns over the lack of political will in France to address issues of poor international competitiveness,

**USA.** The economy has managed to return to robust growth in Q2 2013 of 2.5% y/y and 4.1% y/y in Q3, in spite of the fiscal cliff induced sharp cuts in federal expenditure that kicked in on 1 March, and increases in taxation. The Federal Reserve therefore decided in December to reduce its \$85bn per month asset purchases programme of quantitative easing by \$10bn. It also amended its forward guidance on its pledge not to increase the central rate until unemployment falls to 6.5% by adding that there would be no increases in the central rate until ‘well past the time that the unemployment rate declines below 6.5%, especially if projected inflation continues to run below the 2% longer run goal’. Consumer, investor and business confidence levels have all improved markedly in 2013. The housing market has turned a corner and house sales and increases in house prices have returned to healthy levels. Many house owners have, therefore, been helped to escape from negative equity and banks have also largely repaired their damaged balance sheets so that they can resume healthy levels of lending. All this portends well for a reasonable growth rate looking forward.

**China.** There are concerns that Chinese growth could be on an overall marginal downward annual trend. There are also concerns that the new Chinese leadership have only started to address an unbalanced economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

**Japan.** The initial euphoria generated by “Abenomics”, the huge QE operation instituted by the Japanese government to buy Japanese debt, has tempered as the follow through of measures to reform the financial system and the introduction of other economic reforms, appears to have stalled. However, at long last, Japan has seen a return to reasonable growth and positive inflation during 2013 which augurs well for the hopes that Japan can escape from the bog of stagnation and deflation and so help to support world growth. The fiscal challenges though are huge; the gross debt to GDP ratio is about 245% in 2013 while the government is currently running an annual fiscal deficit of around 50% of total government expenditure. Within two years, the central bank will end up purchasing about Y190 trillion (£1,200 billion) of government debt. In addition, the population is ageing due to a low birth rate and, on current trends, will fall from 128m to 100m by 2050.

## **CAPITA ASSET SERVICES FORWARD VIEW**

Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.

There could well be volatility in gilt yields over the next year as financial markets anticipate further tapering of asset purchases by the Fed. The timing and degree of tapering could have a significant effect on both Treasury and gilt yields. Equally, while the political deadlock and infighting between Democrats and Republicans over the budget has almost been resolved the raising of the debt limit, has only been kicked down the road. A final resolution of these issues could have a significant effect on gilt yields during 2014.

The longer run trend is for gilt yields and PwLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly weighted. However, only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis, or a break-up of the EZ, but rather that there will be a managed, albeit painful and tortuous, resolution of the debt crisis where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be tepid for the next couple of years and some EZ countries experiencing low or negative growth, will, over that time period, see a significant increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the large countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

Downside risks currently include:

- UK strong economic growth is currently very dependent on consumer spending and recovery in the housing market. This is unlikely to endure much beyond 2014 as most consumers are maxed out on borrowing and wage inflation is less than CPI inflation, so disposable income is being eroded.
- A weak rebalancing of UK growth to exporting and business investment causing a major weakening of overall economic growth beyond 2014
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.

- Prolonged political disagreement over the raising of the US debt ceiling.
- A return to weak economic growth in the US, UK and China causing major disappointment in investor and market expectations.
- A resurgence of the Eurozone sovereign debt crisis caused by ongoing deterioration in government debt to GDP ratios to the point where financial markets lose confidence in the financial viability of one or more countries and in the ability of the ECB and Eurozone governments to deal with the potential size of the crisis.
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable; this will cause major difficulties in implementing austerity measures and a programme of overdue reforms. Italy has the third highest government debt mountain in the world.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts, especially if it looks likely that one, or more countries, will need to leave the Eurozone.
- A lack of political will in France, (the second largest economy in the EZ), to dynamically address fundamental issues of low growth, poor international uncompetitiveness and the need for overdue reforms of the economy.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds.

The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- A sharp upturn in investor confidence that sustainable robust world economic growth is firmly expected, causing a surge in the flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- In the longer term – an earlier than currently expected reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

**APPENDIX 3 - Treasury Indicators**

<b>TABLE 1: TREASURY MANAGEMENT INDICATORS</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>actual</b>	<b>probable outturn</b>	<b>estimate</b>	<b>estimate</b>	<b>estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Authorised Limit for external debt -</b>					
borrowing	£0	£0	£0	£0	£0
other long term liabilities	£0	£0	£0	£0	£0
<b>TOTAL</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Operational Boundary for external debt -</b>					
borrowing	£0	£0	£0	£0	£0
other long term liabilities	£0	£0	£0	£0	£0
<b>TOTAL</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Actual external debt</b>	£0	£0	£0	£0	£0
<b>Upper limit for fixed interest rate exposure</b>					
expressed as either:-					
Net principal re fixed rate borrowing / investments OR:-	100%	100%	100%	100%	100%
Net interest re fixed rate borrowing / investments	100%	100%	100%	100%	100%
<b>Upper limit for variable rate exposure</b>					
expressed as either:-					
Net principal re variable rate borrowing / investments OR:-	100%	100%	100%	100%	100%
Net interest re variable rate borrowing / investments	100%	100%	100%	100%	100%
<b>Upper limit for total principal sums invested for over 364 days (per maturity date)</b>	£300m	£300m	£200m	£200m	£200m

<b>TABLE 2: Maturity structure of fixed rate borrowing during 2012/13</b>	<b>upper limit</b>	<b>lower limit</b>
under 12 months	0%	0%
12 months and within 24 months	0%	0%
24 months and within 5 years	0%	0%
5 years and within 10 years	0%	0%
10 years and above	0%	0%

## **APPENDIX 4 – Treasury Management Practice (TMP1)**

- Credit and Counterparty Risk Management, Specified and Non-Specified Investments and Limits

**SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ quality criteria where appropriate.

**NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the Specified Investment criteria. A maximum of £200m will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

### **SPECIFIED INVESTMENTS:**

(All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ rating criteria where applicable)

	<b>* Minimum ‘High’ Credit Criteria</b>	<b>Use</b>
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies, including part nationalised banks	Short-term F1, Long-term A, Viability bbb, Support 3	In-house
Term deposits – banks and building societies, including part nationalised banks	Short-term F1, Long-term A, Viability bbb, Support 3	Fund Managers
Money Market Funds	AAA	In-house and Fund Managers
UK Government Gilts	UK Sovereign Rating	In-house & Fund Managers
Treasury Bills	UK Sovereign Rating	Fund Managers
Sovereign Bond issues (other than the UK government)	AAA	Fund Managers

**NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the Specified Investment Criteria with maturities in excess of 1 year. A maximum of £200m will be held in aggregate in non-specified investments.

	<b>* Minimum Credit Criteria</b>	<b>Use</b>	<b>Maximum</b>	<b>Maximum Maturity Period</b>
Term deposits - other LAs (with maturities in excess of one year)	-	In-house	£25m per LA	Three years
Term deposits, including callable deposits - banks and building societies (with maturities in excess of one year)	Long-term A, Short-term F1, Viability bbb, Support 3	In-house and Fund Managers	£200m overall	Three years
Certificates of deposits issued by banks and building	Long-term A, Short-term F1,	In-house on a buy-and-hold basis and	£50m overall	Three years

societies with maturities in excess of one year	Viability bbb, Support 3	fund managers		
UK Government Gilts with maturities in excess of one year	AAA	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years

**APPENDIX 5 – Approved Counterparties and Countries for Investments**

**BANKS AND THEIR WHOLLY OWNED SUBSIDIARIES**

<b>FITCH RATINGS</b>	<b>BANK CODE</b>	<b>MMS CODE</b>	<b>LIMIT OF £100M PER GROUP (£150m for Lloyds TSB Bank)</b>	<b>BALANCES 31 Dec 2013 £m</b>	<b>Duration</b>
<b>AA - F1 + a + 1</b>	40.53.71	FA	HSBC -----	- =====	Up to 3 years
<b>A F1 a 1</b>	20.00.00 20.00.52	CA	BARCLAYS CAPITAL BARCLAYS BANK -----	35.7 =====	Up to 3 years
<b>A F1 bbb+ 1</b>	30.15.57	LJ	LLOYDS TSB BANK incl. Bank of Scotland -----	67.9 =====	Up to 3 years
<b>A F1 bbb 1</b>	16.75.75	RA	ROYAL BANK OF SCOTLAND RBOS SETTLEMENTS	74.3	Up to 3 years
<b>A - F1 ccc 1</b>	98.00.05	LX	ULSTER BANK	- -----	On Hold
			TOTAL -----	177.9 =====	

**BUILDING SOCIETIES**

<b>FITCH RATINGS</b>	<b>GROUP</b>	<b>ASSETS £bn</b>	<b>LIMIT £mn</b>	<b>BALANCES 31 Dec 2013 £m</b>	<b>Duration</b>
<b>A F1 a 1</b>	Nationwide	191	120	95.7	Up to 3 years
<b>BBB + F2 bbb + 5</b>	Yorkshire	33	20	15.3	Upto 1 year
<b>A F1 a 5</b>	Coventry	27	20	20.0	Upto 1 year
<b>BBB - F3 bbb - 5</b>	Skipton	14	20	20.0	Upto 1 year
<b>A - F2 a - 5</b>	Leeds	10	20	20.0	Upto 1 year
				<u>171.0</u>	

**MONEY MARKET FUNDS**

<b>FITCH RATINGS</b>	<b>MONEY MARKET FUNDS Overall Limit £250m</b>	<b>BALANCES 31 Dec 2013 £m</b>	<b>DURATION</b>
AAA/mmf	Insight Investment Liquidity Fund	0	Liquid
AAA/mmf	Goldman Sacs Sterling Liquidity Reserve Fund	0	Liquid
AAA/mmf	CCLA	10.0	Liquid
AAA/mmf	Prime Rate Liquidity Fund	16.4	Liquid
AAA/mmf	Ignis Asset Management Liquidity Fund	37.7	Liquid
AAA/mmf	Invesco	0.9	Liquid
AAA / f	Payden Sterling Reserve Fund	55.0	Liquid
	<b>TOTAL</b>	<b>120.0</b>	<b>Liquid</b>

**FOREIGN BANKS**

(with a presence in London)

<b>FITCH RATINGS</b>	<b>BANK CODE</b>	<b>MMS CODE</b>		<b>LIMIT £M</b>	<b>BALANCES 31 Dec 2012 £m</b>	<b>Duration</b>
			<b><u>AUSTRALIA</u></b>			
AA- F1+ aa - 1	20.32.53	NZ	AUSTRALIA & NZ BANKING GROUP	25	Nil =====	Up to 3 years
AA- F1+ aa- 1	16.55.90	EQ	NATIONAL AUSTRALIA BANK	25	23.2 =====	Up to 3 years
			<b><u>NETHERLANDS</u></b>			
AAA F1+ 1			BANK NEDERLANDSE GEMEENTEN	25	Nil =====	Up to 3 years
			<b><u>SWEDEN</u></b>			
AA- F1+ aa - 1	40.51.62	EB	SVENSKA HANDELSBANKEN	25	Nil =====	Up to 3 years
			<b><u>TOTAL</u></b>		<b>23.2</b>	

**OVERALL TOTAL      £492.1M**

**LOCAL AUTHORITIES**

<b>FITCH RATINGS</b>	<b>BANK CODE</b>	<b>MMS CODE</b>	<b>LIMIT OF £25M PER AUTHORITY</b>	<b>BALANCES</b>	<b>NOTES</b>
			Any UK local authority		

**NB. DO NOT LEND TO THE FOLLOWING LOCAL AUTHORITIES**

## **APPENDIX 6 - Approved Countries for Investments – Based on Fitch Ratings**

### **AAA**

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland

### **AA+**

- United Kingdom

## **Appendix 7 - Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management**

The CLG issued Investment Guidance in 2010, and this forms the structure of the City's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires the City to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, will apply its principles to all investment activity. In accordance with the Code, the Chamberlain has produced its Treasury Management Practices (TMPs). These cover investment counterparty policy requiring approval each year.

**Annual Investment Strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the City will use. These are high security (i.e. high credit rating, although this is defined by the City, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the City is:

**Strategy Guidelines** – The main strategy guidelines are contained in the body of the treasury strategy statement.

**Specified Investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. A body that is considered of a high credit quality (such as a bank or building society). For category 5 this covers bodies with a minimum short term rating of F1 (or the equivalent) as rated by Fitch rating agencies.
5. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the City has set additional criteria to set the time and amount of monies which will be invested in these bodies. The criteria limits investments to £100m per group for UK banks and their wholly owned subsidiaries and £150m for Lloyds TSB banking group, £120m for Nationwide Building Society, £20m for other building societies, £25m for foreign banks with a presence in London and £250m overall for Money Market Funds. For building societies which do not meet the minimum credit rating criteria, an asset holding of £9+bn can act as a substitute rating.

**Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

Non Specified Investment Category	Limit (£ or %)
<b>A local authority, parish council or community council</b>	£25m per local authority
Any <b>bank or building society</b> that has a minimum long term credit rating of A, viability rating of bbb and support 1 for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£200m overall
<b>Gilt edged securities</b> with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	AAA long term sovereign ratings Maximum duration of up to 3 years
The <b>City's own banker</b> if it fails to meet the basic credit criteria. In this instance, balances will be minimised as far as is possible.	-

**The Monitoring of Investment Counterparties** - The credit rating of counterparties will be monitored regularly. The City receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Corporate Treasurer upon repayment of any outstanding deposits but no new investments will be placed with them. If required, new counterparties which meet the criteria will be added to the list.

**Use of External Fund Managers** – It is the City's policy on a regular basis to consider the use of external fund managers for a part or the whole of its cash investment portfolio. No funds are managed externally in an external segregated portfolio at the present time, other than the pooled Money Market Funds.

## **APPENDIX 8 – Treasury Management Scheme of Delegation**

The roles of the various bodies of the City of London Corporation with regard to treasury management are:

### **(i) Court of Common Council**

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

### **(ii) Financial Investment Board and Finance Committee**

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

### **(iii) Audit & Risk Management Committee**

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- Working closely with and considering recommendations of the Section 151 officer on the compliance with legal statute and statements of recommended practice.

## **APPENDIX 9 - The Treasury Management Role of the Section 151 Officer**

### **The Chamberlain**

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

This page is intentionally left blank

## Reserves

<b>Forecast Movements in City Fund Usable Reserves 2014/15</b>				
	<b>N o t e s</b>	<b>Estimated Opening Balance 1 April 14 £m</b>	<b>Forecast Net Movement in Year £m</b>	<b>Estimated Closing Balance 31 March 15 £m</b>
<b><u>Revenue Usable Reserves</u></b>				
General	a	(39.5)	(5.7)	(45.2)
Earmarked:				
Police future expenditure	b	(14.9)	5.1	(9.8)
Highway improvements	c	(13.4)	8.0	(5.4)
Crossrail	d	(20.4)	(2.0)	(22.4)
VAT Reserve	e	(4.2)	0.0	(4.2)
Proceeds of Crime Act	f	(1.3)	0.0	(1.3)
Judges Pensions	g	(1.3)	0.0	(1.3)
Central Criminal Court	h	(0.8)	0.0	(0.8)
Maintenance of Graves	i	(0.5)	0.0	(0.5)
6-8 Bonhill Street	j	(0.5)	0.0	(0.5)
Service Projects	k	(1.9)	0.3	(1.6)
<b>Total Revenue Earmarked</b>		<b>(59.2)</b>	<b>11.4</b>	<b>(47.8)</b>
Housing Revenue Account		(6.5)	(0.4)	(6.9)
<b>Total Revenue Usable Reserves</b>		<b>(105.2)</b>	<b>5.3</b>	<b>(99.9)</b>
<b><u>Capital Usable Reserves</u></b>				
General Capital Receipts Reserve		(47.4)	34.9	(12.5)
Crossrail Capital Receipts Reserve		(27.0)	(58.0)	(85.0)
Capital Grants Unapplied		(0.4)	0.0	(0.4)
HRA Major Repairs Reserve		(4.7)	3.0	(1.7)
<b>Total Capital Usable Reserves</b>		<b>(79.5)</b>	<b>(20.1)</b>	<b>(99.6)</b>
<b>Total Usable Reserves</b>		<b>(184.7)</b>	<b>(14.8)</b>	<b>(199.5)</b>

Notes

- (a) General Reserve – The accumulated balance from annual surpluses or deficits on the City Fund Revenue Account less any transfers to, or plus any transfers from, earmarked reserves.

- (b) Police Future Expenditure - Revenue expenditure for the City Police service is cash limited. Underspendings against this limit may be carried forward as a reserve to the following financial year and overspendings are required to be met from this reserve.
- (c) Highway Improvements - Created from on-street car parking surpluses to finance future highways related expenditure and projects as provided by section 55 of the Road Traffic Regulation Act 1984, as amended by the Road Traffic Act 1991.
- (d) Crossrail – Revenue funds set aside to contribute towards the City’s £200m commitment towards the Crossrail project, currently anticipated in 2016.
- (e) VAT Reserve – Should the City Corporation no longer be able to recover VAT incurred on exempt services as a result of exceeding the 5% partial exemption threshold, this reserve will be the first call for meeting the associated costs.
- (f) Proceeds of Crime Act – In 2011/12, the City Police received a substantial cash forfeiture award of £1.6m. Under the guidelines of the scheme, the funds must be ringfenced for crime reduction initiatives.
- (g) Judges Pensions - Sums set aside to assist with the City of London’s share of liabilities.
- (h) Central Criminal Court Plant Replacement – Sums set aside to assist with financing the net cost up to design report stage.
- (i) Maintenance of Graves - to help fund the maintenance of graves and memorial gardens so that current income is not the sole source of finance for the maintenance of old graves. Any surpluses made by the Cemetery and Crematorium are transferred to the Reserve at year end.
- (j) 6-8 Bonhill Street – Sums obtained on the surrender of the headlease and set aside to fund cyclical maintenance and repair works to the property and void costs.
- (k) A number of reserves for service specific projects and activities where the balance on each individual reserve is less than £0.5m have been aggregated under this generic heading.



## Report – Finance Committee Revenue and Capital Budgets 2013/14 and 2014/2015

*To be presented on Thursday, 6<sup>th</sup> March 2014  
To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

### Summary

1. This report should be read in conjunction with the separate report to your Committee entitled “City Fund: 2014/2015 Budget and Medium Term Financial Strategy” which sets the 2014/15 City Fund budget within the context of the Medium Term Financial Strategy and financial forecast and recommends that the City’s business rate premium and council tax for 2014/15 remain unchanged.
2. The 2013/14 and 2014/15 budgets for each of the City Corporation’s three main funds have been prepared within the planning frameworks agreed by the Resource Allocation Sub Committee which, in particular, took account of a £6.9m (7.3%) cut in Government Grants receivable by the City Fund in 2014/15.
3. City Fund
  - The surplus in the current year is anticipated to reduce from £5.7m to £5.4m. For 2014/15 a surplus of £6.8m is indicated. Whilst the changes between these headline figures are relatively insignificant, there are a number of largely compensating variations as set out in paragraphs 20 to 28.
  - In 2013/14, £83m of cash backed revenue reserves have been used towards the funding of investment property purchases totalling £117.4m – the majority of which are from City’s Cash and Bridge House Estates (Project B.E.). The budgets reflect the intended revenue consequences whereby the increases in rental income more than offset the reduction in interest on cash balances.
  - Average annual interest rates assumed on cash balances have reduced from 1.5% to 1.15% in the current year and to 0.75% in 2014/15. These changes affect all three funds.
  - The impact of the significant and continuing cuts in Government funding is forecast to reduce the City Fund revenue account to a broadly break even position in 2015/16 followed by deficits in subsequent years.
  - A service based review is underway to provide savings and budget reduction proposals for Members’ consideration.

#### 4. City's Cash

- Following the preparation of the 2012/13 City's Cash financial statements on the basis of United Kingdom Generally Accepted Accounting Practice (UKGAAP), the preparation of the budgets is also being moved to this basis.
- The City's Cash deficit is anticipated to be £2.2m in the current year and £6.1m in 2014/15. Deficits are also indicated for the other years of the medium term financial forecast.
- The service based review to identify savings and budget reduction proposals also includes City's Cash.
- As indicated in the table above, these deficits are after allowing for profits on the sales of assets. In the 2013/14 original budget the profit on sale of assets was not separately identified – being treated under the previous basis of preparation as part of capital income. Under UKGAAP, such profit is treated as revenue income. Based on the experience of recent years, a prudent assumption of £2m a year had been included in the financial forecasts. However, following the approval of the 'Project B.E.' property transfers to City Fund, the total profit on sale of assets is anticipated to be £9m, a £7m increase on the initial assumption.
- Without the benefit of the profits on asset sales, the operating deficits for 2013/14 and 2014/15 are £11.2m and £8.1m respectively.
- £50m of cash backed revenue reserves have been invested in stocks and shares and the budgets reflect the intended revenue consequences whereby the increases in investment income more than offset the reduction in interest on cash balances.
- Details of other significant budget variations are set out in paragraphs 34 to 41.

#### 5. Bridge House Estates

- The estimated deficit for the current year has increased from £0.9m to £3.9m due mainly to the approved carrying forward of unused grants and other budgets from 2012/13.
- The fund is expected to return to surplus in 2014/15 with the medium term financial forecast also indicating healthy surpluses for subsequent years.
- £90m of cash backed revenue reserves have been invested in stocks and shares and the budgets reflect the intended revenue consequences whereby the increases in investment income more than offset the reduction in interest on cash balances.
- Details of other significant budget variations are set out in paragraphs 45 to 54.

6. The report also summarises the budgets for central support services within Guildhall Administration (which initially 'holds' such costs before these are wholly recovered) and the capital budgets for the three Funds.

7. The 2014/15 Summary Budget Book accompanies this report and will be available on the *Members' Committees and Papers* section of the City

Corporation's website. Copies will also be available in the Members' Reading Room and individual copies can be requested from [steve.telling@cityoflondon.gov.uk](mailto:steve.telling@cityoflondon.gov.uk). The book provides the complete revenue and capital budgets for the City Corporation in a single document.

## Recommendations

8. We therefore recommended that the Court:-
- (i) notes the latest approved revenue budgets for 2013/14;
  - (ii) agrees the 2014/15 budgets;
  - (iii) agrees the capital budgets; and
  - (iv) delegates authority to the Chamberlain to determine the financing of the capital budgets.

## MAIN REPORT

### Background

9. The 2013/14 and 2014/15 budgets for each of the City Corporation's three main funds are set out below.

<b>Budgets by Fund</b>			
	<b>2013/14 Original £m</b>	<b>2013/14 Latest Approved £m</b>	<b>2014/15 Original £m</b>
<b>City Fund</b>			
Gross Expenditure	313.3	326.0	325.6
Gross Income	(202.1)	(214.5)	(222.0)
Net Expenditure before Government Grants and Taxes	111.2	111.5	103.6
Government Grants and Taxes	(116.9)	(116.9)	(110.4)
<b>Surplus to Reserves</b>	<b>(5.7)</b>	<b>(5.4)</b>	<b>(6.8)</b>
<b>City's Cash</b>			
Gross Revenue Expenditure	154.2	165.8	157.8
Gross Revenue Income	(152.7)	(154.6)	(149.7)
<b>Operating Deficit</b>	<b>1.5</b>	<b>11.2</b>	<b>8.1</b>
Profit on asset sales	0.0	(9.0)	(2.0)
<b>Deficit from Reserves</b>	<b>1.5</b>	<b>2.2</b>	<b>6.1</b>
<b>Bridge House Estates</b>			
Gross Expenditure	39.5	44.3	36.4
Gross Income	(38.6)	(40.4)	(39.2)
<b>Deficit (Surplus) from (to) Reserves</b>	<b>0.9</b>	<b>3.9</b>	<b>(2.8)</b>

*NB: Members are reminded that figures in brackets indicate income or in hand balances, increases in income or decreases in expenditure.*

The primary purpose of this report is to summarise the latest approved and proposed revenue budgets for 2013/14 and 2014/15 respectively

together with the capital budgets, which have all been prepared within agreed policy guidelines and allocations, for your submission to the Court of Common Council in March.

10. During the autumn/winter cycle of meetings each Committee has received and approved a budget report which has generally been prepared against a background of significant cuts in Government Grants. With the exception of Bridge House Estates and the Guildhall School of Music and Drama, budget reports for Non-Police Services took account of the general planning framework for Chief Officers which provided for:-
  - allowances towards inflationary pressures of 1% and 2% for 2013/14 and 2014/15 respectively on net local risk budgets; but
  - offset by 2% efficiency reductions across the period (i.e. by 2014/15 the base budget should be a net 1% higher than in 2012/13 – allowances towards inflationary pressures of 3% less efficiency reductions of 2%).
11. For the City Police, the annual cash limit continues to be determined by the national settlement allocation with the Force using its reserves on a phased basis subject to a minimum level being retained.
12. As Bridge House Estates remains in a reasonably buoyant position, the allowances towards inflationary pressures are being provided but the 2% efficiency reduction has not been required. The same arrangement also applies to the Guildhall School of Music and Drama due to the particularly difficult financial situation being addressed at the School.
13. Accompanying this report is the Summary Budget Book 2014/15 which will be available on the *Members' Committees and Papers* section of the City Corporation's website. Copies will also be available in the Members' Reading Room and individual copies can be requested from [steve.telling@cityoflondon.gov.uk](mailto:steve.telling@cityoflondon.gov.uk). The Summary Budget Book provides:
  - (v) all the budgets at a summary level in a single document;
  - (vi) service overviews – a narrative of the services for which each Chief Officer is responsible;
  - (vii) Chief Officer summaries showing net revenue expenditure by division of service, fund, type of expenditure and income;
  - (viii) Fund summaries showing the net revenue requirement for each Fund supported by Committee summaries showing the net requirement for each Committee within the Fund; and
  - (ix) the capital and supplementary revenue project budgets by Fund.
14. During the preparation of this report all Chief Officers have been asked to consider whether there would be any potential adverse impact of the various budget policy proposals on the equality of service with regard to service

provision and delivery that affects people, or groups of people, in respect of disability, gender and racial equality. None are anticipated but they are expected to confirm this by the date of the Committee.

## Overall Financial Strategy

15. The City Corporation's overall financial strategy seeks to:
- 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;
  - encourage competition for resources;
  - create a stable framework for budgeting through effective financial planning; and
  - promote investment in capital projects which bring clear economic, policy or service benefits.
16. The medium term financial strategy/budget policies for each of the funds are set out in Annex 1.

## CITY FUND

### Overall Budget Position

17. The overall budgets have been prepared in accordance with these strategies and the requirements for 2013/14 and 2014/15 are summarised by Committee in the table below. Explanations for significant variations were contained in the budget reports submitted to service committees.

<b>City Fund Summary by Committee</b>	<b>2013/14 Original</b>	<b>2013/14 Latest Approved</b>	<b>2014/15 Original</b>
<i>Net Expenditure (Income) - Note 1</i>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Barbican Centre	23.3	24.2	24.0
Barbican Residential	0.2	0.2	0.1
Community and Children's Services	11.3	11.5	11.2
Culture Heritage and Libraries	20.1	19.9	20.1
Finance - Note 2	(8.1)	75.8	(7.7)
Licensing	0.1	0.1	0.0
Markets	(0.8)	(0.8)	(0.8)
Open Spaces	1.4	1.4	1.4
Planning and Transportation	13.2	12.5	12.6
Police	62.9	62.9	60.4
Policy and Resources	4.2	3.8	3.7
Port Health and Environmental Services	14.0	14.0	14.1
Property Investment Board	(30.6)	(30.8)	(34.4)
<b>City Fund Requirement - Note 3</b>	<b>111.2</b>	<b>194.7</b>	<b>104.7</b>

1. Members are reminded that figures in brackets indicate income or in hand balances, increases in income or decreases in expenditure.
2. The 2013/14 latest approved budget for Finance Committee includes £83m of revenue funding towards the purchase of investment properties (para 24).
3. Reconciles to line 8 in the table overleaf.

18. The following table further analyses the budget to indicate:

- the contributions made from the City's own assets towards the City Fund requirement (interest on balances – line 4, and investment property rent income – line 5);
- the inclusion of an extraordinary item for use of revenue reserves to fund capital expenditure, primarily the purchase of investment property purchases (lines 7 and 14);
- the funding received from Government formula grants and from taxes (lines 9 to 12); and
- the estimated surpluses to be transferred to reserves (line 15).

City Fund Revenue Requirements 2013/14 and 2014/15					
		2013/14 Original £m	2013/14 Latest Approved £m	2014/15 Original £m	Para. No.
1	Net expenditure on services	149.2	150.9	144.5	20, 25
2	Supplementary revenue projects and capital expenditure financed from revenue	1.1	1.7	1.6	21
3	Requirement before investment income from the City's Assets	150.3	152.6	146.1	
4	Interest on balances	(4.4)	(4.9)	(2.1)	22, 26
5	Estate rent income	(34.7)	(36.0)	(39.3)	23, 27
6	City Fund Requirement before Extraordinary item	111.2	111.7	104.7	
7	<b>Extraordinary Item - Investment Property Purchases</b>	<b>0.0</b>	<b>83.0</b>	<b>0.0</b>	24
8	<b>City Fund Requirement</b>	<b>111.2</b>	<b>194.7</b>	<b>104.7</b>	
	Financed by:				
9	Government formula grants	(94.3)	(94.3)	(87.4)	28
10	City offset	(10.5)	(10.5)	(10.7)	
11	Council tax	(5.6)	(5.6)	(5.8)	
12	NNDR premium	(6.5)	(6.5)	(6.5)	
13	Deficit (Surplus) before use of revenue reserves to fund capital	(5.7)	77.8	(5.7)	
14	Revenue reserves applied to capital	0.0	(83.2)	(1.1)	24
15	<b>Underlying Operating Surplus transferred to reserves</b>	<b>(5.7)</b>	<b>(5.4)</b>	<b>(6.8)</b>	

19. The surplus in the current year is anticipated to reduce from £5.7m to £5.4m. For 2014/15 a surplus of £6.8m is indicated. However, the impact of significant and continuing cuts in Government funding is forecast to reduce the City Fund revenue account to a broadly break even position in 2015/16 followed by deficits in subsequent years. A service based review is therefore underway to provide savings and budget reduction proposals for Members' consideration.

## Revenue Budget 2013/14

### Net Expenditure on Services

20. Net expenditure on City Fund services in 2013/14 was originally budgeted at £149.2m, whereas the latest approved budget totals £150.9m, an increase of £1.7m. The main reasons for this increase are:

- approved budgets of £2.3m brought forward from 2012/13;
- an increase of £0.8m for the City Fund element of the additional support service costs set out in paragraph 56;
- an increase of £0.6m for the Barbican Centre (in addition to £0.3m within the brought forward budgets above) for the London Living Wage and compensation to preserve the neutrality principle in relation to the relocation of the cinemas to the exhibition halls;
- a reduction of £0.5m in the transfer to the Crossrail reserve to reflect the decrease in interest rates on cash balances and the short term use of Crossrail receipts for reinvestment;
- a contingency of £0.5m transferred to City's Cash to match the decisions on funding;
- an increase of £0.4m in unringfenced grant income; and
- additional income of £0.3m from planning application fees.

### Supplementary Revenue Projects and Capital Expenditure Funded from Revenue

21. The increase from £1.1m to £1.7m largely relates to Barbican Centre projects that were rephased from 2012/13.

### Interest on Balances

22. The latest budget for 2013/14 anticipates an increase of £0.5m in interest earnings to £4.9m. This is the net impact of:

- a more beneficial cash flow, particularly business rate receipts, capital expenditure and higher reserves; partly offset by
- the recent reduction in the assumed interest rate, from 1.5% to 1.15% due to the lower returns available for the reinvestment of maturing money market deposits; and
- the part year impact of using cash backed reserves to purchase investment properties as agreed by the Policy and Resources Committee - to generate higher returns than interest on cash balances.

### Investment Estate Rent Income

23. Rent income from investment properties is forecast to be £36m, an increase of £1.3m on the original budget due mainly to the part year impact of the purchase of investment properties as indicated above.

### Extraordinary Item – Investment Property Purchases

24. Following the Policy and Resources Committee's decision to invest cash backed revenue reserves into investment properties, purchases totalling £117.4m have been agreed, comprising purchases from City's Cash and Bridge

House Estates together with 21 Garlick Hill. These purchases were funded from £34.4m of capital receipts and £83.0m of cash backed revenue reserves. This latter figure is required to be routed through the revenue account.

## **Revenue Budget 2014/15**

### Net Expenditure on Services

25. Net expenditure on City Fund services for 2014/15 is budgeted at £144.5m, a reduction of £4.7m compared to the 2013/14 original budget. The main variations are:

- a reduction of £2.6m in the City Police cash limit to reflect the cut in core Government grant;
- savings of £1.7m relating to efficiency and budget reviews;
- a reduction of £1.3m in the transfer to the Crossrail reserve to reflect the decrease in interest rates on cash balances and the short term use of Crossrail receipts for reinvestment;
- a contingency of £0.5m transferred to City's Cash to match the decisions on funding;
- an increase of £0.5m in unringfenced grant income;
- a reduction of £0.5m in the fees payable on the procurement transformation project;
- additional income of £0.3m from planning application fees;
- the inclusion of a £0.6m provision for the London Living Wage;
- an increase of £0.6m for the City Fund element of the additional support service costs set out in paragraph 57; and
- an increase of £1.7m for pay and prices.

### Interest on Balances

26. Income is anticipated to reduce to £2.1m from the £4.9m forecast in the current year due to a decrease in the assumed average interest rate for the year from 1.15% to 0.75% together with the full year impact of using cash backed reserves to purchase investment properties.

### Investment Estate Rent Income

27. The latest rental forecasts for 2014/15 assume an increase of £3.3m to £39.3m compared to the latest budget for 2013/14. This increase relates to the full year impact of the rental income from the properties purchased from cash backed reserves together with the impact of the latest assumptions on availability, occupancy and rent levels for the rest of the estate.

## Government Formula Grant

28. There is a reduction of £6.9m in core Government Grants from £94.3m in the current year to £87.4m in 2014/15. This reduction is split between Police and Non-Police services as follows:

Analysis of the City's National Formula Grant				
	2013/14	2014/15	Reduction on 2013/14	
	£m	£m	£m	%
Police	57.8	55.2	2.6	4.5
Non-Police	36.5	32.2	4.3	11.8
<b>Total</b>	<b>94.3</b>	<b>87.4</b>	<b>6.9</b>	<b>7.3</b>

## CITY'S CASH

### Overall Budget Position

29. The budgets have been prepared in accordance with the budget policy set out in Annex 1 and the requirements for 2013/14 and 2014/15 are summarised by committee in the table below. Sufficient reserves are available to meet these total requirements.

City's Cash Summary by Committee <i>Net Expenditure (Income)</i>	2013/14 Original	2013/14 Latest Approved	2014/15 Original
	£m	£m	£m
Culture, Heritage & Libraries	0.1	0.3	0.4
Finance	(4.7)	(8.4)	(5.9)
G. P. Committee of Aldermen	3.1	3.3	3.1
Guildhall School of Music and Drama	6.0	8.4	9.0
Markets	1.4	0.9	1.2
Open Spaces :-			
Open Spaces Directorate	0.0	0.0	0.0
Epping Forest and Commons	7.1	6.4	7.2
Hampstead, Queen's Park and Highgate	6.9	6.5	7.4
Bunhill Fields	0.3	0.3	0.3
West Ham Park	1.2	1.0	1.2
Planning and Transportation	0.1	0.1	0.1
Policy and Resources	9.7	11.2	10.6
Port Health and Environmental Services	0.0	0.2	0.1
Property Investment Board	(34.4)	(32.8)	(33.5)
Schools :-			
City of London School #	1.4	1.4	1.5
City of London Freeman's School #	1.0	1.1	1.1
City of London School for Girls #	2.3	2.3	2.3
<b>Total net requirement to be met from reserves</b>	<b>1.5</b>	<b>2.2</b>	<b>6.1</b>

\* Fully recharged to the Opens Spaces

# Shows City support rather than net expenditure by the schools.

30. 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).

City's Cash Requirements 2013/14 and 2014/15					
		2013/14 Original £m	2013/14 Latest Approved £m	2014/15 Original £m	Para. No.
1	Net expenditure on services	62.6	70.0	69.8	34,40
2	Supplementary revenue projects	2.3	3.8	2.4	35
3	Estate rent income	(43.0)	(41.8)	(41.8)	36
4	Investment income	(19.7)	(20.5)	(22.2)	41
5	Interest on balances	(0.7)	(0.3)	(0.1)	38
6	<b>Operating Deficit</b>	<b>1.5</b>	<b>11.2</b>	<b>8.1</b>	
7	Profit on asset sales	0.0	(9.0)	(2.0)	39
8	<b>Deficit after Profit on Asset Sales</b>	<b>1.5</b>	<b>2.2</b>	<b>6.1</b>	

31. The City's Cash operating deficit is anticipated to increase from £1.5m to £11.2m in the current year and then reduces to £8.1m in 2014/15. Deficits are also indicated for the other years of the medium term financial forecast.
32. Following the preparation of the 2012/13 City's Cash financial statements on the basis of United Kingdom Generally Accepted Accounting Practice (UKGAAP), the preparation of the budgets is also being moved to this basis. Consequently, depreciation, a measure of the loss in value of operational assets due to age, wear and tear, deterioration or obsolescence, is now charged to expenditure and is a major contributor to the operating deficits.
33. The service based review is identifying savings and budget reduction proposals to balance the City's Cash revenue account over the medium term.

### Revenue Budget 2013/14

#### Net Expenditure on Services

34. Net expenditure on City's Cash services for 2013/14 was originally budgeted at £62.6m. The latest approved budget of £70.0m is an increase of £7.4m which is primarily due to:
- depreciation charges of £4.8m which, under UKGAAP, impact on the bottom line;
  - the transfer of £1.5m to the GSMD revenue budget from its capital cap;
  - approved budgets of £1.2m brought forward from 2012/13;
  - an increase of £0.7m for the City's Cash element of the additional support service costs set out in paragraph 56;
  - a contingency of £0.5m transferred from City Fund to match the decisions on funding;
  - additional income of £1.0m relating to Smithfield Market following the commencement of new leases from 1 April this year; and
  - release of £0.6m deferred income relating to grants and contributions received towards capital projects. UKGAAP requires such income to be released to revenue over the anticipated lives of the assets rather than being applied to match expenditure as it is incurred;

## Supplementary Revenue Projects

35. The increase from £2.3m to £3.8m primarily relates to a change in accounting treatment required by UKGAAP whereby contributions from designated funds are no longer included in the income and expenditure account.

## Investment Estate Rent Income

36. Rent income from investment properties is forecast to be £41.8m which is a decrease of £1.2m on the original budget. This decrease relates to the part year effect of the sale of properties to the City Fund together with the impact of the latest assumptions on availability, occupancy and rent levels for the rest of the estate.

## Non-Property Investment Income

37. Income from non-property investments is forecast to increase by £0.8m to £20.5m due to the part year effect of the Policy and Resources Committee's decision to invest £50m of cash backed reserves into stocks and shares in order to achieve a rate of return that is higher than interest on cash balances.

## Interest on Cash Balances

38. The net impact of the reduction in the assumed interest rate from 1.5% to 1.15%, the cash invested in stocks and shares, and the part year effect of the cash received from the sale of investment properties to City Fund are projected to reduce interest earnings from £0.7m to £0.3m.

## Profit on Asset Sales

39. In the 2013/14 original budget the profit on sale of assets was not separately identified – being treated instead as part of capital income. Under UKGAAP, such profit is treated as revenue income. Following the approval of the 'Project B.E.' property transfers, the profit on sale of assets is anticipated to be £9m, a £7m increase on the annual assumption of £2m which had been included in the initial medium term financial forecasts.

## **Revenue Budget 2014/15**

### Net Expenditure on Services

40. Net expenditure on City's Cash services for 2014/15 is budgeted at £69.8m, an increase of £7.2m compared to the original budget for 2013/14. The main reasons for the increased requirement are:

- depreciation charges of £5.8m which, under UKGAAP, impact on the bottom line;
- an increase of £1.2m for pay and prices;
- the transfer of £1m to the GSMD revenue budget from its capital cap;
- an increase of £0.8m for the City's Cash element of the additional support service costs set out in paragraph 57;
- a contingency of £0.5m transferred from City Fund to match the decisions on funding;
- expenditure of £0.5m relating to repairs and maintenance programmes;

- the inclusion of a £0.4m provision for the London Living Wage;
- additional income of £1.0m relating to Smithfield Market following the commencement of new leases from 1 April this year;
- savings of £0.8m relating to efficiency and budget reviews;
- release of £0.6m deferred income relating to grants and contributions received towards capital projects. UKGAAP requires such income to be released to revenue over the anticipated lives of the assets rather than being applied to match expenditure as it is incurred; and
- a reduction of £0.3m in the fees payable on the procurement transformation project.

#### Non-Property Investment Income

41. Income is anticipated to increase by a further £1.7m to £22.2m reflecting the full year impact of the decision to invest £50m of cash backed reserves into stocks and shares in order to achieve a rate of return that is higher than interest on cash balances.

### BRIDGE HOUSE ESTATES

#### Overall Budget Position

42. The budgets have been prepared in accordance with the budget policy set out in Annex 1 and the requirements for 2013/14 and 2014/15 are summarised in the table below.

<b>Bridge House Estates Summary by Committee</b>	<b>2013/14 Original</b>	<b>2013/14 Latest Approved</b>	<b>2014/15 Original</b>
<b><i>Net Expenditure (Income)</i></b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
The City Bridge Trust	20.2	23.4	16.9
Culture, Heritage and Libraries	(0.3)	0.0	(0.3)
Finance	(9.2)	(9.6)	(10.6)
Planning and Transportation	3.6	3.8	3.7
Property Investment Board	(13.4)	(13.7)	(12.5)
<b>Deficit (Surplus) from (to) reserves</b>	<b>0.9</b>	<b>3.9</b>	<b>(2.8)</b>

43. The estimated deficit for the current year has increased from £0.9m to £3.9m but 2014/15 is expected to return to surplus with the medium term financial forecast also indicating healthy surpluses for subsequent years.
44. 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); and
  - the budgets for charitable grants (line 7).

Bridge House Estates Requirements 2013/14 and 2014/15					
		2013/14 Original	2013/14 Latest Approved	2014/15 Original	Para. No.
		£m	£m	£m	
1	Net expenditure on services	10.6	12.1	11.2	45, 51
2	Bridges repairs, maintenance and major works fund contribution	1.0	1.0	1.1	46, 47
3	Estate rent income	(17.6)	(17.9)	(16.3)	52
4	Investment income	(11.3)	(13.3)	(14.7)	48, 53
5	Interest on balances	(1.0)	(0.3)	(0.1)	49
6	<b>Revenue surplus</b>	<b>(18.3)</b>	<b>(18.4)</b>	<b>(18.8)</b>	
7	Charitable grants	19.2	22.3	16.0	50, 54
8	<b>Deficit (Surplus) from (to) reserves</b>	<b>0.9</b>	<b>3.9</b>	<b>(2.8)</b>	

### Revenue Budget 2013/14

#### Net Expenditure on Services

45. The increase from £10.6m to £12.1m in 2013/14 is primarily approved budgets brought forward from 2012/13 together with an increase in the estimated fees payable to non-property investment fund managers.

#### Bridges Repairs, Maintenance and Major Works Fund

46. The objective for the Bridges Repairs, Maintenance and Major Works Fund is to provide sufficient resources to meet the enhanced maintenance costs of the five bridges over a period of at least 50 years.

47. Having compared the costs of the City Surveyor's 50 year maintenance programme with the projections for income to be earned by the Fund, the contributions required have been assessed as £1m in the current year and £1.1m in 2014/15. The 50 year maintenance programme and the levels of contributions required to smooth the costs over this period will continue to be reviewed annually.

#### Non-Property Investment Income

48. Income from non-property investments is forecast to increase by £2m to £13.3m. This is due to the part year effect of the Policy and Resources Committee's decision to invest £90m of cash backed reserves into stocks and shares in order to achieve a rate of return that is higher than interest on cash balances together with the forecast for investment returns being higher than originally budgeted by fund managers.

#### Interest on Balances

29. The net impact of the reduction in the assumed interest rate from 1.5% to 1.15%, the cash transferred to stocks and shares, and the part year effect of the cash received from the sale of investment properties to City Fund are projected to reduce interest earnings from £1m to £0.3m.

## Charitable Grants

50. The increase of £3.1m relates to budgets brought forward from 2012/13 relating to the various grants programmes.

## Revenue Budget 2014/15

### Net Expenditure on Services

51. The estimate of £11.2m is an increase of £0.6m on the original budget for 2013/14 and primarily relates to the estimated fees payable to non-property investment fund managers

### Investment Estate Rent Income

52. Rent income from investment properties is forecast to be £16.3m which is a decrease of £1.3m on the original budget. This decrease relates to the sale of properties to the City Fund together with the impact of the latest assumptions on availability, occupancy and rent levels for the rest of the estate.

### Non-Property Investment Income

53. Income is anticipated to increase by a further £1.4m to £14.7m reflecting the full year impact of the decision to invest £90m of cash backed reserves into stocks and shares.

## Charitable Grants

54. The 2014/15 budget is £16m and comprises

- the £15m base budget for charitable grants; and
- £1m towards the 'Employability Partnership' with Central London Forward to provide pre-employment training and mentoring for young people (£2m in total split equally over 2013/14 and 2014/15).

## GUILDHALL ADMINISTRATION

55. 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.

<b>Guildhall Administration by Committee</b>	<b>2013/14 Original</b>	<b>2013/14 Latest Approved</b>	<b>2014/15 Original</b>
<b>Net Expenditures</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Culture, Heritage and Libraries - City Records Office	0.9	0.9	0.9
Establishment - Town Clerk & C&CS	11.4	12.0	11.6
Finance - Chamberlain	30.2	31.8	31.3
Finance - City Surveyor, Remembrancer and Town Clerk	19.5	19.1	19.9
<b>Total Net Expenditure</b>	<b>62.0</b>	<b>63.8</b>	<b>63.7</b>
Recovery of Costs	(62.0)	(63.8)	(63.7)
Total Guildhall Administration	0	0	0

### Revenue Budget 2013/14

56. The 2013/14 latest approved budget for net expenditure (before recovery of costs) is £63.8m, an increase of £1.8m compared to the original budget. The additional requirement primarily relates to the following:

- an increase of £0.9m for the first year of the IS managed service contract. However, across the seven year contract period there is an overall revenue saving of £1.6m;
- approved budgets of £0.7m brought forward from 2012/13;
- a £0.5m reduction in the anticipated profit from the City's reinsurance arrangements following poor claims experience this year;
- an increase of £0.4m for IS projects – disaster recovery, wide area network and Members' equipment;
- a reduction of £0.7m relating to the rephrasing of repairs and maintenance programmes; and
- a £0.4m reduction in insurance premiums.

### Revenue Budget 2014/15

57. Net expenditure for 2014/15 (before recovery of costs) is budgeted at £63.7m. This is an increase of £1.7m compared to the 2013/14 original budget. The main variations are as follows:

- an increase of £0.7m for the second year of the IS managed service contract. However, across the seven year contract period there is an overall revenue saving of £1.6m;
- an additional £0.6m for the City of London Procurement Service following the early cessation of the contract with the procurement transformation partner.
- an increase of £0.6m for pay and prices;
- an increase of £0.2m relating to the rephrasing of repairs and maintenance programmes;
- an increase of £0.2m for IS projects – disaster recovery, wide area network and Members' equipment;
- savings of £0.5m relating to efficiency and budget reviews; and
- a £0.4m reduction in insurance premiums.

## **CAPITAL AND SUPPLEMENTARY REVENUE PROJECT BUDGETS**

58. The City Fund, City's Cash and Bridge House Estates approved capital and supplementary revenue project budgets being submitted to the Court of Common Council in March are included in the Summary Budget Book.

### **City Fund Capital and Supplementary Revenue Project Budgets**

59. The latest City Fund approved capital and supplementary revenue projects budgets total £197.4m for 2013/14 and £33.6m for 2014/15. The budgets for both years include property investments in relation to the City's Crossrail commitment, a number of schemes relating to affordable housing, the Barbican Centre and highway/streetscene schemes. In addition, the 2013/14 budget reflects significant property investments arising from the decision to divert revenue balances from cash to property. After allowing for external contributions and the investment of revenue cash balances, the remainder of the City Fund capital budget is anticipated to be financed largely from capital receipts in line with budget policy.

### **City's Cash Capital and Supplementary Revenue Project Budgets**

60. The latest City's Cash capital and supplementary revenue projects budgets total £34.7m for 2013/14 and £11.8m for 2014/15. The budgets for 2013/14 include expenditures on property investments, the Guildhall School – in particular the new facilities at Milton Court, and the MasterPlan work at the Freeman's School. The 2014/15 budgets include further expenditures on property investments, completion of Phase 1 of the Freeman's School MasterPlan, works at Billingsgate Market and Highams Park lake in Epping Forest.

### **Bridge House Estates Capital and Supplementary Revenue Project Budgets**

61. The latest Bridge House Estates approved capital and supplementary revenue projects budgets total £3.1m for 2013/14 and £4.4m in 2014/15 mainly related to investment property development

### **Financing Capital Expenditure**

62. As in previous years, it is proposed that the Chamberlain should determine the final financing of the capital budgets.

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

DATED this 18<sup>th</sup> day of February 2014.

SIGNED on behalf of the Committee.

**ROGER ARTHUR HOLDEN CHADWICK**  
Chairman of the Finance Committee

## Medium Term Financial Strategy/Budget Policy

### City Fund

The main constituents of the City Fund medium term financial strategy/budget policy are as follows:-

- (i) to aim to achieve as a minimum over the medium term planning period the 'golden rule' of matching on-going revenue expenditures and incomes;
- (ii) to implement budget adjustments and measures that are sustainable, on-going and focused on improving efficiencies;
- (iii) in line with (ii), as far as possible to protect existing repairs and maintenance provisions and budgets from any efficiency squeezes or budget adjustments and to ring-fence all other non-staffing budgets (to prevent any amounts from these budgets being transferred into staffing budgets);
- (iv) within the overall context of securing savings and budget reductions, to provide Chief Officers with stable financial frameworks that enable them to plan and budget with some certainty;
- (v) for the Police service, ordinarily to set an annual cash limit determined from the national settlement allocation to the City Police and to allow the Force to draw from its reserves on a phased basis, subject to a minimum level being retained;
- (vi) to achieve the existing targeted/selective budget reductions and savings programme and to identify further savings together with the potential financial benefits arising from new corporate-wide procurement arrangements;
- (vii) to ring-fence sufficient assets (cash and investment property) to accumulate, via revenue and/or capital growth, the amount required to meet the City Corporation's Crossrail direct funding commitment of £200m in 2015/16;
- (viii) to continue to review critically all financing arrangements, criteria and provisions relating to existing and proposed capital and supplementary revenue project expenditures;
- (ix) to reduce the City Fund's budget exposure to future interest rate changes by adopting a very prudent, constant annual earnings assumption in financial forecasts. If higher earnings are actually achieved, these should ordinarily only be available for non-recurring items of expenditure;
- (x) to accept that in some years of the financial planning period it may be necessary to make contributions from the revenue budget to revenue balances;
- (xi) ordinarily to finance capital projects from capital rather than revenue resources and supplementary revenue projects from provisions set aside within the financial forecast; and
- (xii) to minimise the impact of rate/tax increases on City businesses and residents.

### City's Cash

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.

### **Bridge House Estates**

Budget policy in relation to Bridge House Estates is as follows:

- adhering to a planning framework which provides cash limit allowances towards inflationary pressures rather than the budget reductions and savings programmes applied to other funds;
- ensuring that ongoing revenue expenditure is contained within revenue income over the medium term and that sufficient surpluses are generated to finance expenditure on the Bridges with surplus funds allocated to charitable grants; and
- continuing to seek property investment opportunities to enhance income/provide capital appreciation during the year subject to any financing being met from the Bridge House Estates Designated Sales Pool.



## Report – Policy and Resources Committee London Councils: London Local Government Pension Scheme (LGPS) Collective Investment Vehicle

*To be presented on Thursday, 6<sup>th</sup> March 2014  
To the Right Honourable, The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

### **Summary**

London Councils has undertaken work on the potential for more collaboration between a number of London boroughs and the City of London Corporation on the management and investment of pension funds. Expert legal and financial services advisors were appointed to develop a robust business case and a formal proposal to proceed with implementation of a London LGPS Collective Investment Vehicle (CIV), in the form of a UK based FCA Authorised Contractual Scheme (ACS).

London Councils Leaders' Committee recently considered the outcome of this and agreed to take recommendations to London boroughs (and the City Corporation) to proceed with establishing an Authorised Contractual Scheme (ACS), and the ACS Operator, which is the company that would manage it. It should be noted that the proposals outlined in this report are based on voluntary participation, and the decision as to whether to invest in the ACS would be made later in the year. It should be noted that nothing proposed in this report locks the City Corporation into any level of commitment to invest at this point.

Dialogue with HM Government relating to the Government's review of Local Government Pension Schemes is ongoing, and they have been apprised of the progress made to date by London Councils. An announcement on this is awaited but it is known that CIVs are considered to be one of the ways forward. In the meantime the financial case for a CIV is strong, as cost savings can be made even at relatively low levels of participation whilst at the same time practical proposals for the governance structure are being formulated.

All London local authorities are being asked to respond to the proposal by 14 April 2014, or before the day of the local government elections (22 May 2014).

### **Recommendations**

Both your Policy and Resources and Finance Committees have considered London Councils recommendations and commend them to you as follows:-

1. Note the work being undertaken to establish a collective investment vehicle, in the form of an authorised contractual scheme (the “ACS”), and the incorporation of a private company limited by shares, to act as the Authorised Contractual Scheme Operator (the “ACS Operator”), for local authority pensions in London (“the Arrangements”);
2. Endorse the establishment of a London Local Government Pensions Scheme Collective Investment Vehicle to be structured and governed as outlined in this report;
3. Agree to become a shareholder in the ACS Operator, and to contribute £1 to the ACS Operator as initial capital;
4. The appointment of the Chairman of Policy and Resources Committee as the elected member who will have power to act for the City Corporation in exercising its rights as a shareholder of the ACS Operator;
5. The appointment of the Chairman of the Financial Investments Board to act as the nominate deputy in this shareholder capacity.
6. Agree that the Chamberlain be appointed as one of the interim Directors of the ACS Operator;
7. Agree that a representative body, in the form of a new sectoral joint committee (the “Pensions CIV Joint Committee”), is established pursuant to the existing London Councils Joint Agreement to act as a representative body for those local authorities that resolve to participate in the Arrangements; and
8. Agree that, in the event that all local authorities resolve to participate in the Arrangements, that the Leaders Committee will undertake the role described as being for the Joint Committee.

## **Main Report**

### **Background**

9. At its December 2013 meeting, the London Councils Leaders’ Committee received a progress update from its Pensions Working Group (PWG), which outlined the views and recommendations of the PWG in respect of the potential London LGPS Collective Investment Vehicle (CIV). Following discussion, Leaders’ Committee agreed the recommendations of the PWG that a business case and formal proposal should be prepared to proceed with implementation of a CIV and that this should be structured as a UK Authorised Contractual Scheme (ACS). At its 11<sup>th</sup> February 2014 meeting the Leaders’ Committee agreed to take questions to their boroughs as to whether they agree to the next steps in the formation of the ACS and its Operator.

10. This report recaps the financial benefits which may arise from operating an ACS, and sets out details of the expected costs. It also summarises the proposed structure of the ACS and potential governance arrangements (including the ACS Operator), together with the steps that are required to progress the project and establish the ACS and its Operator. The decision as to whether to invest in the ACS will remain with the Corporation and any decision would not be made until the autumn at the earliest.
11. The 33 London LGPS funds currently have over £20bn of assets under management. Previous reports have noted that some of those funds (including the City Corporation) deliver performance that is amongst the best, some of the funds are performing less well, and all funds are facing the challenging environment of volatile asset performance and increasing liabilities. This is a picture reflected across the UK.
12. The Government issued a call for evidence on the future structure of the LGPS last year, and sought professional advice to consider either Collective Investment Vehicles or merger of funds as potential routes forward. This advice, being provided by Hymans Robertson and Government consultation are expected to be published shortly. Informal indications are that, while undoubtedly whatever is published will need to be considered it seems unlikely that the direction of travel towards a London CIV will be fundamentally challenged.
13. The London Councils' work precedes this call for evidence. In 2012, a report from the consultants PwC for the Society of London Treasurers' set out options for reconfiguring the London LGPS funds, and indicated the possible financial benefits of a CIV. Since then, the matter has been discussed several times, and it has been agreed that creating a CIV should be considered further, and that the most appropriate structure for the CIV would be an ACS. The City Corporation was one of a number of authorities which, through the Financial Investments Board, agreed to contribute £25-£50k towards exploring the proposal, and a designated fund of these contributions has been established. These contributions will fund the professional costs associated with development of the proposed ACS and its Operator.
14. At its December 2013 meeting, the Leaders' Committee commissioned the PWG to engage expert legal and financial services advisors to assist in the development of the ACS and its Operator. These advisors, - Eversheds, Deloitte and Northern Trust as a Custodian advisor, have been appointed and further analysis has been undertaken on the legal, regulatory, and financial aspects of implementing the CIV. A robust business case is being prepared to inform the formal proposal to proceed with implementation of the ACS and its Operator.

#### **Financial Case**

15. In considering the financial case, there are a number of areas being considered. Firstly the potential financial benefits of the ACS, and then the potential ongoing costs and costs of establishment. These benefits and costs are considered in more detail below, with a high level summary appended.

### *Financial benefits*

16. The 33 London LGPS funds currently have over £20bn of assets under management. Previous work undertaken by PwC estimated savings in the region of £120m per annum from the creation of a CIV, provided there was close to full participation by authorities. The current analysis affirms this calculation.
17. The primary cost savings previously identified were in respect of lower investment management fees. Improved performance, whilst anticipated, cannot be guaranteed and is not a cost saving as such. Work since then indicates that there may be further savings in other areas. For example, when investing in a third party fund, it is likely that income from activities such as stock lending and foreign exchange will be earned, however may not be passed on to the LGPS, as investors, to the same level as could be possible in the ACS where the participating Councils also act as the ACS Operator. PWG estimated that the income from these activities could be in the region of 10 to 20bps. There is no current information available about the level of return that is currently allocated to LGPS in relation to their existing investments.
18. Additional analysis of costs has been undertaken since the PwC report. The broad conclusion of this analysis is that, depending on the level of participation, the marginal costs for investing in the ACS are likely to be in the middle of the original 1 to 5 basis point estimate and that there are potential additional savings that could be made.

### *Custody costs*

19. The main cost associated with running the ACS is from the custody of the assets. Custody costs are calculated as a basis point fee on the amount of assets, with the basis point fee reducing on a sliding scale as the amount of assets under custody increases. For assets of £1bn or less, the cost may be relatively high, at 0.1% (10 basis points) of assets under management. At around £6bn of assets, the custody costs would be in the region of 5 basis points. For assets in excess of £14bn, the costs are lower still, estimated to be 0.035% (3.5 basis points) of assets under management.
20. A reasonable minimum target size of assets management for the ACS is considered to be in the range of £5bn of assets. This is based on work undertaken by the PWG, which shows that there are a number of boroughs who currently have very similar investment mandates with exactly the same investment managers. This research suggests that if 6 of the largest similar mandates with identical investment managers across a range of passive and active equity and bond mandates were selected in the ACS, scale of around £3bn could be achieved without any individual borough pension funds materially changing their currently selected mandates or manager. On the assumption that a number of other London boroughs would also be minded to invest in the ACS if it offered these mandates and given the initial interest expressed by boroughs in participating, a minimum target size of £5bn appears a reasonable assumption.
21. At a level of assets of £5bn the additional custody costs would be expected to be in the range of 3 to 4 basis points (or £1.5 to £2m), being an ACS custody cost of

c.5 basis points less the 1 to 2 basis point charge which would have been incurred on existing investments.

*Other costs and benefits*

22. Other on-going costs of the ACS are likely to include staff costs, consultancy fees, FCA fees and administration costs including audit and taxation. These fees would be charged directly to the fund, as they would be now. Consultancy fees might include professional advice on investment manager selection and compliance with the FCA Rules. As this would be performed centrally at the ACS level rather than multiple times at individual borough level, it is likely that savings would be achieved in this regard. Admin costs would not be expected to be significant compared to the benefits identified.
23. In relation to staff costs, on the basis that it is expected that a majority of functions may not be full time and might be performed by existing local authority personnel, additional staff costs are not expected to be significant. For the purposes of the cost benefit analysis undertaken, an estimate of £400,000 has been made.
24. There are a number of roles required, and the precise detail of the final establishment of the ACS Operator will need to be confirmed later. To the extent that resource is not available, either from within London Councils or seconded from boroughs, additional third party or professional costs may be incurred. It is anticipated that these costs will be analysed in due course once the key roles have been more fully defined and the availability of suitable internal resources have been considered.

*Establishment costs*

25. There will be a number of establishment costs incurred in setting up the ACS Operator and the ACS. These will be one-off costs in the first year.
26. £600,000 has already been contributed to these costs by the boroughs, in order to engage professional advisors to perform the necessary financial and regulatory work. It is currently expected that this work will be performed within this existing budget. However, it should be noted that the costs for working up the detailed workings of the various committees and their interaction with ACS Operator, and any arrangements between the participating Councils as shareholders in the ACS Operator, have not been factored into to cost estimates given so far.
27. As the project progresses, additional professional fees are likely to be incurred, for example to assist in training relevant individuals on their regulatory roles and to assist in the development of procedure manuals and assist in identifying key administrative functions which require to be outsourced, the service standards which should be required and negotiating this arrangement. It will become clearer in due course where costs may arise in this regard.
28. There are expected to be costs of transition of assets to the ACS as assets are moved from existing managers to new managers appointed to the ACS. To a large extent, pension funds already incur similar costs as they transition assets

to different managers in the ordinary course of their pension activities. As such these costs may well simply offset existing costs incurred although clearly this depends on the level of fees currently charged and the number of transitions. Until further decisions are taken on the mandates that will be launched in the ACS, it is difficult to estimate accurately what these costs might be.

### **Proposed Structure**

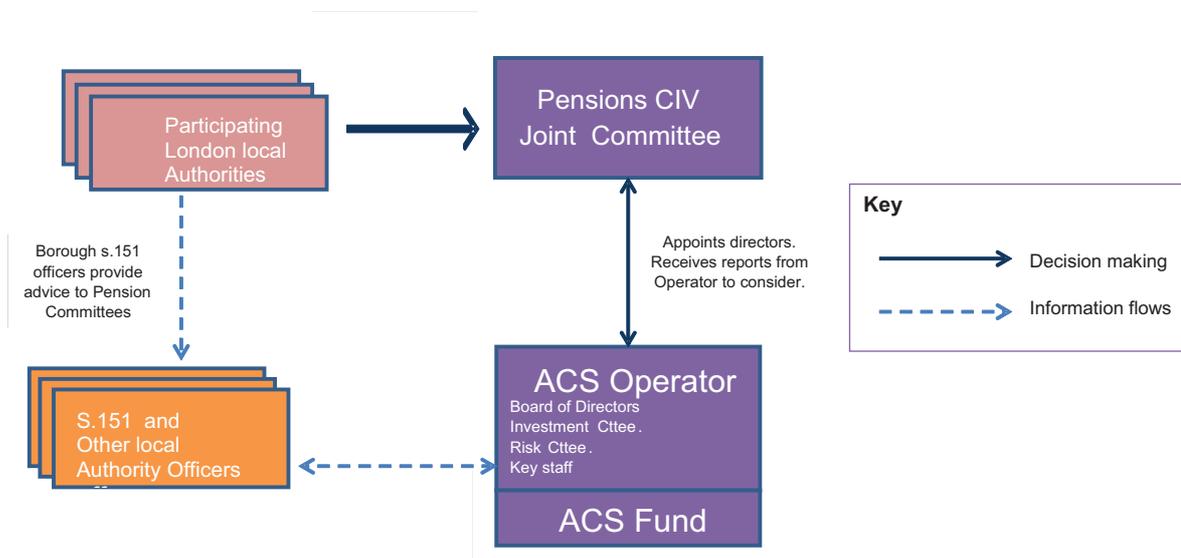
29. It was previously agreed that the most appropriate structure for the CIV is a UK based FCA authorised ACS fund, and nothing has emerged to suggest that that recommendation should change. During the ACS establishment process, some regulatory clarifications will be required although it is not currently expected that there will be any material difficulties. In particular, it will be important to confirm that no changes will be made that would prevent any LGPS from investing substantially all of its assets in a single ACS vehicle. Restrictions currently apply to certain other investment vehicles such as unit trusts and Open-ended investment companies and accordingly it will be important to confirm that changes to legislation will not be put in place that would impact the operation of the ACS, or that the legislation is amended to carve out from those restrictions ACSs operated by local authorities.
30. The ACS will require a FCA regulated ACS Operator to be established. Typically this is in the form of a limited liability company which is proposed here. The board and employees of this company will be responsible for the overall operation of the ACS, including its investment management. The composition of the board and its activities will need to comply with FCA regulations.
31. It is proposed that shares in the ACS Operator are owned by the participating local authorities. Initially, this would require boroughs that wish to participate at this stage to make a £1 investment in the share capital of the ACS Operator. At a later date, additional capital will be required for the ACS Operator to meet its regulatory capital obligations. It is currently expected that this capital will be invested by those boroughs that wish to make a pension investment into the ACS. No further capital would be required from any boroughs who participate at this stage but whose pension funds subsequently choose not to invest in the fund; indeed such boroughs could transfer their interests to those participating boroughs. Further details of how capital investments would need to be made for boroughs that choose to invest pension money will be considered in due course.

### **Governance structure of the ACS Operator**

32. The process for governance and decision making has been considered in some detail, and there are a range of options for how the governance arrangements could be structured. The precise arrangements would always be open to members' scrutiny and amendment, and subject to FCA requirements, but what is laid out below is seen as sensible initial proposals to take the project forward at this point.
33. It is proposed that a new joint committee ('Pensions CIV Joint Committee') will be established under the existing London Councils framework and would be made up of the Leaders of those councils participating in the ACS. Should all the boroughs participate, this role would be performed by London Councils' Leaders' Committee. In relation to the make-up of this committee, it is proposed that

boroughs that agree to become a shareholder in the ACS Operator would appoint a representative who will sit on this committee and with the power to act for the local authority in exercising its rights as a shareholder of the company. London Councils view is that whilst typically the borough Leader (in our case the Chairman of Policy and Resources) might be appointed as the representative on the joint committee, in the event that meetings are required to deal with specialist matters e.g. discussions on investment matters, it may be that a person with appropriate expertise would act as a deputy to attend such meetings, e.g. for investor matters; elsewhere it is envisaged that, the Chair of the relevant Borough Pension Committee could be appointed ( in our case, at the present time this would be the Chairman of the Financial Investments Board).

34. One of the main purposes of the Pensions CIV Joint Committee will be to act as a forum to recommend the key members of the board of the ACS Operator. The ability to appoint directors of the ACS Operator rests with the shareholders (who in practice, will be the members of the committee) and analysis is currently on-going to determine the most appropriate methodology for the wishes of the committee to be executed in a manner which is acceptable given various constraints that exist within local government, Companies Act 2006 requirements and FCA regulations.
35. The governance arrangements and lines of communication between various interest parties have been considered. The proposed arrangements in this regard are illustrated in the diagram below.



36. The exact mandate of the joint committee will require further consideration. The joint committee could make decisions in relation to the running of the ACS. There are a range of options in this regard, from making decisions on a limited number of matters, for example changes to capital and appointment and removal of directors, to taking decisions on a wide range of matters, such as investment

strategy and choice of investment managers for the ACS. It is expected from a regulatory perspective that the mandate of the joint committee will be on a limited number of matters. The frequency of meetings of the joint committee would also need to be decided.

37. It is proposed that up to three members of the joint committee could be directors of the ACS Operator. The directors have to be approved by the FCA and will have fiduciary duties and responsibilities. The decision as to who could be in these roles is to be decided. It is not a requirement for the elected councillors sitting on the joint committee to have any director roles, and this will be one of the early matters on which the initial participating boroughs to join the joint committee and participate in the ACS will be asked to decide.
38. It is intended that at this stage the company should be established with interim directors, with formal appointments for the ongoing directors made in the autumn, prior to FCA approval. London Councils has proposed that, subject to no impediment for the individuals, the members of the Pensions Working Group should be asked to take the roles of interim directors, augmented with by the Chief Executive of London Councils. For clarity that would be Mayor Pipe (LB Hackney), Councillors O'Neill (LB Bexley) and Dombey (LB Sutton), myself (as Chamberlain, City of London), Mr Chris Buss (Finance Director, LB Wandsworth), Mr Ian Williams (Finance Director, LB Hackney), and Mr John O'Brien (Chief Executive, London Councils).
39. With my impending retirement, it makes sense that the City Corporation agrees this in the name of the Chamberlain, rather than me personally. These are unremunerated positions.

#### **Next Steps**

40. Broadly, if a sufficient number of boroughs agree to participate in the joint committee, the following steps will be undertaken:
  - a. If required, a new sectoral joint committee will be established under the relevant act and agreements. To the extent all 33 boroughs wish to participate at this stage, London Councils Leaders' Committee would fulfil this role instead.
  - b. The ACS Operator will be established, with participating councils having £1 of share capital in the ACS Operator, and initial directors appointed, as set out above.

Further work will be undertaken regarding the design and operation of the ACS Operator and the ACS, the ongoing costs, and the documents required by the FCA to become authorised, such that when authorities reconvene following local elections, the draft documentation supporting the application can be presented, with authorities at that point being asked to commit to invest in the ACS.

#### **Conclusion**

41. London Councils has agreed to establish a collective investment vehicle, in the form of an authorised contractual scheme for local authority pensions in London. The City Corporation is being asked to participate by becoming a shareholder in the ACS Operator and contributing £1 to the ACS Operator as initial capital. It is

also asked to appoint an elected member who will have power to act for the City Corporation in exercising its rights as a shareholder of the ACS Operator, and to consent to the Chamberlain being appointed as an interim director of the ACS Operator.

42. All London local authorities are being asked to respond in writing to the London Councils Chief Executive, by 14 April 2014, or before the day of the local government elections (22 May 2014).

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

DATED this 20<sup>th</sup> day of February 2014.

SIGNED on behalf of the Committee.

**MARK BOLEAT**  
**Chairman of the Policy and Resources Committee**

## Appendix

The table attached sets out possible costs and savings at different levels of participation.

1.	2. Assets under management £24bn £ 000's	3. Assets under management £10bn £000's	4. Assets under management £5bn £ 000's
<b>Expected gain <sup>(1)</sup></b>			
Investment management fees - 15 bps	36,000	15,000	7,500
Improved performance - 35 bps	84,000	35,000	17,500
<b>Total expected savings</b>	<b>120,000</b>	<b>50,000</b>	<b>25,000</b>
<b>On-going Costs <sup>(2)</sup></b>			
<b>Custody costs</b> - Custody costs (at 3.5bp, 4bp and 5bp)	(8,400)	(4,000)	(2,500)
<i>Incurred in existing third party funds <sup>(3)</sup></i>	<u>3,600</u>	<u>1,500</u>	<u>750</u>
Net Custody Cost	(4,800)	(2,500)	(1,750)
<b>Other Costs</b>			
Salaries –e.g. COO/Admin	(400)	(400)	(400)
- Audit/advice	(200)	(150)	(100)
- Offices/expenses	(200)	(200)	(200)
- Misc. Advisory	(500)	(400)	(300)
- <b>Total On-going Costs</b>			
	<b>(6,100)</b>	<b>(3,650)</b>	<b>(2,750)</b>
<b>Establishment costs <sup>(2)(3)</sup></b>			
- Transition advisory including custody selection	(700)	(500)	(400)
Other misc. fund advisory	(500)	(500)	(400)
- Legal, regulatory, and financial advice (funded already)	(600)	(600)	(600)
<b>Total Establishment Costs</b>			
	<b>(1,700)</b>	<b>(1,500)</b>	<b>(1,400)</b>

**Notes**

- (1) These savings are as previously considered. They have been allocated on a straight-line basis for assets under management less than £24bn. This is an assumption made for simplicity and any real savings may well be less and will depend on types of mandate, asset mix, etc. There are also other potential areas where financial benefits may arise, such as increased income from activities such as stock lending, which have not been quantified within the above.
- (2) All costs (other than custody costs) are estimated on very high level assumptions and may not reflect final costs.
- (3) For “other costs” and “Establishment costs”, some of these expenses would be incurred in existing investments or on changes of manager/investment. No attempt has been made to estimate these existing costs to date.

This page is intentionally left blank



## Report – Establishment Committee Draft Pay Policy Statement 2014/15

*To be presented on Thursday, 6<sup>th</sup> March 2014*

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

### **SUMMARY**

1. The Localism Act 2011 requires the City of London Corporation to prepare and publish a Pay Policy Statement each year setting out its approach to pay for the most senior and junior members of staff. This must be agreed by the full Court of Common Council.
2. The Court approved the Corporation's first pay policy statement in January 2012 and the current version was approved this time last year. This was published by 31<sup>st</sup> March 2013. A draft Pay Policy Statement for 2014/15, which has been separately circulated, has been approved by both the Establishment and the Policy and Resources Committees and, with your agreement, will be published by 31<sup>st</sup> March 2014.

### **RECOMMENDATION**

3. We **recommend** that you consider and agree the separately circulated draft Pay Policy Statement for 2014/15 to ensure that the City Corporation meets its requirements under the Localism Act 2011.

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

DATED this 30<sup>th</sup> day of January 2014.

SIGNED on behalf of the Committee.

**JOHN ALFRED BARKER OBE, DEPUTY  
Chairman**

## Main Report

### **Background**

- 1) Under Section 38(i) of the Localism Act 2011 (the Act), all local authorities are required to produce and publish a statement setting out their pay policies. The aim of the Act is that authorities should be open, transparent and accountable to local taxpayers. Pay statements should set out the authority's approach to issues relating to the pay of its workforce, particularly senior staff (or chief officers) and its lowest paid employees.
- 2) The Department for Communities and Local Government has published draft guidance and the City Corporation must have regard to this guidance in formulating a Pay Policy Statement. In addition, the Secretary of State has published a Code of Recommended Practice for Local Authorities on Data Transparency which is also of relevance in complying with the Act.
- 3) The Pay Policy Statement must be agreed and published by 31<sup>st</sup> March each year. The statement must be agreed, each year, by the full Court of Common Council in open session. Should any changes to the pay statement arise during the course of the year, a revised Statement must come before the full Court.

**Appendices:** Draft Pay Policy Statement for 2014/15.

## CITY OF LONDON CORPORATION

### PAY POLICY STATEMENT 2014/15

#### Introduction

1. Section 38(i) the Localism Act 2011 (the Act) required local authorities since the financial year 2012/13 to produce a pay policy statement for each financial year. This applies to the City of London Corporation in its capacity as a local authority and this document meets the requirements of the Act for the City of London Corporation for the financial year 2014/15.
2. We are required to set out our approach to a range of issues, particularly those relating to remuneration for senior staff (Chief Officers on the Senior Management Grade) and our lowest paid staff. These provisions do not apply to staff of local authority schools or teaching staff in the three City Schools.
3. The provisions of the Act require that authorities are more open about their local policies and how local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks authorities to follow three principles when publishing data they hold: responding to public demand; releasing data in open formats available for re-use; and, releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.
4. All decisions on pay and reward for senior staff must comply with this statement. The statement must be reviewed annually and agreed by the Court of Common Council.
5. This statement relates to our local, police and port health authority functions. The Act does not require authorities to publish specific numerical data on pay and reward in their pay policy document. However, information in this statement should fit with any data on pay and reward which is published separately. The City Corporation operates consistent pay policies which are applied across all of our functions. Further details of the grade structures and associated pay scales can be found on our website at:

<http://www.cityoflondon.gov.uk/about-the-city/who-we-are/Pages/senior-officer-and-general-salary-scales.aspx>

This information is reviewed, updated and published on a regular basis in accordance with the guidance on data transparency and by the Accounts and Audit (England) Regulations 2011. It should be noted that all Police Officer pay scales are nationally determined and as such do not form part of the City of London's Pay Policy.

6. The Act's provisions do not supersede the City Corporation's autonomy to make decisions on pay which are appropriate to local circumstances and deliver value for money for local taxpayers. We seek to be a fair employer and an employer of choice – recognising and rewarding the contributions of staff in an appropriate way. We set pay fairly within published scales and, in doing so, have regard to changing conditions in differing occupational and geographic labour markets.

## **Background**

7. All pay and terms and conditions of service are locally negotiated with our recognised trade unions or staff representatives. In 2006/07 extensive work was undertaken on a review of our pay and grading structures. As a result, the principles set out in the guidance to the Act have already generally been addressed although the Act set out some additional requirements which are covered by this statement.
8. In 2007 we implemented a number of core principles, via collective agreement, to form the City Corporation's pay strategy. This moved the pay and reward strategy from one based entirely on time-served increments to one which focusses on a balance between incremental progression, individual performance and contribution to the success of the organisation. A fundamental element of the strategy is that achievement of contribution payments is more onerous and exacting the more senior the member of staff.
9. There has been a pay award of 1% on basic salaries agreed for all staff commensurate with the Government's pay policy. This was agreed by the Court of Common Council in July 2013 and was effective from the first of that month. A sum of between £70 and £100 per annum was also added to the London Weighting allowance rates for all staff. In addition approval was given to uplift incremental points in the lowest Grade A equivalent to 3%.
10. As at January 2014, no directly employed member of staff was paid below the London Living Wage (Apprentices being paid in proportion to this). In addition, it has been agreed that all casual and agency workers will be paid the London Living Wage from 1 April 2014 and this will be reviewed in line with any future changes.

## **Staff below Senior Management**

11. All staff employed by the City Corporation below Senior Management Grade have been allocated to one of 10 grades, Grades A – J (apart from in a very small number of exceptional cases such as apprentices). All such posts were reviewed under Job Evaluation, ranked in order and allocated to a grade following the Pay & Grading Review in 2007. The evaluation scheme was independently equalities impact assessed to ensure it was inherently fair and unbiased. The scheme, how it is applied, the scoring mechanism and how scores relate to grades are published on our intranet so staff can be assured that the process is fair and transparent. In addition, there is an appeal mechanism agreed with the recognised trade unions and staff representatives.

12. The lowest graded and paid staff are in Grade A as determined by the outcomes of the job evaluation process. The current lowest point on Grade A is £18,010 including a London Weighting allowance for working in Inner London. The current pay range for grades A - J is £18,010 to £89,830 inclusive of Inner London Weighting of £5230 for non-residential employees.

- Grades A – C are the lowest grades in the City Corporation. They have up to 6 increments which can be achieved subject to satisfactory performance. There is no contribution pay assessment. However, staff have the opportunity to be considered for a Recognition Award of up to a maximum level set corporately each year (this has been £500 in each year since 2010) for exceptional work.
- Grades D – J have 4 ‘core’ increments and 2 ‘contribution’ increments. Progression through the 4 ‘core’ increments is subject to satisfactory performance. Progression into and through the 2 ‘contribution’ increments requires performance to be at a higher than satisfactory level. Once at the top of the scale, for those who achieve the highest standards of performance and contribution, it is possible to re-earn a one-off non-consolidated contribution payment of up to 3% or up to 6% of basic pay depending on the assessed level of contribution over the previous year.
- The Senior Management Grade comprises the most senior roles in the organisation (chief officers). As these are distinct roles, posts are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the grade. There is no automatic right to a cost of living increase or incremental progression within the Senior Management Grade. Any incremental progression in salary is entirely dependent on each individual being subject to a rigorous process of assessment and evaluation, and is based on their contribution to the success of the organisation.

13. The City Corporation operates a forced distribution curve to ensure a fair and consistent distribution of contribution payments for staff in Grades D – J. This ensures that in any one year, no more than approximately 75% of eligible staff are able to progress to the 2 higher contribution increments. Approximately 50% of eligible staff may receive a one-off contribution payment in any given year. For the appraisal year ending March 2013, 57% of eligible staff were allowed to move into the two higher contribution increments and 60% of eligible staff received a one-off non-consolidated contribution payment.

### **Senior Management**

14. The term Senior Management incorporates the following posts:

- Town Clerk & Chief Executive
- Chamberlain
- Comptroller & City Solicitor

- Remembrancer
- City Surveyor
- Director of the Built Environment
- City Planning Officer
- Managing Director of the Barbican Centre
- Principal of the Guildhall School of Music & Drama
- Director of Community & Children's Services
- Deputy Town Clerk
- Director of the Economic Development Office
- Private Secretary & Chief of Staff to the Lord Mayor
- Director of HR
- Director of Culture, Heritage & Libraries
- Director of Markets & Consumer Protection
- Director of Open Spaces

15. The Head Teachers of the City of London School, City of London School for Girls and City of London Freeman's School are not part of the City Corporation's local authority function and not part of the senior management group for the purposes of pay (their pay is governed by a separate teaching pay scale). The post of City Remembrancer is aligned to Senior Civil Service pay scales. Salary costs for other posts such as the Principal of the Guildhall School of Music & Drama are not charged to the ratepayer and are fully funded by the City Corporation.

16. It should be noted that not all of the costs of the above posts are funded from the public resources. The City of London is not an ordinary local authority, in that it has other functions which are funded through income from endowment and trust funds. Only its local authority, police authority and port health authority functions are funded through public resources.

17. Following the principles outlined above, the pay ranges for the Senior Management Grade were set with reference to both job evaluation and an independent external market assessment. The principles of this were agreed by the Court of Common Council in 2007 and, subsequently, the specific unique range for each senior management post was agreed by the Establishment Committee in October 2007. Current Senior Management salary scales are published on our website at:

<http://www.cityoflondon.gov.uk/about-the-city/who-we-are/Pages/senior-officer-and-general-salary-scales.aspx>

18. Each Senior Management post is allocated a range around a datum point. There is a maximum and minimum (datum + 9% and datum – 6% respectively) above which and below no individual salary can fall. Where a pay increase for a member of staff would take them above the maximum in a given year, the excess amount above the maximum may be paid as a non-consolidated payment in that year. This does not form part of basic salary for the following year and will, therefore, have to be earned again by superior performance for it to be paid.

19. Each year the datum point advances by a percentage equivalent to any 'cost of living' pay award. Individual salaries would move according to the table below:

<b>Contribution Level</b>	<b>Salary Change</b>
A Outstanding	Datum % change + up to 6%
B Very Good	Datum % change + up to 4%
C Good	Datum % change
D Improvement Required	0.0 %

20. The average payment has been 2.9%. The payments have been largely non-consolidated i.e. they have to be re-earned each year based on superior performance.
21. All pay increases for any staff in the Senior Management Grade are agreed by a Senior Remuneration panel comprising the Chairmen of Policy & Resources, Finance and Establishment Committees supported by either the Town Clerk and Chief Executive or the Director of HR. The Town Clerk & Chief Executive deals with all salary discussions for senior staff other than in relation to himself. The Director of HR deals with any pay discussions in relation to the Town Clerk & Chief Executive.
22. The Act specifies that in addition to senior salaries, authorities must also make clear what approach they take to the award of other elements of senior remuneration including bonuses, performance related pay as well as severance payments. This should include any policy to award additional fees for staff on the Senior Management Grade for their local election duties.
23. The scheme for pay increases and contribution pay for the Senior Management Grade is set out above. Staff on the Senior Management Grade do not have an element of their basic pay "at risk" to be earned back each year. Progression is, however, subject to successful performance assessed through the application of the performance appraisal scheme. No staff on the Senior Management Grade receives any other additional payments or fees for electoral duties.
24. Set out below are the broad pay ranges for the Senior Management Grade, with the numbers in each band, excluding London Weighting. Each member of staff will have an individual salary scale within these broad ranges.

£76,640 - £112,560	(6)
£103,010 - £138,420	(8)
£146,870 - £175,350	(2)
£197,340 - £228,800	(1)

25. The Act requires authorities to set their policies on remuneration for their highest paid staff alongside their policies towards their lowest paid staff and to explain what they think the relationship should be between the remuneration of staff on the Senior Management Grade and other staff. The City Corporation's pay multiple – the ratio between the highest paid and lowest paid staff is 1:12. The ratio between the taxable earnings for the highest paid member of staff and the median earnings figure for all staff in the authority is 1:7.

## **Other Payments**

26. In addition to basic salary, all staff are paid a London Weighting allowance which varies depending on where they are based and whether they are supplied by the employer with residential accommodation. This is to assist staff with the higher cost of living and working in London. Current levels of London Weighting for non-residential staff are £5,230 for those based in inner London and £3,150 in outer London. All annual cost of living awards or increases to London Weighting are approved by the full Court.
27. Being based in the City of London, there are some types of posts which are difficult to recruit to e.g. lawyers, IT staff etc. Accordingly, there is often the need to use market supplements to attract, recruit and retain highly sought after skills. Any requests for market supplements must be supported by independent market data and is considered by a panel of senior officers and the Establishment Committee where appropriate.
28. For officers at Grade I or above, any market supplement requires a formal Member committee decision based on a full business case. All market supplement payments are kept under regular review and reported to Members. No member of staff on the Senior Management Grade receives a market supplement.

## **Transparency**

29. The Act requires the pay policy statement to make reference to policies in relation to staff leaving the authority, senior staff moving posts within the public sector and senior staff recruitment.

### **Recruitment**

30. New staff, including those on the Senior Management Grade, are normally appointed to the bottom of the particular pay scale applicable for the post. If the existing salary falls within the pay scale for the post, the appointment is normally to lowest point on the scale which is higher than their existing salary provided this gives them a pay increase commensurate with the additional higher level duties. In cases where the existing salary is higher than all points on the pay scale for the new role, the member of staff is normally appointed to the top of pay scale for the role.

For posts where the salary is £100,000 or more, the following approvals will be required:

- i) in respect of all new posts – the Court of Common Council;
- ii) in respect of all existing posts – the Establishment Committee.

### Payments on Ceasing Office

31. Staff who leave the City Corporation, including the Town Clerk & Chief Executive and staff on the Senior Management Grade are not entitled to receive any payments from the authority, except in the case of redundancy or retirement as indicated below.

### Retirement

32. Staff who contribute to the Local Government Pension Scheme who retire from age 55 onwards may elect to receive immediate payment of their pension benefits on a reduced basis in accordance with the Scheme. Unreduced benefits are payable if retirement is from Normal Pension Age, with normal pension age linked to the State Pension Age from 1<sup>st</sup> April 2014, unless protections allow for an earlier date. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme following redundancy or business efficiency after age 55 onwards and on grounds of permanent ill-health at any age.
33. Whilst the Local Government Pension Scheme allows applications for flexible retirement from staff aged 55 or over, it has been the City Corporation's policy to agree to these only where there are clear financial or operational advantages to the organisation. Any approval is conditional upon the member of staff agreeing to reduce their hours/grade. Benefits are payable in accordance with Regulation 27 of the Local Government Pension Scheme Regulations 2013.

### Redundancy

34. Staff who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on a week's pay (currently a maximum of £450 per week). The City Corporation currently bases the calculation on actual salary. This scheme may be amended from time to time subject to Member decision. The authority's policy on discretionary compensation for relevant staff under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 is published on our website.

### Settlement of potential claims

35. Where a member of staff leaves the City Corporation's service in circumstances which are, or would be likely to, give rise to an action seeking redress through the courts from the organisation about the nature of the member of staff's departure from our employment, such claims may be settled by way of a settlement agreement where it is in the City Corporation's interests to do so based on advice from the Comptroller & City Solicitor. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Should such a matter involve the departure of a member of staff on the Senior Management Grade or the Town Clerk & Chief Executive it will only be made following consultation with the Chairman of Policy & Resources and Establishment Committees and legal advice that it would be legal, proper and reasonable to pay it.

### Payment in lieu of notice

36. In exceptional circumstances, where it suits service needs, payments in lieu of notice are made to staff on the termination of their contracts.

#### Re-employment

37. Applications for employment from staff who have retired from the City Corporation or another authority or who have been made redundant will be considered in accordance with our normal recruitment policy. However, like many authorities, the City Corporation operates an abatement policy which means that any pension benefits that are in payment could be reduced on re-employment in local government.

#### **Publication of information relating to remuneration**

38. The City Corporation will seek to publish details of all positions remunerated at £58,200 or above. This publication includes all staff on the Senior Management Grade and complies with the requirements of paragraph 12 of the Code of Recommended Practice for Local Authorities on Data Transparency issued by the Secretary of State for Communities and Local Government.
39. This Pay Policy Statement will be published on our public website. It may be amended at any time during 2014/15 by the resolution of the Court of Common Council. Any amendments will also be published on our public website.
40. This statement meets the requirements of the: Localism Act 2011; the Department for Communities and Local Government (DCLG) guidance on “Openness and accountability in local pay: Guidance under section 40 of the Localism Act”; “The Code of Recommended Practice for Local Authorities on Data Transparency”; and the Accounts and Audit (England) Regulations 2011.

Jan 2014



Report – Port Health & Environmental Services  
Animal Reception Centre – Heathrow Airport: Annual Review  
of Charges

*To be presented on Thursday, 6<sup>th</sup> March 2014*

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

**SUMMARY AND REPORT**

1. This report seeks approval of the increase to be applied to the Schedule in respect of services provided at the Heathrow Animal Reception Centre (HARC), for the forthcoming financial year 2014/15. The Schedule is attached at Appendix A to this report.
2. Subject to these Byelaws being made, the Comptroller and City Solicitor would be instructed to seal them accordingly.

**RECOMMENDATION**

3. We **recommend** that the Byelaws contained at Appendix A to this report be made and the Comptroller and City Solicitor be instructed to seal the Byelaws accordingly.

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

DATED this 20<sup>th</sup> day of January 2014

SIGNED on behalf of the Committee.

**JOHN TOMLINSON, BA MSc, DEPUTY  
Chairman**

This page is intentionally left blank

## ADDITIONAL BYELAWS RELATING TO THE HEATHROW ANIMAL RECEPTION CENTRE

BYELAWS made by the Mayor and Commonalty and Citizens of the City of London acting by the Mayor, Alderman and Commons of the said City in Common Council assembled in pursuance of Sections 42 and 43 of the Markets and Fairs Clauses Act 1847 as applied by Section 54 of the Animal Health Act 1981 with respect to the Heathrow Animal Reception Centre, London.

In these Byelaws unless the context otherwise requires “the Principal Byelaws” means the byelaws made by the Mayor and Commonalty and Citizens of the City of London acting by the Mayor, Alderman and Commons of the said City in Common Council assembled on 1 July 1976 and confirmed by the Minister of Agriculture, Fisheries and Food on 12 November 1976.

From the date of coming into operation of the Byelaws the Additional Byelaws made by the Mayor and Commonalty and Citizens of the City of London acting by the Mayor, Aldermen and Commons of the said City in Common Council assembled on 19 April 2012 (and sealed on 2X April 2012) shall be repealed and the following Schedule shall be substituted for the Schedule to the Principal Byelaws.

### SCHEDULE

#### PART I

*(2013 charges quoted in bracket where changes are proposed)*

**Minimum charge for any one consignment** £160 (*£155*)

#### ANIMALS CHARGE PER CONSIGNMENT

<b>1. Mammals</b>	£160 ( <i>£155</i> ) for up to 24 hours	£51 ( <i>£50</i> ) per day or part thereof after 24 hours
<b>2. Reptiles</b>	£160 ( <i>£155</i> ) for up to 24 hours	£185 ( <i>£180</i> ) per day or part thereof after 24 hours

**Transit commercial reptile consignments should be booked through to have a maximum stay at Heathrow of 24 hours. Any transit commercial reptile consignments that stay more than 24 hours and require transferring from their containers will incur the additional special handling charge detailed below.**

Additional special handling for any consignment	£185 ( <i>£180</i> ) minimum per consignment	£56 per day or part thereof after 24 hours
---	--	--

**3. Birds** £56 (£50) per box per day £160 minimum charge

**Transit commercial bird consignments should be booked through to have a maximum stay at Heathrow of 36 hours. Any transit commercial bird consignments that stay more than 36 hours will be charged at £35 (£33) per box per day, or part thereof.**

Bird Quarantine £360 - £1135 (£350-£1100) incl. of Local Veterinary Inspector fees, depending on size of consignment and housing requirements.

Faecal Sampling and Bird Autopsy costs as per current DEFRA rates. Larger consignments to be negotiated see Part 2, Section 6

**4. Fish/Aquatic** £1.70 (£1.65) per box £30 (£25) minimum charge  
**Invertebrates/Semen/  
Fish and Bird Eggs**

### **5. Cats and Dogs under the Pet Travel Scheme**

PETS originating in the E.U. will be charged a 'checking fee' of £39 (£38) per animal in addition to the collection charge of £70 (see Part 2 section 5).

PETS originating outside the E.U. will be charged normal rates as in 1 above for the first animal, i.e. £160 (£155) and, where the consignment consists of more than one animal, a checking fee of £39 (£38) per animal thereafter.

PETS checked at aircraft (Assistance Dogs) £200 (£195) plus 1 hour collection charge £140 = £340 (£335). Where the consignment consists of more than one animal, a checking fee of £39 (£38) per animal thereafter.

***A surcharge of £600 will be added to the above for any transit consignment that has landed without an "OK to forward" from the on-going airline.***

### **6. Security**

A charge of £16 (£14) will be made in respect of any consignment which requires security screening prior to leaving the ARC.

### **7. Not on Board**

Requests for collection of animals from aircraft which are subsequently not found on board will be charged at normal collection charge (see Part 2, Section 5).



**Hillingdon London Borough Agency**

To carry out all animal welfare inspections at export accommodation within Heathrow Airport - £10,600 per annum.



## Report – Community and Children’s Services Committee

### The proposed federation of City of London Academy (Southwark) and Redriff Primary Academy to form a Multi-Academy Trust

*To be presented on Thursday, 6<sup>th</sup> March 2014*

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

#### **SUMMARY**

1. This report seeks approval of the formation of a Multi-Academy Trust between the City of London Academy Southwark and Redriff Primary Academy. The schools are close to signing the final agreements before submitting them to the Secretary of State for Education. It requires the approval of the Court of Common Council to enter in to the arrangement and agree to extend the City of London’s academy sponsorship to Redriff Primary Academy.

#### **MAIN REPORT**

##### **Background**

2. The City of London Academy Southwark (COLAS) has been in discussions with Redriff Primary Academy (Redriff) over formalising the arrangements to establish Redriff as a feeder school to COLAS in the respective admissions policies. This led to further discussions on an all-out federation to take advantage of educational and resource-based opportunities. It was subsequently agreed by the governing bodies of both Academies that it would enter into a multi-academy trust (MAT) arrangement.
3. In forming the MAT the City of London’s academy sponsorship will extend to Redriff as the academy would come under the structures and governance of the City of London Academy Southwark Limited.

4. The primary decision to federate rests with the two academies, which are separate legal entities. The City of London as sponsor of COLAS is asked to give its support to the proposals before they are formally progressed by each academy and submitted to the Secretary of State for Education for approval.
5. The Community and Children's Services Committee has been monitoring the progress of discussions between the academies and the Department for Education. To strengthen the case for federation a business case, risk register and arrangements for governance have been developed. The necessary consultations have taken place, including with the London Borough of Southwark who agree with the proposals.
6. Redriff, which converted under more recent academy arrangements and does not therefore have a sponsor, is rated outstanding by Ofsted. It is based in Rotherhithe and many of its pupils go on to COLAS. The results at Key Stage 2 have exceeded national expectations over the last six years. The school is a National Support School and the head teacher is a National Leader of Education. Both schools were keen to formalise this through designating Redriff as a feeder school to COLAS in the admissions policy. The discussions then moved on to proposals for a hard federation through the MAT framework, in which the two academies intend to secure continuous school improvement for both schools.
7. The potential educational benefits identified from such an arrangement include: improving transition from primary to secondary education, raising standards in teaching and learning, and providing continuity of provision for vulnerable pupils and their families. The proposal to establish a MAT is in line with government policy on education, which promotes collaboration between schools as a means of securing improvements in educational standards. The proposal supports the City of London's corporate objectives of enhancing services and outcomes for children and young people in the City and City fringes.

### **Current Position**

8. As the Committee responsible for the City academy schools, the Community and Children's Services Committee agreed to the development of the proposal in June 2013 and, following receipt of further information on the business case, the governance arrangements and the financial implications, approved the agreement in principle.
9. A new Funding Agreement, Memorandum of Understanding and amended Articles of Association have been agreed by the academies and the final documentation is being finalised before its submission to the Secretary of State.
10. In getting agreement from the Secretary of State to the MAT, the Redriff Primary Academy company would be wound up and incorporated into the City of London Academy Southwark Ltd. company. The proposed governance and administrative arrangements would be implemented upon getting agreement from the sponsor (The City of London) and the Secretary of State. Once agreed and signed off Redriff would become a City of London Academy, under the sponsorship of the City of London.

11. At the time when COLAS was established sponsors were expected to contribute start-up funding. As Redriff has already been established no capital commitment is expected from the City of London. Redriff would, however, be able to take advantage of the opportunities afforded to the City academies as a result of its sponsorship by the City of London. This includes governance arrangements and administrative support. It is also expected that Redriff will benefit from any funding made available to the City schools.

## **Conclusion**

12. The City of London has worked hard to enhance the quality of its offer to the three City academies and being an academy sponsor accords with the City of London's tradition of philanthropy and corporate social responsibility. It has also enabled the Corporation to support the economic and social development of communities in the boroughs surrounding the City of London.
13. The inclusion of Redriff as a City of London Academy accords with the strategic objective, as set out in the City of London Education Strategy 2013-15, '*To explore opportunities to expand the City's education portfolio and influence on education throughout London*'.
14. We therefore **recommend** that the federation of the City of London Academy Southwark Ltd and Redriff Primary Academy, as set out above, be approved and that the City of London extends its academy school sponsorship to Redriff Primary Academy.

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

DATED this 14<sup>th</sup> day of June 2013.

SIGNED on behalf of the Committee.

**THE REVEREND DR MARTIN DUDLEY**  
**Chairman**

This page is intentionally left blank

# Agenda Item 20

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank