

## **FINANCE COMMITTEE**

**Tuesday, 21 July 2015**

**Minutes of the meeting of the Finance Committee held at the Guildhall EC2 at 1.45 pm**

### **Present**

#### **Members:**

Roger Chadwick (Chairman)	Deputy Robert Howard
Jeremy Mayhew (Deputy Chairman)	Wendy Hyde
Randall Anderson	Deputy Jamie Ingham Clark
Deputy John Barker	Clare James
Nicholas Bensted-Smith	Alderman Vincent Keaveny
Alderman Charles Bowman	Oliver Lodge
Nigel Challis	Alderman Professor Michael Mainelli
Simon Duckworth	Deputy Robert Merrett
Deputy Anthony Eskenzi	Ian Seaton
John Fletcher	Deputy John Tomlinson
Stuart Fraser	Philip Woodhouse
Lucy Frew	Mark Boleat (Ex-Officio Member)
Tom Hoffman	

#### **In attendance:**

Deputy Billy Dove (Chief Commoner)

#### **Officers:**

Christopher Braithwaite	Town Clerk's Department
Scott Morgan	Town Clerk's Department
Peter Kane	Chamberlain
Caroline Al-Beyerty	Chamberlain's Department
Christopher Bell	Chamberlain's Department
Graham Bell	Chamberlain's Department
Kate Limna	Chamberlain's Department
Steve Telling	Chamberlain's Department
Michael Cogher	Comptroller and City Solicitor
Nigel Lefton	Remembrancer's Department
Peter Bennett	City Surveyor

### **1. APOLOGIES**

Apologies for absence were received from Christopher Boden, Deputy Kevin Everett, Deputy Brian Harris, Christopher Hayward, Alderman Peter Hewitt, Deputy Alastair Moss, Deputy Henry Pollard and David Thomson.

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

The Chairman, Simon Duckworth, Wendy Hyde and Ian Seaton declared non-pecuniary interests in respect of item 28 due to being Members of the Court of the Honourable Irish Society. The Town Clerk advised these Members that they would still be eligible to participate in the meeting for this item.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – That the public minutes and summary of the meeting held on 9 June 2015 be approved as an accurate record.

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 PUBLIC MINUTES OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE HELD ON 26 MAY 2015**

**RESOLVED** – That the public minutes and non-public summary of the Efficiency & Performance Sub-Committee meeting held on 25 May 2015 be noted.

6. **AUDITED 2014/15 CITY FUND AND PENSION FUND FINANCIAL STATEMENTS**

The Committee considered a report of the Chamberlain which provided the Committee with the Audited 2014/15 City Fund and Pension Fund Financial Statements for approval. The Committee was advised that the Financial Statements had been considered by the Audit and Risk Management Committee the previous day and a resolution from that Committee had been put around the room.

The Chamberlain advised that there was one significant outstanding issue with the accounts, which many Members had been advised of through the briefing meetings the previous week. The Chamberlain explained that this issue was the accounting treatment for the proceeds from long leasehold disposals. This specifically applied to the sale of 2 Fann Street, but would also be applicable to all similar transactions. The Chamberlain advised that the Corporation currently considered all income from these transactions as capital receipts, but the auditor had advised that they believed that an element of these transactions was a lease of land and therefore this element of the receipt should be treated as deferred income. This would then be released as revenue on an annual basis over the lengths of the leases.

The Committee was advised that if the auditor's opinion prevailed, this would have an impact on the long leasehold sales which the Corporation had made to meet its £200m contribution to Crossrail. This impact was estimated to be in the region of a maximum of £30m, although the Committee was assured that sufficient money would be available to make the contribution. It was also noted that if revenue reserves were required to be used to meet the balance of the Crossrail contribution, these reserves could not be replenished in the future

from capital receipts, as this was not permitted under Local Government finance rules.

**RESOLVED** – That the Committee:

- a) notes the resolution from the Audit and Risk Management Committee;
- b) delegates to the Town Clerk, in consultation with the Chairman and Deputy Chairman, approval of any material changes to the financial statements required before the signing of the audit opinion by Deloitte - which is expected to be by the end of August or early September.
- c) Subject to the satisfactory completion of a) above, delegates to the Town Clerk, in consultation with the Chairman and Deputy Chairman, approval of the City Fund and Pension Funds Financial Statements for the year ended 31 March 2015.

**7. AUDITED 2014/15 BRIDGE HOUSE ESTATES AND SUNDRY TRUSTS FINANCIAL STATEMENTS**

The Committee considered a report of the Chamberlain which provided the Committee with the Bridge House Estates, City's Cash Trust Funds and Sundry Trust Funds Annual Reports and Financial Statements 2014/15 for approval. The Committee was advised that the Audit and Risk Management Committee had considered the report the previous day and endorsed the Financial Statements for approval.

**RESOLVED** – That the Committee:

- a) notes the contents of Moore Stephens Management Letter;
- b) approves the Annual Reports and Financial Statements for Bridge House Estates, City's Cash Trust Funds and the Sundry Trust Funds taking account of the observations from the Audit and Risk Management Committee; and
- c) agrees that the Annual Reports and Financial Statements are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.

**8. REVENUE OUTFURN 2014/15 - FINANCE COMMITTEE OPERATIONAL SERVICES**

The Committee considered a report of the Chamberlain which provided the revenue outturn for Finance Committee operational services for 2014/15.

**RESOLVED** – That the Committee notes the revenue outturn report for 2014/15 and the budgets proposed to be carried forward to 2015/16.

**9. BUDGET MONITORING - FIRST QUARTER UPDATE**

The Committee considered a report of the Chamberlain which provided the first quarterly budget monitoring report for 2015/16.

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

10. **CHAMBERLAIN'S BUSINESS PLAN - FIRST QUARTER UPDATE**

The Committee considered a report of the Chamberlain which provided the first quarterly update for the Chamberlain's Departmental Business plan for 2015/16.

The Chamberlain noted that excellent progress had been made on the No Purchase Order (PO), No Pay initiative.

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

11. **INFORMATION TECHNOLOGY DEPARTMENT QUARTERLY UPDATE**

The Committee considered a report of the Chamberlain which provided the regular quarterly update on the work of the Information Technology Division.

The Chairman noted that Information Technology was a particularly critical Division within the Chamberlain's Department at the current time, as the majority of Red or Amber risks within the Chamberlain's Department were related to Information Technology.

Members discussed the major incident referred to within the report and progress with the Superfast City project.

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

12. **RISK MANAGEMENT - QUARTERLY UPDATE**

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

The Chamberlain advised that confirmation had been received of the City of London Police's compliance with the Public Service Network (PSN) requirements. The Chamberlain also advised that a Head of Information Technology had been provisionally appointed and, subject to confirmation, the successful candidate was likely to commence work by the end of July 2015.

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

13. **MEDIUM TERM FINANCIAL PLAN AND LOCAL GOVERNMENT FINANCE UPDATE**

The Chamberlain provided the Committee with an oral report regarding the Medium Term Financial Plan and Local Government Finance, following the recent Budget announcement.

The Chamberlain advised that the Chancellor of the Exchequer had announced a one-year slippage to the aspirations to achieve a budget surplus, which would therefore allow some smoothing of the further cuts to local Government finance which were anticipated over the course of the next Parliament. The overall amount which would be cut from Local Government funding would be likely to be announced in the Autumn Spending Review. However, it had been

confirmed that Local Government and Policing were not within budget areas which were protected against cuts.

The Chamberlain confirmed that the Corporation's prudent budget assumption was that the formula funding element of the Government grant would no longer be received by the Corporation by the end of the decade.

A report on the savings proposals for the City of London Police would be brought forward to the appropriate Committees in September.

The Chairman requested that the Chamberlain provide a further update on Local Government Finance to the Committee's September 2015 meeting.

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

**14. CHAMBERLAIN'S FINANCIAL APPRAISALS OF THIRD PARTY ENTITIES**

The Committee considered a report of the Chamberlain which provided the procedure guide for financial appraisals of third party entities for the Committee's approval.

The Chairman requested that further information was incorporated into the financial appraisal guide to ensure that periodic appraisals were undertaken of existing contractors to ensure that the Corporation was aware of the ongoing financial situation of contractors.

A Member, who was also the Chairman of the Barbican Centre Board, advised that financial appraisals had been discussed regularly at that Board due to the small and specialised nature of many of the contractors which the Barbican Centre used. He welcomed that the procedure provided for more detailed information, drawn from the financial appraisal process, to be included in the Committee reports where appropriate.

**RESOLVED** – That the Committee:

- a) Notes the report;
- b) Adopts the financial appraisal procedure guide, subject to the inclusion of a provision for periodic appraisals of existing contractors; and
- a) Delegates authority to the Chamberlain to amend the guide as necessary to comply with United Kingdom and European Community procurement law and any other legal and accounting requirements which may arise in due course.

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

The Committee considered a report of the Chamberlain which provided the annual performance monitoring report on City Re Limited.

A Member asked for clarification regarding the maximum exposure for City Re. The Chamberlain clarified that this was a maximum of £250k per claim, and a maximum of the reinsurance premium (£1.7m) plus a further £250k (totalling £1.95m) per year.

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

**16. CHARITIES RISK REGISTERS**

The Committee considered a joint report of the Town Clerk and Chamberlain which provided a key risks register for each charity administered by the Finance Committee on behalf of the City of London Corporation.

The Town Clerk advised that as a result of the Review of Grants which had been considered by this Committee at its last meeting, it was anticipated that the review of the risk registers for each charity administered by the City of London Corporation would be considered by the Service Committee responsible for administering each charity, and overseen by the Finance Committee in its monitoring role.

**RESOLVED** – That the Committee approves the risk registers to confirm that they satisfactorily set out the risks faced by each charity and that appropriate measures are in place to mitigate those risks.

**17. CENTRAL CONTINGENCIES**

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

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

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

There were no questions.

The Town Clerk advised Members that the 2016 Finance Committee Dinner had been set for 27 January 2016. Andrew Likierman, Dean of London Business School, would be the guest speaker for the Dinner.

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

There were no urgent items.

**20. 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>
21	1, 2, 3
22-32	3

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

The non-public minutes and summary of the meeting held on 9 June 2015 were approved as a correct record.

**22. 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.

**23. DRAFT NON-PUBLIC MINUTES OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE HELD ON 26 MAY 2015**

The non-public minutes of the Efficiency & Performance Sub-Committee meeting held on 25 May 2015 were noted.

**24. SERVICE BASED REVIEW - CHAMBERLAIN'S DEPARTMENT**

The Committee considered and approved a report of the Chamberlain which provided the Committee with an update on the Service Based Review Savings within the Chamberlain's Department.

**25. CORPORATE CLEANING SERVICES - CONTRACT AWARD**

The Committee considered and approved joint report of the Chamberlain and City Surveyor on behalf of the Facilities Services Procurement Category Board which requested the Committee to approve the award of the Corporate Cleaning Services Contract.

**26. INTEGRATED SUBSTANCE MISUSE AND TOBACCO CONTROL SERVICES TENDER**

The Committee considered and approved a report of the Director of Community and Children's Services which requested the Committee to award the contract for Integrated Substance Misuse and Tobacco Control Services.

**27. CITY FUND & CITY'S ESTATE HIGHWAY DISPOSAL - 100 MINORIES, EC3**

The Committee considered and approved a report of the City Surveyor which requested approval for the disposal of City Fund and City's Estates Highway at 100 Minories.

**28. REQUEST TO MATCH GRANT FUNDING FROM THE HONOURABLE THE IRISH SOCIETY TO THE NATIONAL CITIZENSHIP SCHEME**

The Committee considered and approved a joint report of the Town Clerk and Remembrancer which requested the Committee to consider a request to match grant funding from the Honourable The Irish Society to the National Citizenship Scheme.

**29. GATEWAY 3 - POLICE ACCOMMODATION PROJECT**

The Committee noted a joint report of the Chamberlain, City Surveyor and Commissioner of the City of London Police which provided information on progress with the Police Accommodation Project.

**30. PROVISION FOR BAD DEBTS**

The Committee considered and approved a report of the Chamberlain which set out the proposed provision for bad debts for 2015/16.

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

The Town Clerk provided Members with a verbal update of one decision taken under urgency procedures since the last meeting.

**32. 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.

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

There was no other non-public business.

**The meeting closed at 3.00 pm**

-----  
Chairman

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