

FINANCE COMMITTEE

Tuesday, 15 November 2016

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

Present

Members:

Jeremy Mayhew (Chairman)	Clare James
Deputy Roger Chadwick (Deputy Chairman)	Alderman Alastair King
Randall Anderson	Alderman Professor Michael Mainelli
Deputy John Barker	Paul Martinelli
Nicholas Bensted-Smith	Deputy Robert Merrett
Chris Boden	Deputy Henry Pollard
Nigel Challis	Sheriff & Alderman William Russell
Dominic Christian	James de Sausmarez
Simon Duckworth	Deputy Dr Giles Shilson
Tom Hoffman	David Thompson
Wendy Hyde	Deputy John Tomlinson
Deputy Jamie Ingham Clark	Philip Woodhouse

Officers:

Peter Lisley	-	Assistant Town Clerk
Bob Roberts	-	Director of Communications
Christopher Braithwaite	-	Town Clerk's Department
Peter Kane	-	Chamberlain
Caroline Al-Beyerty	-	Chamberlain's Department
Christopher Bell	-	Chamberlain's Department
John James	-	Chamberlain's Department
Steven Reynolds	-	Chamberlain's Department
Simon Woods	-	Chamberlain's Department
Michael Cogher	-	Comptroller and City Solicitor
Paul Wilkinson	-	City Surveyor
Steven Bage	-	City Surveyor's Department
Ian Hughes	-	Department of the Built Environment

1. APOLOGIES

Apologies for absence were received from Mark Boleat, Alderman and Sheriff Peter Estlin, Sophie Fernandes, Deputy Brian Harris, Alderman Tim Hailes, Christopher Hayward, Deputy Catherine McGuinness, Ian Seaton and Sir Michael Snyder.

The Chairman advised the Committee that he intended to vary the order of business to allow the IT Division – Funding report (agenda item 20) to be considered as the first substantive order of business. The Committee agreed that this would be appropriate.

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

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the minutes of the previous meeting held on 18 October 2016 be approved as an accurate record.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

The Committee noted a report of the Town Clerk which provided an update on outstanding actions from previous meetings.

The Town Clerk explained that there were updates to the due dates for a number of items on the outstanding actions report. Therefore, an updated version of the report had been put around the table at the meeting.

The Chamberlain explained that advice had been sought about whether it would be possible to share the cost of legal advice regarding the admission of the London Collective Investment Vehicle (CIV) staff to the Corporation's Local Government Pension Scheme between all members of the CIV. The Chamberlain explained that, as this advice had been sought to protect the Corporation's interests, it would not be possible to share the cost of this advice with other members of the CIV.

RESOLVED – That the Committee notes the report.

5. **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 next item on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 in Part I of Schedule 12A of the Local Government Act.

6. **IT DIVISION - FUNDING**

The Committee considered and approved a report of the Chamberlain which set out proposals for additional funding for the IT Division of the Chamberlain's Department.

7. **ADMITTANCE OF THE PUBLIC**

RESOLVED – That the public be admitted to the meeting.

8. **DRAFT PUBLIC MINUTES OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE HELD ON 12 OCTOBER 2016**

RESOLVED – That the Committee notes the public minutes of the meeting of the Efficiency & Performance Sub-Committee which was held on 12 October 2016.

9. **2015/16 NON-LOCAL AUTHORITY FINANCIAL STATEMENTS (CITY'S CASH, BRIDGE HOUSE ESTATES, CITY'S CASH TRUST FUNDS AND THE SUNDRY TRUSTS) TOGETHER WITH MOORE STEPHENS REPORT THEREON**

The Committee considered a report of the Chamberlain which set out the Financial Statements for the Corporation's non-Local Authority accounts (City's Cash, Bridge House Estates, City's Cash Trust Funds and Sundry Trusts), together with the auditor's report on these Financial Statements.

The Town Clerk explained that two briefing sessions had been arranged for Members to discuss the Financial Statements and notes, summarising the issues discussed in these sessions, had been put around the table. He also explained that the Financial Statements had been considered by the Audit and Risk Management Committee, which had recommended the Financial Statements to the Finance Committee for approval. Draft minutes from that meeting of the Audit and Risk Management Committee had also been put around the table. The Deputy Chairman of the Audit and Risk Management Committee confirmed that no significant concerns had been expressed by that Committee regarding the Financial Statements.

A Member asked whether, in future years, it would be advisable to provide more information regarding operational risk within the Financial Statements. The Chamberlain agreed to review such risk and include any appropriate information.

RESOLVED – That the Committee

- a) Notes the contents of Moore Stephens LLP's Audit Management Report;
- b) approves the Annual Reports and Financial Statements for City's Cash, Bridge House Estates, City's Cash Trust Funds and the Sundry Trust Funds City's Cash Financial Statements for the year ended 31 March 2016; and
- c) agree that the Financial Statements be signed by the Chairman and Deputy Chairman of the Finance Committee, on behalf of the Court of Common Council.

10. **2016/17 BUDGET MONITORING - HALF YEARLY UPDATE**

The Committee considered a report of the Chamberlain which provided information on the revenue budgets to the end of September 2016. The report set out that the overall forecast year-end position, as at the end of September 2016, was £3.1m better than budget, based on a projected £5.9m positive variance in Central Risk budgets, offset by a projected £2.8m negative variance on Chief Officer budgets.

A Member asked for further information regarding the better-than-expected returns on deposits. The Chamberlain explained that this was due to the Corporation holding £200m more in cash balances than had been expected, as the payment of the Corporation's funding commitment to Crossrail had been delayed. This payment was now expected to be made in February 2017. In

addition, the additional cash balances had allowed the Corporation to achieve better rates than had been expected.

The Chamberlain explained that, following comments made by Members at previous meetings, the report had been presented in a more visual format. Members agreed that this format made the report more user-friendly.

RESOLVED – That the Committee notes the report.

11. THE ESTABLISHMENT OF A PROCUREMENT INVEST TO SAVE FUND

The Committee considered a report of the Chamberlain which set out proposals to establish a Procurement Invest to Save Fund, using a percentage of the annual savings generated by City Procurement to fund bids for continuous improvement procurement projects.

A Member asked why the report sought to limit the annual funding for the Fund to £250k. The Chamberlain explained that this was to allow concept of the Fund to be evidenced. He explained that once the concept was proven, the annual maximum funding level might be increased. He explained that, if opportunities were identified which required a higher level of funding, these could be brought back to the Committee for approval.

A Member noted that it was intended to delegate approval of schemes from the Fund to the Strategic Resources Group and asked for clarification regarding the role of this Group. The Chamberlain explained that the Strategic Resources Group had been established about nine months ago, as a sub-group of the Summit Group to consider resourcing matters.

A Member asked for clarification regarding how the savings generated by City Procurement were measured. The Chamberlain explained that these savings were only those savings achieved from competitive tender processes, which derived savings against the existing contract values (the baseline). Changes in scope or demand management of a contract were not included. The Chairman explained that a report regarding the calculation of savings achieved by City Procurement had been submitted to the Committee earlier in the year and this could be re-circulated to any Members who wished to receive it.

RESOLVED – That the Committee:

- a) approves the establishment of the Procurement Invest to Save Fund, effective from 1 December 2016; and
- b) agrees that decision-making on funding bids be delegated to the Strategic Resources Group, in consultation with the Chairman and Deputy Chairman of the Efficiency and Performance Sub-Committee.

12. CITY PROCUREMENT QUARTERLY UPDATE - NOVEMBER 2016

The Committee considered a report of the Chamberlain which provided an update regarding the work of City Procurement and key areas of progress since April 2016.

RESOLVED – That the Committee notes the report.

13. **ANNUAL ON-STREET PARKING ACCOUNTS 2015/16 AND RELATED FUNDING OF HIGHWAY IMPROVEMENTS AND SCHEMES**

The Committee considered a report of the Chamberlain which provided information regarding action taken in response to any surplus or deficit in the Corporation's On-Street Parking Reserve. The report informed the Committee that the surplus of £17.229m would be wholly allocated, over the medium term, towards the funding of various highway improvements and other projects.

RESOLVED – That the Committee notes the report.

14. **CHAMBERLAIN'S DEPARTMENT RISK MANAGEMENT - MONTHLY REPORT**

The Committee considered a report of the Chamberlain which provided an update regarding the top risks within the Chamberlain's Departmental Risk Register.

RESOLVED – That the Committee notes the report.

15. **CENTRAL CONTINGENCIES**

The Committee considered a report of the Chamberlain which provided information regarding the current balance of the Central Contingency Funds.

A Member commented that, given the current balance of the contingencies, it may be advisable either to reduce the amount carried in contingency or not carry forward any remaining balance at the end of the current year. The Chairman commented that this suggestion was certainly worth consideration, but reminded the Committee that the Finance Committee's Contingency Funds were the contingency funds for all Departments of the Corporation.

RESOLVED – That the Committee notes the report.

16. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**

The Committee considered a report of the Town Clerk which advised of a decision taken by the Town Clerk under delegated authority. This decision had been to make a donation of £30,000 to the British Red Cross's Hurricane Matthew Emergency Appeal.

A Member commented that he had understood that the established policy was that the Corporation only made donations to emergency appeals launched by the Disaster Emergency Committee (DEC). The Chairman clarified that the Corporation always made a donation when the DEC launched an appeal, but also made donations to other organisations, including the British Red Cross, when emergency appeals were launched.

A Member commented that it may be worthwhile to investigate the administration costs of the organisations to which the Corporation made disaster relief donations, to ensure that donations were made to the most

appropriate organisations and that donations made to emergency appeals were spent on that appeal.

RESOLVED – That the Committee notes the report.

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

There were no questions.

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

There were no urgent items.

19. **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.

Item No.	Paragraphs in Schedule 12A
20-25	3
26	1

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

The Committee approved the minutes of the previous meeting as an accurate record.

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

The Committee noted a report of the Town Clerk which provided information about outstanding actions from previous meetings.

22. **DRAFT NON-PUBLIC MINUTES OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE HELD ON 12 OCTOBER 2016**

The Committee noted the minutes of the meeting of the Efficiency and Performance Sub-Committee which had been held on 12 October 2016.

23. **WIRELESS CONCESSION CONTRACT (SUPER-FAST CITY)**

The Committee considered and approved a report of the Chamberlain which sought approval to grant the award of the Wireless Concession Contract, which would offer enhanced mobile and wi-fi coverage across the Square Mile.

24. **HIGHWAYS TERM MAINTENANCE CONTRACT EXTENSION**

The Committee considered and approved a report of the Director of the Built Environment and the Property Construction Category Board which sought approval for the extension of the Highways Term Maintenance Contract.

25. **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.

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

There was one item of urgent business, relating to staffing.

The meeting closed at 3.10 pm

Chairman

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