

## **FINANCE COMMITTEE**

**Tuesday, 17 February 2015**

Minutes of the meeting of the Finance Committee held at Committee Room - 2nd Floor West Wing, Guildhall on Tuesday, 17 February 2015 at 1.45 pm

### **Present**

#### **Members:**

Roger Chadwick (Chairman)	Brian Harris
Jeremy Mayhew (Deputy Chairman)	Alderman Peter Hewitt
George Abrahams	Tom Hoffman
Randall Anderson	Deputy Robert Howard
Deputy John Barker	Wendy Hyde
Nicholas Bensted-Smith	Jamie Ingham Clark
Alderman Charles Bowman	Clare James
Nigel Challis	Alderman Vincent Keaveny
Deputy John Chapman	Oliver Lodge
Simon Duckworth	Ian Seaton
Stuart Fraser	Sir Michael Snyder
Lucy Frew	Philip Woodhouse
Alderman John Garbutt	Mark Boleat (Ex-Officio Member)

#### **In Attendance**

Alderman Ian Luder

#### **Officers:**

Peter Lisley	Assistant Town Clerk
Christopher Braithwaite	Town Clerk's Department
Peter Kane	Chamberlain
Caroline Al-Beyerty	Chamberlain's Department
Christopher Bell	Chamberlain's Department
Graham Bell	Chamberlain's Department
Carla-Maria Heath	Chamberlain's Department
Steve Telling	Chamberlain's Department
Michael Cogher	Comptroller and City Solicitor
Peter Bennett	City Surveyor
David Pearson	Director of Culture, Heritage and Libraries
Julia Blundell	City of London Festival

#### **1. APOLOGIES**

Apologies for absence were received from Deputy Doug Barrow, Christopher Boden, Gregory Lawrence, Robert Merrett, John Scott and Deputy John Tomlinson.

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

Roger Chadwick, Simon Duckworth, Brian Harris, Wendy Hyde, Deputy Henry Pollard and Ian Seaton each declared non-pecuniary interests in respect of item 35 ("Any Other Business that the Chairman considers urgent and which the Committee agree should be considered whilst the public are excluded – ii) The Honourable The Irish Society - proposed ten year grant from the City of London Corporation commencing 2014/15") due to being Members of the Court of the Honourable Irish Society.

Jeremy Mayhew declared a non-pecuniary interest in respect of item 16 ("City of London Festival – Loan repayment deferral") as a Director of the City of London Festival.

Jamie Ingham Clark declared a non-pecuniary interest in respect of item 29 ("Review of Insurance across the Corporation") as an employee of Lloyds.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – That the public minutes and summary of the meeting held on 13 January 2015 be approved as a correct record, subject to the inclusion of Ian Seaton in the list of those Members giving their apologies for absence at the meeting.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

The Committee considered a report of the Town Clerk which set out actions outstanding from previous meetings of the Committee.

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

5. **DRAFT MINUTES OF THE JOINT MEETING OF THE RESOURCE ALLOCATION AND THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEES**

**RESOLVED** – That the draft public minutes and non-public summary of the joint meeting of the Resource Allocation and Efficiency and Performance Sub-Committee held on 22 January 2015 be noted.

6. **DRAFT MINUTES OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE**

**RESOLVED** – That the draft public minutes and non-public summary of the Efficiency & Performance Sub-Committee meeting held on 27 January 2015 be noted.

7. **CITY FUND 2015/16 BUDGET REPORTS AND MEDIUM TERM FINANCIAL STRATEGY INCLUDING NON DOMESTIC RATES AND COUNCIL TAXES FOR THE YEAR 2015/16**

The Committee considered a report of the Chamberlain which presented the overall financial position of the City Fund (i.e. the Corporation's finances relating to Local Government, Police and Port Health services) and recommended that the Business Rates Premium and Council Tax for 2015/16 remain unchanged from 2014/15.

The report stated that a reduction was expected in the Greater London Authority precept. However, the Chamberlain explained that the final calculations had now been completed by the GLA and the precept would actually increase by £1.85 per Band D household per annum.

The Chamberlain also reported that the Business Rate Premium had been discussed at the last meeting of the Resource Allocation Sub-Committee and it had been agreed that there should be no increase in the premium at this stage. However, it had been noted that an increase may be required in future. A Member commented that, if there was a funding shortfall, raising the premium was only one of a range of options available. A Member also commented that there was a higher likelihood of a premium increase in future years than had been the case in past years, and it was important that ratepayers were aware of this. The Chairman explained that a premium increase would only be required if additional funding was required for two specific Police projects.

Members discussed whether there was a potential reputational risk if the City of London Corporation was seen to be cutting essential services or increasing the business rates premium while maintaining significant assets within City's Cash. It was suggested that while there was a potential risk in this area, it was known that the Corporation used funding from within City's Cash to fulfil the non-local governmental functions of administrating the Square Mile. The risk may increase if the distinction between City's Fund and City's Cash was to become blurred.

**RESOLVED** – That the Court of Common Council is requested to:

- Approve the overall financial framework and the revised Medium Term Financial Strategy for the City Fund (paragraph 6)
- Approve the City Fund Net Budget Requirement of £101.8m (paragraph 10)
- Note the following changes in assumptions from the previous forecast (paragraph 5):
  - an inflation assumption is factored in at 2% in 2015/16 and then reducing year on year until 2018/19 - when a freeze is assumed, reflecting public sector finance constraints; and
  - anticipated earnings from cash balances have been reduced to 0.5% for 2015/16 and 2016/17 after which we anticipate a marginal increase and have assumed obtaining a rate of 0.75%.
- Note that no provision in the revenue estimates is made for growth or reductions in the City's baseline funding level as part of the Rates Retention Scheme. Any changes will therefore be an addition or reduction to balances.
- Approve the annual uprating of applicable amounts, premiums, disregarded income, or capital in relation to the Local Council Tax Reduction Scheme 2015-2016 as set out at paragraph 28.

#### Key decisions

##### **Business Rates**

- Retain the City Business Rate Premium at 0.4p in the pound in 2015/16, but advise ratepayers of a possible increase in 2016/17 to support initiatives to reduce cyber-crime and promote better security of the City e.g. through the ring of steel (paragraph 9)
- Set, inclusive of this premium, a Non-Domestic Rate multiplier of 49.7p for 2015/16 together with a Small Business Non-Domestic Rate multiplier of 48.4p (paragraph 15)
- Note that the Greater London Authority is, in addition, levying a Business Rate Supplement in 2015/16 of 2p in the £ on properties with a rateable value greater than £55,000 (paragraph 20)
- The authority is delegated to the Chamberlain for the award of the following discretionary rate reliefs awarded under Section 47 of the Local Government Finance Act 1988: relief of up to £1,500 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; exemption from empty rate for new rating assessments that completed between 1<sup>st</sup> October 2013 and 30<sup>th</sup> September 2016 for up to 18 months; and relief of the value that would have applied under the transitional relief scheme for two years from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2017 to properties with a rateable value of less than £25,500 that would otherwise face bill increases above 15% and to properties with a rateable value of £50,000 or less that would otherwise face bill increases above 25% (see paragraphs 18 and 19).

### **Council Tax**

- Based on a zero increase from 2014/15, 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 (appendix B).
- Determine that the relevant (net of local precepts and levies) basic amount of Council Tax for 2015/16 will not be excessive in relation to the requirements for referendum (paragraph 8).
- Approve that the cost of highways, transportation planning, waste disposal, drains and sewers, open spaces and street lighting functions for 2015/16 be treated as special expenses to be borne by the City's residents outside the Temples (appendix B).
- Remove, from 2015/16, the discount applying to vacant properties that have been empty for more than 6 months.

### **Other recommendations**

The Court of Common Council is requested to:

### **Capital expenditure**

- Note the proposed financing methodology of the capital programme in 2015/16 (paragraph 30).
- Approve the Prudential Code indicators (paragraph 31 and Appendix C).
- Approve the following resolutions for the purpose of the Local Government Act 2003 (paragraph 33) 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.
- the prudent amount of Minimum Revenue Provision is zero.
- Any potential borrowing requirement and associated implications will be subject to a further report to Finance Committee and the Court of Common Council.
- Note the continued pursuit of the approved financing methodology for the Corporation's funding commitment towards the cost of Crossrail, in particular each year's budget report will give an update on funding progress (Appendix A).

**Chamberlain's assessment**

- Take account of the Chamberlain's assessment of the robustness of estimates and the adequacy of reserves (paragraphs 35 and 36)

**8. REVENUE AND CAPITAL BUDGETS 2014/15 AND 2015/16**

The Committee considered a report of the Chamberlain which provided the Committee with the 2014/15 and 2015/16 budgets for each of the City of London Corporation's three main funds.

**RESOLVED – That the Committee**

- i) notes the latest revenue budgets for 2014/15;
- ii) agrees the 2015/16 revenue budgets;
- iii) agrees the capital budgets;
- iv) delegates authority to the Chamberlain to determine the financing of the capital budgets; and
- v) submits this report to the Court of Common Council for its approval

**9. REVENUE BUDGET MONITORING TO DECEMBER 2014**

The Committee considered a report of the Chamberlain which set out the position of Chief Officers' cash limited local risk budgets.

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

**10. CHAMBERLAIN'S DEPARTMENT BUSINESS PLAN PROGRESS REPORT**

The Committee considered a report of the Chamberlain which provided Members with an update on progress made in delivering the objectives and outcomes stated in the Chamberlain's Business Plan.

A Member asked for a more detailed update in relation to progress with the Oracle Project, and particularly whether the property service charge aspect of the system upgrade would be operable by the 'go live' date of 24 February. The City Surveyor explained that he was confident that the system would be operable at that point, but he also explained that the service charges aspect would not be used until the new financial year, so there was a small amount of leeway to resolve any remaining issues once the system has gone live. The Chamberlain explained that it was important for the system to go live on time, prior to the year-end process.

**RESOLVED** – That the Committee:

- a) notes the report; and
- b) registers its concerns in relation to the implementation of the Oracle system, and requests that the Chamberlain provides the Chairman and Deputy Chairman with an update on the implementation of the Oracle system at the beginning of March.

**11. FINANCE COMMITTEE - RISK MANAGEMENT**

The Committee considered a report of the Chamberlain which provided assurance that the risk management procedures in place within the Chamberlain's department were satisfactory and met the requirements of the corporate Risk Management Framework.

It was explained that reports similar to this would be submitted on a quarterly basis, while monthly reports would be provided on just those risks rated as red.

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

**12. FINANCIAL SERVICES DEPARTMENT - QUARTERLY UPDATE**

The Committee considered a report of the Chamberlain which provided an overview of the key areas of work for the Financial Services Division over the last quarter.

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

**13. FINANCE COMMITTEE CONTINGENCIES**

Consideration was given to a report of the Chamberlain which provided the Committee with information regarding the balance of the Finance Committee Contingency Funds for the current year.

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

**14. ADDITIONAL INFORMATION SYSTEMS ACTIVITY - BID FOR FINANCE CONTINGENCY**

The Committee considered a report of the Chamberlain which requested funding from the Finance Committee Contingency Fund to fund a number of additional high priority corporate IS programmes and initiatives that had been taken on during 2014/15.

**RESOLVED** – That the Committee agrees that a sum of £418,000 is provided from the Finance Committee's Contingency Fund to cover these additional costs and business support activity.

**15. FILMING OF COMMITTEE MEETINGS - REQUEST FOR FUNDING FROM THE FINANCE COMMITTEE CONTINGENCY FUND**

The Committee considered a joint report of the Town Clerk and Chamberlain which requested funding from the Committee's contingency fund for the leasing of a system to allow the High Definition filming of Committee meetings.

The Committee discussed whether it was necessary to commence the practice of filming Committee meetings. The Chairman suggested that the decision on whether this practice should begin should be made by the Policy & Resources Committee. The Chairman also noted that the proposals only covered the Committee Rooms in the Second Floor of the West Wing, and therefore there were some rooms in which meetings may be held, such as the Livery Hall, which would not have the facility to film meetings.

Members discussed the proposals and concurred with the Chairman's assessment that the decision on whether to commence this practice should be taken by the Policy and Resources Committee. A Member also suggested that there may be cheaper alternatives to filming meetings, such as audio-only recordings.

**RESOLVED** – That the Committee requests that the Policy and Resources Committee determines whether the City of London Corporation should implement systems to allow the filming of Committee meetings.

**16. CITY OF LONDON FESTIVAL FUNDING - LOAN REPAYMENT DEFERRAL**

The Committee considered a report of the Director of Culture, Heritage and Libraries which requested the Committee to agree to defer by one year the repayment of the loan made to the City of London Festival for the Bowler Hat.

The Committee discussed the proposal to defer the loan repayment, and while this was agreed to in principle, the Committee was wary of similar requests being received in future and the loan eventually not being repaid. It was agreed that an interim report on cashflow for the Festival should be submitted to the Committee in September 2015 to allow the Committee to discuss the repayment of the loan.

**RESOLVED** – That the Committee:

- a) notes the contents of the report and its highlights;
- b) notes the requests to reschedule the 2015 grant to the Trust, so that the whole £297,000 is paid in three instalments by the end of March 2015 rather than May as originally envisaged;
- c) agrees to defer the repayment of the £150,000 loan for the Bowler Hat so that it is paid in five instalments between March 2016 and March 2020;
- d) notes that a further report will be brought to the Culture, Heritage and Libraries Committee in May 2015 regarding the 2016 grant to the Festival; and
- e) requests that an interim cashflow report for the Festival is submitted to the Committee in September 2015.

**17. CITY UNIVERSITY MATHS PROJECT - GRANT UPDATE REPORT AND REQUEST FOR YEAR THREE FUNDING**

The Committee considered a report of the Town Clerk which requested the release of year three of funding for the City University Maths Project.

**RESOLVED** – That the Finance Committee continues to support the project through the award of £25,000 for the final year (2014/15).

**18. NON-DOMESTIC RATES - REVIEW OF DISCRETIONARY RATE RELIEF**

The Committee considered a report of the Chamberlain which advised the Committee of the results of this year's annual review of discretionary non-domestic rate relief which was currently being granted under Section 47 of the Local Government Finance Act 1988.

**RESOLVED** – That the Committee agrees that discretionary relief be continued at the levels previously determined for all organisations reported noting that for 2015/16 the total estimated cost of the discretionary relief to be met from the City's share of business rates is £104,170 and £2,817 will be met from the premium.

**19. IRRECOVERABLE NON-DOMESTIC RATES AND COUNCIL TAX**

The Committee considered a report of the Chamberlain which sought approval to write off irrecoverable amounts of Council Tax debt in excess of £1,000 and non-domestic rate debt in excess of £5,000.

**RESOLVED** – That the Committee:

- a) approves the write off irrecoverable non-domestic rates in the sum of £1,013,198 noting that £290,645 will be met by the City Corporation and £8,675 from the premium; and
- b) approves the write off irrecoverable council tax in the sum of £3,692.

**20. REPORT OF A DECISION MADE BY THE CHAMBERLAIN - URGENT APPROVAL OF A WAIVER OVER £50K - ORACLE FUNCTIONAL CONSULTANCY - SQUARE ONE RESOURCES LTD**

Consideration was given to a report of the Chamberlain which informed the Committee of a decision taken by the Chamberlain to provide urgent approval of a waiver in excess of £50k in relation to the Oracle ERP Programme.

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

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

There were no questions.

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

There were no urgent items.

**23. EXCLUSION OF THE PUBLIC**

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



<b>Item No.</b>	<b>Paragraphs in Schedule 12A</b>
24, 33	1 and 3
25 – 31, 35	3
32	3 and 5

24. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**  
The non-public minutes and summary of the meeting held on 13 January 2015 were approved as a correct record.
25. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**  
The Committee considered and noted a report of the Town Clerk which set out actions outstanding from previous non-public minutes of the Committee.
26. **DRAFT NON-PUBLIC MINUTES OF THE JOINT MEETING OF THE RESOURCE ALLOCATION AND EFFICIENCY AND PERFORMANCE SUB-COMMITTEES**  
The draft non-public minutes of the joint meeting of the Resource Allocation and Efficiency and Performance Sub-Committee held on 22 January 2015 were noted.
27. **DRAFT NON-PUBLIC MINUTES OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE**  
The draft non-public minutes of the Efficiency & Performance Sub-Committee meeting held on 27 January 2015 were noted.
28. **FINANCIAL SERVICES DIVISION - QUARTERLY UPDATE - NON-PUBLIC CONSIDERATIONS**  
The Committee noted a report of the Chamberlain which provided an overview of the key non-public areas of work for the Financial Services Division over the last quarter.
29. **REVIEW OF INSURANCE ACROSS THE CORPORATION**  
The Committee considered and approved a report of the Chamberlain which provided an overview of the City's current insurance programme.
30. **PROPERTY HELD BY CITY FUND - STRATEGIC REVIEW - ANNUAL UPDATE**  
The Committee noted a report of the City Surveyor which provided an update of the progress made over the last year with regard to the City Fund's Property Investment Strategy.
31. **PROPERTY HELD BY BRIDGE HOUSE ESTATES - STRATEGIC REVIEW - ANNUAL UPDATE**  
The Committee noted a report of the City Surveyor which provided the second annual update of the strategy for the Bridge House Estates property investment portfolio.

32. **GREATER LONDON AUTHORITY ROADS - FUNDING REQUEST**

The Committee considered and approved a joint report of the Comptroller and City Solicitor and the City Surveyor which requested funding from the Finance Committee's City Fund Contingency for the cost of an appeal against an arbitration decision in relation to the transfer of City of London Corporation land within Greater London Authority roads.

33. **WRITE-OFF OF BAD DEBT**

The Committee considered and approved a report of the Director of Markets and Consumer Protection which sought approval for the write off of a bad debt.

34. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no non-public questions relating to the work of the Committee.

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

The Committee considered and approved two reports which the Chairman had agreed for consideration as urgent business. The first of these related to a request from the Honourable Irish Society to enter into a ten year grant agreement. The second of these related to a request for the Committee to determine whether the London Living Wage should be paid for a recently awarded contract.

**The meeting ended at 3.45 pm**

-----  
Chairman

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