



Finance Committee

Date: TUESDAY, 6 JUNE 2017
Time: 1.45 pm
Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

Members:

Jeremy Mayhew (Chairman)	Gregory Lawrence
Deputy Jamie Ingham Clark (Deputy Chairman)	Tim Levene
Randall Anderson	Oliver Lodge
Alderman Nick Anstee	Paul Martinelli
Nicholas Bensted-Smith	Deputy Robert Merrett
Chris Boden	Hugh Morris
Mark Bostock	Deputy Henry Pollard
Deputy Roger Chadwick	William Pimlott
Dominic Christian	Alderman Matthew Richardson
Karina Dostalova	Sheriff & Alderman William Russell
Simon Duckworth	James de Sausmarez
Sheriff & Alderman Peter Estlin	Ian Seaton
Sophie Anne Fernandes	Sir Michael Snyder
Alderman Timothy Hailes	Deputy James Thomson
Caroline Haines	Deputy Philip Woodhouse
Christopher Hayward	Mark Boleat (Ex-Officio Member)
Deputy Tom Hoffman	Deputy Catherine McGuinness (Ex- Officio Member)
Michael Hudson	Andrew McMurtrie (Ex-Officio Member)
Deputy Wendy Hyde	Deputy Alastair Moss (Ex-Officio Member)
Deputy Clare James	

Enquiries: Chris Braithwaite
tel. no.: 020 7332 1427
christopher.braithwaite@cityoflondon.gov.uk

Lunch will be served in Guildhall Club at 1PM
NB: Part of this meeting could be the subject of audio or video recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes and non-public summary of the meeting held on 2 May 2017.

For Decision
(Pages 1 - 12)
4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**
Report of the Town Clerk.

For Information
(Pages 13 - 16)
5. **REPORT OF THE WORK OF THE SUB-COMMITTEES**
Report of the Town Clerk.

For Information
(Pages 17 - 18)
6. **TO APPOINT MEMBERS TO VACANCIES ON THE SUB-COMMITTEES**
The Chairman to be heard.

For Decision
7. **DRAFT PUBLIC MINUTES OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE**
To note the draft public minutes of the meeting held on 17 May 2017.

For Information
(Pages 19 - 24)
8. **PROVISIONAL OUTTURN 2016/17**
Report of the Chamberlain.

For Information
(Pages 25 - 34)
9. **CITY PROCUREMENT EFFICIENCY AND SAVINGS TARGET 2017/18**
Report of the Chamberlain.

For Information
(Pages 35 - 38)
10. **IT DIVISION - QUARTERLY UPDATE**
Report of the Chamberlain.

For Information
(Pages 39 - 42)

11. **CHAMBERLAIN'S DEPARTMENT RISK MANAGEMENT - MONTHLY REPORT**
Report of the Chamberlain.
For Information
(Pages 43 - 44)
12. **CHARITIES POOL RISK REGISTER**
Report of the Chamberlain.
For Decision
(Pages 45 - 50)
13. **FUNDING OF THREE ADDITIONAL STAFF TO THE CORPORATE AND PUBLIC LAW DIVISION OF THE COMPTROLLER & CITY SOLICITOR'S DEPARTMENT**
Report of the Comptroller and City Solicitor. This report will also be considered by the Establishment Committee on 19 June 2017.
For Decision
(Pages 51 - 56)
14. **CENTRAL CONTINGENCIES**
Report of the Chamberlain.
For Information
(Pages 57 - 62)
15. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Report of the Town Clerk.
For Information
(Pages 63 - 64)
16. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
18. **EXCLUSION OF THE PUBLIC**
MOTION - 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.
For Decision

Part 2 - Non-Public Agenda

19. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes of the meeting held on 2 May 2017.
For Decision
(Pages 65 - 70)
20. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**
Report of the Town Clerk.
For Information
(Pages 71 - 72)

21. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**
Report of the Town Clerk.
For Information
(Pages 73 - 76)
22. **DRAFT NON-PUBLIC MINUTES OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE HELD ON 17 MAY 2017**
To note the draft non-public minutes of meeting held on 17 May 2017.
For Information
(Pages 77 - 80)
23. **OPERATIONAL PROPERTY REVIEW - INCENTIVISATION REVIEW**
Joint report of the City Surveyor and Chamberlain. A draft minute of the Corporate Asset Sub-Committee's discussion of this report is also included for Members' information.
For Decision
(Pages 81 - 100)
24. **MINOR WORKS STRATEGIC SOLUTION - PROCUREMENT STAGE 1**
Joint report of the Chairman of the Facilities Services Procurement Category Board and the Chamberlain
For Decision
(Pages 101 - 106)
25. **POTENTIAL LEGAL ACTION TO RECOVER SUMS OWED BY A FORMER COMMERCIAL TENANT**
Report of the Comptroller and City Solicitor. This report will also be considered by the Property Investment Board on 21 June 2017.
For Decision
(Pages 107 - 114)
26. **REPORT ON WAIVERS AT £50K AND OVER GRANTED SINCE THE LAST FINANCE COMMITTEE**
Report of the Chamberlain.
For Information
(Pages 115 - 120)
27. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Report of the Town Clerk.
For Information
(Pages 121 - 122)
28. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
29. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

FINANCE COMMITTEE

Tuesday, 2 May 2017

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

Present

Members:

Randall Anderson	Oliver Lodge
Nicholas Bensted-Smith	Jeremy Mayhew
Mark Bostock	Deputy Robert Merrett
Deputy Roger Chadwick	Hugh Morris
Karina Dostalova	Deputy Henry Pollard
Simon Duckworth	William Pimlott
Alderman Timothy Hailes	Alderman Matthew Richardson
Caroline Haines	Sheriff & Alderman William Russell
Christopher Hayward	Ian Seaton
Michael Hudson	Sir Michael Snyder
Deputy Wendy Hyde	Deputy Philip Woodhouse
Deputy Jamie Ingham Clark	Mark Boleat (Ex-Officio Member)
Deputy Clare James	Deputy Catherine McGuinness (Ex-Officio Member)
Tim Levene	

Officers:

Peter Lisley	-	Assistant Town Clerk
Chris Braithwaite	-	Town Clerk's Department
Neil Davies	-	Town Clerk's Department
Kate Smith	-	Town Clerk's Department
Peter Kane	-	Chamberlain
Caroline Al-Beyerty	-	Chamberlain's Department
Christopher Bell	-	Chamberlain's Department
Sean Green	-	Chamberlain's Department
Michael Cogher	-	Comptroller and City Solicitor
Gary Brailsford-Hart	-	City of London Police

1. APOLOGIES

Apologies for absence were received from Dominic Christian, Alderman and Sheriff Peter Estlin, Deputy Tom Hoffman, Gregory Lawrence, Paul Martinelli, Jason Pritchard, James De Sausmarez and Deputy James Thomson.

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

Christopher Hayward declared a non-pecuniary interest in respect of item 31 as a Director of the City of London Academies Trust.

Ian Seaton declared a non-pecuniary interest in respect of item 33 due to the company in question being the auditors of his Livery Company.

3. **ORDER OF THE COURT OF COMMON COUNCIL**

RESOLVED – That the Committee notes the Order of the Court of Common Council dated 27 April 2017.

4. **ELECTION OF CHAIRMAN**

RESOLVED – That, in accordance with Standing Order 29, Jeremy Mayhew is appointed as Chairman of the Committee.

The Chairman welcomed new Members to the Committee, noting that:

- Mark Bostock, Caroline Haines, Tim Levene, William Pimlott, Jason Pritchard had been appointed to the Finance Committee, following their election to the Court of Common Council in March 2017;
- Karina Dostalova, Michael Hudson and Hugh Morris had previously served as Members of the Court of Common Council but were serving their first term on the Finance Committee; and
- Oliver Lodge and Alderman Matthew Richardson were returning to the Finance Committee.

5. **ELECTION OF DEPUTY CHAIRMAN**

RESOLVED – That, in accordance with Standing Order 30, Deputy Jamie Ingham Clark is appointed as Deputy Chairman of the Committee.

6. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes and non-public summary of the meeting held on 21 February 2017 be approved as an accurate record.

7. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

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

The Town Clerk explained that the resolution from the Committee to the Policy and Resources Committee in relation to the requested review of the Members' Financial Loss Allowance Scheme would now be considered by that Committee at its June 2017 meeting. The Chairman explained that consideration of the resolution had been delayed to allow it to be considered alongside a report regarding the diversity of the Court of Common Council, on which the Members' Financial Loss Allowance Scheme may have some impact. He explained that he expected that proposals, in relation to the Scheme, would be considered at the Resource Allocation Sub-Committee's Away Day in June 2017, following which any formal proposal would be considered by the Policy and Resources Committee.

RESOLVED – That the Committee notes the report.

8. **REPORT OF THE WORK OF THE SUB-COMMITTEES**

The Committee considered a report of the Town Clerk which advised Members of the key discussions which had taken place during recent meetings of the Committee's Sub-Committees.

RESOLVED – That the Committee notes the report.

9. **DRAFT PUBLIC MINUTES OF SUB-COMMITTEES**

RESOLVED – That the Committee notes the draft public minutes and non-public summary of the following Sub-Committee meetings:

- Corporate Asset Sub-Committee held on 10 February 2017;
- Efficiency and Performance Sub-Committee held on 17 February 2017;
- Finance Grants Oversight and Performance Sub-Committee held on 21 February 2017; and
- Information Technology Sub-Committee held on 22 February 2017.

10. **RESOLUTION FROM THE POLICY AND RESOURCES COMMITTEE - APPOINTMENT OF SUB-COMMITTEE CHAIRMEN**

RESOLVED – That the Committee notes the resolution of the Policy and Resources Committee regarding the appointment of Sub-Committee Chairmen.

11. **APPOINTMENT OF SUB-COMMITTEES AND REPRESENTATIVES ON OTHER COMMITTEES**

The Committee considered a report of the Town Clerk which sought the appointment of the Committee's Sub-Committees for 2017/18, approval for the Terms of Reference of these Sub-Committees, and the appointment of Members to a number of other City Corporation positions.

The Chairman explained that, as had been the case in the previous year, he would be Chairman of Efficiency and Performance Sub-Committee, with the Deputy Chairman of the Grand Committee as Deputy Chairman of this Sub-Committee. The Chairman nominated the following Chairmen and Deputy Chairmen for the remaining Sub-Committees:

- Corporate Asset Sub-Committee: Nicholas Bensted-Smith as Chairman; Dominic Christian as Deputy Chairman.
- Finance Grants Oversight and Performance Sub-Committee: Simon Duckworth as Chairman; Philip Woodhouse as Deputy Chairman.
- Information Technology Sub-Committee: Deputy Jamie Ingham Clark as Chairman; Hugh Morris as Deputy Chairman.

RESOLVED - That the Committee

- a) Agrees the composition and Terms of Reference of the Sub-Committees as set out in Appendix A;
- b) Agrees that the Chairman and Deputy Chairman of the Grand Committee are appointed to the following Sub-Committees:
 - i. Corporate Asset Sub-Committee
 - ii. Efficiency & Performance Sub-Committee
 - iii. Finance Grants Oversight and Performance Sub-Committee

iv. Information Technology Sub-Committee

- c) Agrees the appointment of the following Members as Chairman and Deputy Chairman of each of the Sub-Committees:

Corporate Asset Sub-Committee

Chairman: Nicholas Bensted-Smith

Deputy Chairman: Dominic Christian

Efficiency & Performance Sub-Committee:

Chairman: Jeremy Mayhew

Deputy Chairman: Deputy Jamie Ingham Clark

Finance Grants Oversight and Performance Sub-Committee

Chairman: Simon Duckworth

Deputy Chairman: Philip Woodhouse

Information Technology Sub-Committee

Chairman: Deputy Jamie Ingham Clark

Deputy Chairman: Hugh Morris

- d) Notes the appointment of the following members of other Committees to Sub-Committees:
- i. Corporate Asset Sub-Committee – up to three Members each of the Policy and Resources Committee and of the Property Investment Board
 - ii. Information Technology Sub-Committee – one Member of the Police Committee, as the Special Interest Area holder for IT.
- e) in addition to the Chairman and Deputy Chairman of the Grand Committee and the Members appointed as Chairman and Deputy Chairman of the Sub-Committees, agrees the appointment of Members to the following Sub-Committees:

Corporate Asset Sub-Committee

Randall Anderson, Mark Bostock, Karina Dostalova, Michael Hudson and Philip Woodhouse

Efficiency & Performance Sub-Committee

Randall Anderson, Dominic Christian, Alderman and Sheriff Peter Estlin, Ian Seaton, Philip Woodhouse

Finance Grants Oversight and Performance Sub-Committee

Nicholas Bensted-Smith and Alderman William Russell

Information Technology Sub-Committee

- From the Finance Committee: Randall Anderson, Tim Levene and Deputy Robert Merrett
- From the Court of Common Council: Rehana Ameer, John Chapman, Sylvia Moys and James Tumbridge

- f) agrees the appointments of representatives to the following Committees and Sub-Committees:
- Establishment Committee – Deputy Jamie Ingham Clark
 - Barbican Centre Board – Deputy Wendy Hyde
 - Projects Sub (Policy & Resources) Committee – Nicholas Bensted-Smith and Deputy Jamie Ingham Clark
 - Streets and Walkways Sub (Planning & Transportation) Committee - Clare James
- g) agrees the appointments of representatives for informal consultation with the Court of Aldermen and the Policy and Resources Committee on Mayoralty and Shrievalty Allowances – Jeremy Mayhew, Deputy Jamie Ingham Clark and Nicholas Bensted-Smith
- h) notes that the Chairman and Deputy Chairman of the Finance Committee will be Members of the Resource Allocation Sub (Policy and Resources) Committee.
- i) notes that the Chairman and Deputy Chairman will be ex-officio Members of the following Committees:
- Policy & Resources Committee
 - Investment Committee
 - Audit and Risk Management Committee
 - Hospitality Working Party (Policy and Resources)
- j) Notes that the Chairman (or his nominee) will be an ex-officio Member of the following Committees:
- Social Investment Board
 - Public Relations and Economic Development Sub (Policy and Resources) Committee
- k) agrees that the Committee should continue to meet “every fourth week on Tuesdays” with the exception of recess periods.

Following the consideration of this item, the Chairman informed the Committee that a statement of his experience and objectives had been put around the table. He explained that he would continue to emphasise the role of the Sub-Committees in giving detailed consideration to issues, prior to then coming to the Grand Committee for decision; increase the prominence of tackling the IT challenges facing the Corporation; and increase the speed at which operational property, which was no longer needed for operational use, was released by Departments for disposal. He also explained that he would seek to provide Members with further information regarding the annual cycle of business for the Committee and bring about improvements in agenda structuring.

The Deputy Chairman thanked Members for his election and confirmed that he would ensure that due prominence was given to resolving the IT issues, as well as improving the position in relation to the long-term maintenance cycle of the Corporation’s operational property.

12. CHAMBERLAIN'S DEPARTMENTAL BUSINESS PLAN 2016/17 - YEAR-END UPDATE

The Committee considered a report of the Chamberlain which provided a year end summary of delivery against the objectives and expected outcomes stated in the Chamberlain's Departmental Business Plan for 2016/17. The report advised Members that, in the main, progress had good, with many key milestones met according to anticipated timescales.

A Member commented that, in relation to this and the subsequent reports on the agenda, Members had been provided with a large amount of information regarding plans and progress within the Chamberlain's Department, but it was difficult for Members to understand the current position in terms of performance, particularly in relation to IT. The Member also noted that, while underinvestment had been cited as the root cause of the IT issues, he was not aware of any instances in which additional funding for IT had been refused by Members. Members also commented that it may be helpful to provide information regarding any performance issues, such as had been the case with IT, in the summary of future reports.

A Member commented that there were significant issues with IT equipment for Members. The Deputy Chairman requested that Members copy him in to correspondence with the Chamberlain's Department on this matter, so that he could be aware of the scale of the problem.

The Chamberlain commented that the Court of Common Council had agreed that additional funding be provided to address the issues in relation to the Corporation's IT services. He explained that he expected the current transformation programme would succeed in delivering significant improvements in IT performance by the end of 2017.

RESOLVED – That the Committee notes the report.

13. FINANCIAL SERVICES, CITY PROCUREMENT AND IT QUARTERLY UPDATE

The Committee considered a report of the Chamberlain which provided an update on the work, over the last quarter, of the three main Divisions within the Chamberlain's Department.

A Member noted that the report indicated that, in relation to the IT contract, resolution of Priority 1 incidents was 54% for the City of London Police, and asked whether this was the target or performance. The Chamberlain explained that this was annual performance and the target was 98%. The Deputy Chairman explained that this poor performance had been largely due to poor performance in the first quarter of 2016/17 and recent performance had been greatly improved.

The Chairman requested that a note be circulated to the Committee to clarify this issue and that a report providing further information be submitted to the next meeting of the IT Sub-Committee.

RESOLVED – That the Committee notes the report.

14. DEPARTMENTAL BUSINESS PLAN: CHAMBERLAIN'S DEPARTMENT - 2017/18

The Committee considered a report of the Chamberlain which presented, for approval, the business plan for the Chamberlain's Department for 2017/18. The business plan set out the key priorities of the Department and described the specific actions that would be undertaken, during the next year, to deliver against these priorities and to improve the value for money of the services that were provided.

A Member commented that the Departmental Business Plan did not include the savings target for City Procurement. The Chamberlain explained that this target was still being developed and would be presented to the Committee's next meeting for approval. The Chamberlain also explained that information would be provided as to how this target was set.

The report also provided an early draft of the Corporate Plan 2018-23 to give Members an opportunity to provide informal feedback, before wider consultation on the plan took place in the autumn with staff, partners and other external stakeholders.

Members commented that it was vital that the Corporate Plan included measurable objectives and that sufficient staffing resources were devoted to its development. The Town Clerk confirmed that all of the outcomes within the Corporate Plan would be supported by robust performance measures and that adequate resourcing was in place.

RESOLVED – That the Committee:

- a) Approves the high-level and detailed departmental business plans for the Chamberlain's Department; and
- b) Notes the draft Corporate Plan 2018-23.

15. CITY OF LONDON CORPORATION AND CITY OF LONDON POLICE IT STRATEGIES

The Committee considered a report of the Chamberlain which set out the proposed strategic direction for the City of London Corporation IT and City of London Police IT Service over the next three years, up to 2020.

RESOLVED – That the Committee endorses the IT Strategy documents.

16. CHAMBERLAIN'S DEPARTMENT RISK MANAGEMENT - QUARTERLY REPORT

The Committee considered a report of the Chamberlain which provided the quarterly update regarding the Chamberlain's Departmental Risk Register.

Members discussed CR16 (Information Security) and commented that both the risk likelihood and risk impact appeared to be too low. Members commented that this was a risk which had an inherently high likelihood and impact, and

reducing the degree of either to acceptable levels may be challenging. However, Members agreed that it was important that the risk was rated accurately, to ensure that it had due prominence and attention.

The Chamberlain commented that an additional risk was likely to be added to the Corporate Risk Register in relation to the process for the devolution of Business Rates. A Member requested that, for those Members new to the Court of Common Council, it would be helpful to have some background information in relation to this issue. The Chairman explained that this was an important risk for the City Corporation as, while the City Corporation supported devolution of business rates to more local areas, it was likely that, in the London region, any needs-based formula would not benefit the City Corporation. Therefore, the important factor for the City Corporation was to ensure that there was recognition of the difference between the City's position and that of the rest of London. He explained that, if this was recognised, it was likely that the City Corporation would have to be excluded from any formula.

A Member asked whether the City Corporation was doing enough to lobby Government on this issue. The Chamberlain explained that this was an activity in which he and the City Remembrancer were engaging.

A Member asked for further information regarding Risk CHB014 (Loss of ESF Funding for Central London Forward CESI Program). The Chamberlain explained that the extent of the loss of ESF funding was still being discussed with the Greater London Authority and he expected to be able to provide an update to the Committee's next meeting.

RESOLVED – That the Committee notes the report.

17. LOCALLY ADMINISTERED BUSINESS RATES RELIEF SCHEME CONSULTATION RESPONSE

The Committee considered a report of the Chamberlain which provided Members with a copy of the City Corporation's response to the consultation on proposals from the Department of Communities and Local Government on their proposed Locally Administered Business Rates Relief scheme.

RESOLVED – That the Committee notes the report.

18. ROAD DANGER REDUCTION CLAUSE IN CITY PROCUREMENT CONTRACTS

The Committee considered a report of the Director of the Built Environment which proposed that a Road Danger Reduction clause be included in the procurement processes of the City Corporation, which would require suppliers to the City Corporation to achieve Fleet Operators Recognition Scheme (FORS) Bronze status, or an acceptable equivalent standard.

RESOLVED – That the Committee:

- a) Approves the addition of Road Danger Reduction requirements, as set out in the report, within relevant contracts;

- b) Approves the decision-making process outlined in paragraphs 11 and 12 of the report, delegating authority for making regular, increasingly rigorous contractual requirements to the Construction & Property Services, Facilities Services and Land Management Category Boards, and the Transport Coordination Group.

19. **CENTRAL CONTINGENCIES**

The Committee considered a report of the Chamberlain which provided Members with information regarding the current balance of the Finance Committee Contingency Funds for the current year.

The Chamberlain explained that an amended version of Page 189 of the agenda pack had been put around the table at the meeting.

In response to a question from a Member, the Chamberlain confirmed that the proposed carry forward was only to fund commitments already made for future years in City's Cash, and none of this carry forward would be used to fund City Fund activities.

RESOLVED – That the Committee agrees to carry forward £85,000 from the City's Cash 2016/17 Central Contingency Fund to meet existing allocations which have been agreed in previous years, thereby providing a full year's contingency for funding requirements that may arise during 2017/18.

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

The Committee considered a report of the Town Clerk which provided information of action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Orders 41(a) and 41(b). The decision was to approve a donation of £55,000 to the Disaster Emergency Committee's East Africa Famine Relief appeal.

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.

Item No.	Paragraphs in Schedule 12A
24-27, 29-37	3
28	3 and 7
38	1

24. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
The non-public minutes of the meeting held on 21 February 2017 were approved as an accurate record.
25. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**
The Committee noted a report of the Town Clerk which set out outstanding actions from previous non-public minutes of the Committee.
26. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**
The Committee noted a report of the Town Clerk which advised Members of the key discussions which had taken place during non-public session at recent meetings of the Committee's Sub-Committees.
27. **DRAFT NON-PUBLIC MINUTES OF SUB-COMMITTEES**
The Committee noted the draft non-public minutes of the following Sub-Committee meetings:
- Corporate Asset Sub-Committee held on 10 February 2017;
 - Efficiency and Performance Sub-Committee held on 17 February 2017;
 - Finance Grants Oversight and Performance Sub-Committee held on 21 February 2017; and
 - Information Technology Sub-Committee held on 22 February 2017.
28. **RISK TREATMENT PLAN - GATEWAY 1-5 AUTHORITY TO START WORK**
The Committee considered and approved a report of the Chamberlain which sought authority to start work on a project to undertake a Risk Treatment Plan of the City Corporation's security infrastructure.
29. **PROVISION OF A CORPORATE MANAGED SERVICE FOR MULTI-FUNCTIONAL DEVICES (MFDS) - PROCUREMENT STAGE 3 (CONTRACT AWARD) REPORT - REQUEST FOR DELEGATED AUTHORITY**
The Committee considered and approved a report of the Chamberlain which sought delegated authority to the Town Clerk, in consultation with the Chairman and Deputy Chairman, to award a contract in relation to a Corporate Managed Service for Multifunctional Devices (MFDs).
30. **CITIGEN PERFORMANCE MANAGEMENT BOARD - PROPOSED ELECTED MEMBER REPRESENTATIVE**
The Committee considered and approved a joint report of the Chamberlain and the City Surveyor which suggested that a Member of the Court of Common Council should join the Citigen Performance Management Board.

31. INTEREST RATES FOR LOAN FACILITIES

The Committee considered and approved a report of the Chamberlain regarding arrangements for loans provided by the City Corporation to organisations associated with the City Corporation, such as the City Corporation's Independent Schools and the Museum of London.

Extension of the meeting under Standing Order 40

At this point, two hours having passed since the start of the meeting, the Committee agreed, as per Standing Order 40, that the meeting continue.

32. PAY AWARD AT THE MUSEUM OF LONDON

The Committee considered and approved a report of the Director of the Museum of London which sought endorsement for the Museum's 2017 pay award.

33. WAIVER REQUEST - NON-LOCAL AUTHORITY FUNDS EXTERNAL AUDIT SERVICES

The Committee considered and approved a report of the Chamberlain which sought approval for a waiver of the Procurement Regulations to allow a one-year extension to the current contract for the audit of the City's Cash (non-local authority) accounts.

34. REPORT ON WAIVERS AT £50K AND OVER GRANTED SINCE THE LAST FINANCE COMMITTEE

The Committee noted a report of the Chamberlain which updated Members on non-urgent waivers over £50,000 which had been approved by the relevant Spending Committee, in accordance with the Waiver Approval Process set out within the Corporation's Procurement Code.

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

The Committee noted a report of the Town Clerk detailing non-public decision taken under delegated authority and urgency procedures since the last meeting of the Committee.

36. 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.

37. 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.

38. REORGANISATION OF A TEAM WITHIN THE CHAMBERLAIN'S DEPARTMENT

The Committee considered and approved a report of the Chamberlain which informed the Committee of proposals to change the structure of administration support within the Chamberlain's Department.

The meeting closed at 3.50 pm

Chairman

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

Finance Committee – Outstanding Actions

Item	Date	Item and Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
1.	2 May 2017, Item 12	<u>Members' IT Issues</u> The Deputy Chairman requested that Members copy him into correspondence with the VIP Support team regarding IT issues.	All Members	Ongoing.	Ongoing.
2.	2 May 2017, Item 13	<u>IT Division Quarterly Update</u> The Chairman requested that a note be circulated to the Committee to clarify an issue which was raised regarding performance of the contractor against the Police IT Contract.	Chamberlain	June 2017	This note was circulated to all Members of the Committee by email on 17 May 2017.
3.	2 May 2017, Item 14	<u>City Procurement 2017/18 Savings target</u> The savings target for 2017/18 to be submitted to the Committees June meeting.	Chamberlain	June 2017	A report on this matter is included within the agenda.
4.	2 May 2017, Item 16	<u>Information Security</u> Members agreed that the risk in relation to Information Security (CR16) should be escalated.	Chamberlain	June 2017	The rating of this risk has been increased. Further information is included in the risk management report, elsewhere on the agenda.
5.	2 May 2017, Item 16	<u>Central London Forward CESI Programme</u> Members asked for further information regarding the risk in relation to the loss of ESF Funding for the Central London Forward CESI Programme.	Chamberlain	July 2017	At the time of publishing the agenda, this issue is still being discussed with the Greater London Authority. A report is expected to be submitted to the Committee's July 2017 meeting.

Item	Date	Item and Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
6.	31 Jan 2017, Item 9	<u>Electoral Services Team Budget</u> The Town Clerk to provide information of the outturn position of the Electoral Services Team budget.	Town Clerk	June 2017	2016/17 was a particularly busy period for the Electoral Services Team. The EU referendum, GLA election and a full round of Ward elections were all successfully conducted. The resources of the team were enhanced during this period to ensure all of the necessary detailed preparation work was completed and the Elections team had sufficient resilience over the period of the Ward elections. This had a consequential effect on the Central Risk budget provided for running elections, which was exceeded in this financial year. This has highlighted that the resources available for this key function need to be reviewed.
7.	31 Jan 2017, Item 12	<u>Corporate Purchase Cards</u> A report to be provided in one year's time to provide an update on progress with reducing the number of rarely-used Purchase Cards and in reducing the use of purchase cards for expenses.	Chamberlain	January 2018	A report will be provided in January 2018.
8.	31 Jan 2017, Item 16	<u>Disaster Relief Donations</u> Members requested to be provided with updates regarding disaster relief donations which have been agreed by the Committee.	Town Clerk	Ongoing	When updates are received, they will be circulated alongside the agenda for the Committee's next meeting.

Item	Date	Item and Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
9.	13 Dec 2016, Item 14	<u>Members Financial Loss Allowance Scheme</u> Members commented that it may be appropriate to review the Scheme after the Common Council elections, to ensure that it remains fit for purpose.	Town Clerk	June 2017	A resolution on this matter is to be submitted to the Policy and Resources Committee on 8 June 2017, to allow it to be considered in conjunction with a report regarding the diversity of the Court.
10.	13 Dec 2016, Item 15	<u>Christmas donations</u> A report to be submitted to explain how it will be possible to make such grants in future years.	Chief Grants Officer	July 2017	A report on this issue was considered by the Finance Grants Oversight and Performance Sub-Committee in February 2017. A further report will be considered at the Sub-Committee's next meeting.
11.	15 Nov 2016, Item 9	<u>Financial Statements</u> The Chamberlain to review whether it is advisable to include more information in relation to operational risk within the Financial Statements.	Deputy Chamberlain	June 2017	This will be considered as part of the development of the Financial Statements for the City Fund Accounts for 2016/17.

This page is intentionally left blank

Committee: Finance Committee	Date: 6 June 2017
Subject: Report of the work of the Sub-Committees	Public
Report of: Town Clerk	For Information
Report authors: Chris Braithwaite, Town Clerk's Department	

Summary

On 19 July 2016, the Finance Committee agreed that, in addition to draft minutes of Sub-Committee meetings, short reports be provided to advise the Committee of the main issues considered by the Sub-Committees at recent meetings.

Since the last meeting of the Finance Committee, the following Sub-Committees have met:

- Efficiency and Performance Sub-Committee on 17 May 2017
- Corporate Asset Sub-Committee on 22 May 2017

The main issues considered by these Sub-Committees in public session were as follows:

Efficiency and Performance Sub-Committee – 17 May 2017

- An update on the work to embed the Efficiency and Sustainability Plan across the organisation, to ensure that all Members and Departments were fully aware of the requirements for continuous improvement and the 2% budget year-on-year reduction from City's Cash and City Fund for all Departments from 2018/19 onwards.
- Approval of the Corporate Contract Management Scorecard.

Corporate Asset Sub-Committee – 22 May 2017

All significant issues considered at this meeting were considered during non-public session.

Recommendations

The Committee is asked to note the report.

Main Report

Background

1. On 19 July 2016, the Finance Committee agreed that future meetings of the Committee should be provided with a report highlighting the main issues which were considered at recent meetings of the Sub-Committees, in addition to receiving minutes of those meetings.

2. Since the last meeting of the Committee, the following Sub-Committees have met:

- Efficiency and Performance Sub-Committee on 17 May 2017
- Corporate Asset Sub-Committee on 22 May 2017

Efficiency and Performance Sub-Committee on 17 May 2017

4. The Sub Committee considered a report of the Chamberlain which provided a reminder of the key principles of the Efficiency and Sustainability Plan, which are:
- A requirement for all Departments to ensure continuous improvement.
 - A year-on-year 2% reduction in budgets for all Departments, from 2018/19 onwards.
 - The undertaking of Chief Officer Peer Reviews to explore ways of securing greater value for money and better alignment of outcomes across Departments.
5. A document setting out this information and the reasons for the Efficiency and Sustainability Plan will be circulated to all Service Committees in June and July 2017, to ensure that all Members and Officers are aware of the requirements.
6. Members noted that with the inflation rate increasing, the real terms impact of the 2% year-on-year budget cuts could be in the region of 15% over the next three years. This potential level of budget cut emphasised the importance of Departments to ensure that they delivered continuous improvement and more efficient ways of working.
7. The Sub-Committee also considered a report which provided proposals for a Corporate Supplier Scorecard for contract management. The Scorecard recorded ratings in ten key areas and Members agreed that these should be grouped into category areas, to make the Scorecard more user-friendly to suppliers and for reporting to Members. The Chamberlain proposed that the categories would be Commercial; Risk and Health & Safety; Performance; and Social Value.

Corporate Asset Sub-Committee on 22 May 2017

8. All of the significant issues which were considered at this meeting were considered during the non-public session.

Chris Braithwaite

Senior Committee and Member Services Officer

T: 020 7332 1427

E: christopher.braithwaite@cityoflondon.gov.uk

EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE

Wednesday, 17 May 2017

Minutes of the meeting of the Efficiency and Performance Sub (Finance) Committee held at the Guildhall EC2 at 11.30 am

Present

Members:

Jeremy Mayhew (Chairman)	Sheriff & Alderman Peter Estlin
Deputy Jamie Ingham Clark (Deputy Chairman)	Ian Seaton
Randall Anderson	Deputy Philip Woodhouse

Officers:

Chris Braithwaite	-	Town Clerk's Department
Neil Davies	-	Town Clerk's Department
Richard Horner	-	Town Clerk's Department
Kate Smith	-	Town Clerk's Department
Sacha Than	-	Town Clerk's Department
Peter Kane	-	Chamberlain
Caroline Al-Beyerty	-	Chamberlain's Department
Christopher Bell	-	Chamberlain's Department
Adam Perry	-	Chamberlain's Department

- 1. APOLOGIES**
No apologies were received.
- 2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
There were no declarations.
- 3. MINUTES OF THE PREVIOUS MEETING**
RESOLVED - That the public minutes and non-public summary of the meeting held on 17 February 2017 be agreed as an accurate record.
- 4. OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**
The Sub-Committee considered a report of the Town Clerk which set out the outstanding actions from previous meetings of the Sub-Committee.

The Town Clerk explained that a copy of the Sub-Committee's Terms of Reference had been put around the table.

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 they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A of the Local Government Act.

6. **COMMERCIAL CONTRACT MANAGEMENT - INITIAL OPPORTUNITIES**

The Sub-Committee noted a report of the Chamberlain which updated Members on the initial commercial work of the new Commercial Contract Management team within City Procurement.

Following the conclusion of this item, the Sub-Committee agreed to admit the public to the meeting.

7. **CORPORATE AND DEPARTMENTAL BUSINESS PLANNING - UPDATE**

The Sub-Committee considered a report of the Town Clerk which provided an update on the work being undertaken to revise the Corporate Plan and the Departmental Business Planning process.

The Town Clerk explained that the process had begun with briefings for Service Committee Chairmen and Deputy Chairmen in January and April 2017. The Town Clerk explained that a common version of the Corporate Plan summary had been circulated to all Service Committees. Comments had been received from Members at these Committees, which would be used to develop the next version of the Corporate Plan and to help to refine the Departmental Business Plans for future years. Members were informed that, once all Committees had been sighted on the draft Corporate Plan, the Plan would be revised, following which further comment would be sought from Members and engagement would begin with staff and stakeholders.

The Town Clerk also informed Members of the creation of the Corporate Strategy Network, which had been established to allow strategy and business planning officers from all Departments to discuss approaches to business planning, share best practice and map activities listed in departmental business plans to draft the Corporate Plan outcomes. This Network also provided input to the various Chief Officer Groups which were responsible for developing the themes of the Corporate Plan.

RESOLVED – That the Sub-Committee notes the report.

8. **EFFICIENCY AND SUSTAINABILITY PLAN - UPDATE REPORT**

The Sub-Committee considered a report of the Chamberlain which provided Members with information about the key principles agreed within the Efficiency and Sustainability Plan and the activities and milestones to support the implementation of the plan.

The Chamberlain explained that, to assist with the embedding of the Efficiency and Sustainability Plan throughout the organisation, a document setting out the key messages of the Plan would be circulated to all Service Committees,

alongside the revenue outturn reports, during June and July 2017. A copy of this document was put around the table.

The Chamberlain noted that, with the current inflation estimates, the real terms impact of the 2% year-on-year budget cuts within the Efficiency and Sustainability Plan could be in the region of 15% over the next three years. He explained that the overall principle of the Plan would be considered on an annual basis by the Resource Allocation Sub-Committee. If the level of saving was found to be too high, amendments could be made. The Chamberlain also noted that complying with this requirement could be challenging for some Departments, but any requests from Departments for an exemption should only be considered in conjunction with an appropriate business case.

The Chamberlain also explained that a trial of the Chief Officer Peer Reviews, as part of the Efficiency and Sustainability Plan, was due to take place in the next month. Members were informed that a report was expected to be presented to the Sub-Committee's next meeting providing information of the findings of this trial.

RESOLVED – That the Sub-Committee notes the report.

9. **CONTRACT MANAGEMENT CORPORATE SUPPLIER SCORECARD**

The Sub-Committee considered a report of the Chamberlain which provided Members with the recommended Corporate Supplier Scorecard which would be introduced to drive best practice contract management across the organisation.

The Chamberlain explained that, at Callover, the Chairman had suggested that the Scorecard would be more user-friendly if the ten key areas were grouped into a few categories. The Chamberlain explained that the categories used would be Commercial; Risk and Health & Safety; Performance; and Social Value. He confirmed that these categories would be used for reporting to Members of performance against the Scorecard. The Chairman commented that this categorisation would need to take place before the Scorecard was rolled-out.

In response to a question from a Member, the Chamberlain explained that the intention was to use the full scorecard for performance monitoring and interventions with the City Corporation's key suppliers (known as "Category A" suppliers), rather than piloting it for a small number of suppliers. He explained that the Scorecard captured contract management activities in which the City Corporation should already be engaging and, therefore, the Scorecard should be rolled out as quickly as possible. He explained that the Scorecard would not be used in its entirety for lower category suppliers, but would be used to inform the contract management approach used with those suppliers; this would be determined on a case-by-case basis.

A Member asked whether this Scorecard would also be used in instances where Corporate Purchasing Cards were used. The Member also asked whether progress had been made in diverting spend from Purchasing Cards. The Chamberlain explained that the Scorecard was not related to spend on

Purchasing Cards. The Chamberlain explained that he could provide the Member with the information which was provided to Managers regarding the use of Purchasing Cards.

RESOLVED – That the Sub-Committee approves the Corporate Supplier Scorecard, subject to the categorisation of the key areas.

10. **WORK PROGRAMME FOR FUTURE MEETINGS**

The Sub-Committee considered a report of the Town Clerk which set out the workplan for future meetings.

The Chairman commented that, with regard to the Specific Departmental Focus section of the Work Programme, it was beneficial to have flexibility regarding which Department would be reviewed. However, he suggested that it would be helpful to Members if the Work Programme could provide some possible options for the focus of future meetings, based on the areas which might benefit most from the Sub-Committee's scrutiny.

The Chamberlain explained that it would be appropriate for the City of London Police to be the Department in focus in September, due to the funding challenges for the Police. Following the Police, IT may be an appropriate area for scrutiny at the November meeting.

RESOLVED – That the Sub-Committee notes the report.

11. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

There were no questions.

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

There were no items of urgent business.

13. **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(s)	Paragraph(s)
14-19	3

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

The non-public minutes of the meeting held on 17 February 2017 were agreed as an accurate record.

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

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

16. **SERVICE BASED REVIEW MONITORING**

The Sub-Committee noted a joint report of the Town Clerk and the Chamberlain which provided the latest update in respect of the Service Based Review (SBR) cross-cutting reviews and key departmental projects, and the monitoring of SBR financial savings.

17. **SERVICE BASED REVIEW - STRATEGIC ASSET MANAGEMENT FACILITIES MANAGEMENT REVIEW UPDATE**

The Sub-Committee noted a joint report of the Town Clerk, City Surveyor and Chamberlain which provided an update on the Strategic Asset Management Facilities Management Review.

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

There were no questions.

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

There were no items of urgent business.

The meeting closed at 1.00 pm

Chairman

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

This page is intentionally left blank

Agenda Item 8

Committee: Finance Committee	Date: 6 June 2017
Subject: Provisional Outturn 2016/17	Public
Report of: The Chamberlain	For Information
Report author: Philip Gregory, Deputy Director, Financial Services	

Summary

The 2016/17 provisional net expenditure outturn position of £115.5m represents a better than budget position of £30.2m comprising £9.3m, £13.0m and £7.9m respectively for City Fund, City's Cash and Bridge House Estates. Further detailed analyses and explanations will be included in revenue outturn reports to the relevant service committees.

Of the £30.2m, some £16.3m (54%) relates to timing differences – mainly the costs of projects/initiatives that have been re-phased into 2017/18. The final benefit to reserves will be the £13.9m balance. This is subject to change as a result of budgets agreed for carry forward following assessment by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee. Requests for carry forward have been submitted and total £4.4m prior to evaluation and approval.

The 2016/17 provisional outturn position shows particular caution being exercised in the budget setting and forecasting of income budgets. There are also a number of projects that are funded centrally that have suffered from slippage from one financial year into the next. The on-going implications of 2016/17 variances will be taken into account in future financial planning and the development of the medium term financial plan; in particular the budget position of the City of London Police and the reporting requirements of the City Bridge Trust.

Investments in improved systems and processes to facilitate improved budget monitoring and project expenditure forecasting are already underway and should result in identifying budget variations sooner so that mitigating actions can be taken. This is a corporate project that will require collaboration and partnership working across the Corporation to succeed.

The outturn detailed in this report is subject to external audit by BDO (City Fund and Pension Fund) and Moore Stephens (City's Cash, Bridge House Estates and various trusts) who commence their audits on 12 June. The final audited City Fund and Pension Fund financial statements will be presented to the Audit and Risk Management and Finance Committees in July. The final audited City's Cash, Bridge House Estates and various Trusts financial statements will be presented to those committees in October.

Recommendation

Members are asked to note the provisional revenue outturn for the year ended 31 March 2017.

Main Report

Background

1. The original revenue budget was set by Court of Common Council and has been monitored throughout the year. The final approved budget for 2016/17 following carry forward requests and in-year budget adjustments was £145.7m.
2. Further detailed analyses and explanations of the outturn position will be included in revenue outturn reports to the relevant service committees. This report summarises the overall revenue budget outturn for the Corporation as a whole.

Current Position

3. The net expenditure outturn position of £115.5m represents a better than budget position of £30.2m, a 20.7% variance on the final budget of £145.7m. This is summarised in Table 1 below comparing the net budget and provisional outturn for City Fund, City's Cash and Bridge House Estates.
4. The outturn detailed in this report is still subject to external audit by BDO (City Fund and Pension Fund) and Moore Stephens (City's Cash, Bridge House Estates and various trusts) who commence their audits on 12 June. The final audited City Fund and Pension Fund financial statements will be presented to the Audit and Risk Management and Finance Committees in July. The final audited City's Cash, Bridge House Estates and various Trusts financial statements will be presented to those committees in October.

Table 1: City of London Corporation summary outturn 2016/17

2016/17 Budget v Outturn - By Fund					
Net Expenditure (Income)					
	Budget Net	Provisional Outturn	Variation (Better)/Worse		
			Total	Local Risk	Central Risk/ Support Services
	£m	£m	£m	£m	£m
City Fund	138.8	129.5	(9.3)	(3.8)	(5.5)
City's Cash	6.6	(6.4)	(13.0)	(2.6)	(10.4)
Bridge House Estates	0.3	(7.6)	(7.9)	(0.9)	(7.0)
Total	145.7	115.5	(30.2)	(7.3)	(22.9)

5. Within the £30.2m budget variation are the costs of projects and schemes that have been re-phased into 2017/18 and other items over and above service related underspends. Eliminating these items from the provisional outturn results in a £13.9m balance which will be a benefit to reserves (compared to £13.4m last year). This is illustrated in the table below.

Table 2: Identification of underlying underspend in outturn position

Provisional outturn	(30.2)
Supplementary Revenue Projects	7.0
Central contingencies not required	4.8
BHE: CBT Grant carry forward	4.5
Underlying underspend	(13.9)

6. The underlying underspend position above is subject to change as a result of budgets agreed for carry forward following assessment by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee. Requests for carry forward have been submitted and total £4.4m prior to evaluation and approval.
7. Throughout the year forecast expenditure is monitored by Chief Officers to ensure that expenditure and income received is in line with budget and to highlight variances as they occur. The outturn position for the cash limited budget for each department by fund is shown at Appendix 1.
8. The provisional outturn has been compared to the forecast as at 31 Dec 2016. This shows significant movements between the forecast produced in December and the final outturn shown in the table below.

Table 3: Variance in forecast between Dec 2016 and Outturn

Chief Officer	Variance between December forecast and Outturn	% of total final budget
Chamberlain*	(1,054)	4.7%
City Surveyor	(1,549)	5.2%
Commissioner of Police	(2,715)	4.5%
Comptroller and City Solicitor	(117)	3.7%
Director of Community & Children's Services	(236)	2.3%
Director of Culture, Heritage & Libraries	-	0.0%
Director of Markets & Consumer Protection	(485)	13.0%
Director of Open Spaces	(752)	6.8%
Director of the Built Environment	(378)	2.4%
Head, City of London School	7	0.9%
Headmaster, City of London Freeman's School	17	27.0%
Headmistress, City of London School for Girls	(1)	0.6%
Managing Director, Barbican Centre	(238)	1.4%
Principal, Guildhall School of Music & Drama	(506)	9.4%
Private Secretary & Chief of Staff to the Lord Mayor	(197)	7.5%
Remembrancer	(601)	75.5%
Town Clerk	(620)	2.8%

*includes additional IT funding for which a carry forward bid has been submitted.

9. There are steps that are being taken to improve the quality of financial management information across the Corporation. Additional modules are being implemented in the Oracle system during 2017/18 to facilitate more efficient data collection and reporting. This support from the Chamberlain will require cooperation from each department to ensure that realistic forecasts are produced on a regular basis throughout the year, supported by budget holder training as appropriate.
10. Where budget lines perform consistently better or worse than budget on a year on year basis budget holders will be challenged to amend these as part of the 2018/19 budget setting process. Whilst it is recognised that some budget lines can be volatile, for example trading income, a balance must be struck between prudence and ambition. Service budgets should not include an element of contingency as contingency funds are available from Finance committee should they be required during the year.
11. The following tables show each fund in turn and compare net budget with outturn by committee, with summaries of the main variances set out below each table. More detailed analyses and explanations will be included in outturn reports to the various service committees.

City Fund

Table 4: City Fund summary outturn 2016/17 by Committee

2016/17 Budget v Outturn - City Fund Summary by Committee					
Net Expenditure (Income)	Budget Net	Provisional Outturn	Variation (Better)/Worse		
			Total	Local Risk	Central Risk/ Support Services
	£m	£m	£m	£m	£m
Barbican Centre	26.7	26.2	(0.5)	(0.6)	0.1
Barbican Residential	2.8	2.6	(0.2)	(0.2)	0.0
Community and Children's Services	12.3	12.3	0.0	(0.1)	0.1
Culture Heritage and Libraries	20.4	20.4	0.0	0.0	0.0
Finance	14.0	7.7	(6.3)	0.0	(6.3)
Licensing	0.1	0.0	(0.1)	(0.1)	0.0
Markets	(1.7)	(1.9)	(0.2)	0.0	(0.2)
Open Spaces	1.7	1.7	0.0	0.0	0.0
Planning and Transportation	14.2	13.9	(0.3)	(0.8)	0.5
Police	68.1	68.1	0.0	(0.1)	0.1
Policy and Resources	5.1	4.9	(0.2)	(0.5)	0.3
Port Health and Environmental Services	13.5	12.5	(1.0)	(0.9)	(0.1)
Property Investment Board	(38.4)	(38.9)	(0.5)	(0.5)	0.0
City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves.	138.8	129.5	(9.3)	(3.8)	(5.5)

12. The net better than budget position of £9.3m includes the following significant variances:

	£m	Driver
• Cash limited local risk budgets:		
○ Reduction in operating costs across services, including employee costs	(1.7)	Non-spend
○ Increased income in Port Health from Heathrow Animal Reception Centre and Cemetery & Crematorium	(0.9)	Higher Income
○ Customer receipts (Barbican)	(1.0)	Higher Income
• City of London Police – the forecast position of an overspend of £2.6m has not materialised and the call on the police reserve is no longer required. There remains a significant challenge to achieve a balanced budget over the medium term. Details of the outturn will be presented to the Police Committee at the end of June.	(0.1)	Non-spend
• Central recharges as a result of lower central costs	(1.4)	Non-spend
• Supplementary Revenue Projects provision held by Finance Committee and allocated to projects as expenditure occurs (re-phased into 2017/18).	(1.7)	Slippage
• Grant income	(1.3)	Higher income
• Investment income	(0.8)	Higher Income

13. Where the driver above is non-spend this is indicative of careful management throughout the year. An underspend on operating costs representing 1% of the total City Fund budget demonstrates that services are being managed prudently.

14. The central recharges budget within Finance committee has benefitted from significantly reduced insurance premiums, lower operational building running costs and IT underspends (which are subject to a carry forward request).

15. Income budgets require a focus on more realistic forecasting and a more optimistic view being taken. It is clear that budgets are set with prudence in mind although care should be taken to ensure that the assumptions are not over-cautious in the forthcoming year.

City's Cash

Table 5: City's Cash summary outturn 2016/17 by Committee

2016/17 Budget v Outturn - City's Cash Summary by Committee					
Net Expenditure (Income)	Budget Net	Outturn	Variation (Better)/Worse		
			Total	Local Risk	Central Risk/ Support Services
	£m	£m	£m	£m	£m
Culture, Heritage & Libraries	0.1	0.3	0.2	0.2	0.0
Education Board	1.0	1.0	0.0	0.0	0.0
Finance	2.2	(4.9)	(7.1)	(0.1)	(7.0)
G. P. Committee of Aldermen	3.6	3.1	(0.5)	(0.3)	(0.2)
Guildhall School of Music and Drama	10.6	9.4	(1.2)	(1.1)	(0.1)
Markets	0.0	(0.5)	(0.5)	(0.3)	(0.2)
Open Spaces :-					
Open Spaces Directorate	0.0	0.0	0.0	(0.1)	0.1
Epping Forest and Commons	7.1	7.1	0.0	0.0	0.0
Hampstead, Queen's Park and Highgate	6.9	6.4	(0.5)	(0.4)	(0.1)
Bunhill Fields	0.3	0.3	0.0	0.0	0.0
West Ham Park	1.2	1.1	(0.1)	0.0	(0.1)
Policy and Resources	14.9	13.5	(1.4)	(0.1)	(1.3)
Property Investment Board	(45.0)	(46.9)	(1.9)	(0.4)	(1.5)
Schools :-					
City of London School	1.4	1.4	0.0	0.0	0.0
City of London Freeman's School	1.7	1.7	0.0	0.0	0.0
City of London School for Girls	0.6	0.6	0.0	0.0	0.0
Deficit (Surplus) from (to) reserves	6.6	(6.4)	(13.0)	(2.6)	(10.4)

16. The net better than budget position of £13.0m includes the following significant variances:

- | | £m | Driver |
|--|-------|---------------------------|
| • Cash limited local risk budgets: | | |
| ○ Reduction in operating costs at Smithfield Market and additional car park income at Billingsgate Market | (0.5) | Non-spend & Higher Income |
| ○ GSMD income – Additional income from hire of facilities and government grants totalling £3.7m better than budget offset by additional costs of £2.6m resulting in a net surplus. | (1.1) | Higher Income |
| ○ Additional receipts from customer fees (Hampstead Heath, Queens's Park and Highgate Wood) | (0.2) | Higher Income |
| ○ Mansion House additional income from increased hire of facilities | (0.2) | Higher Income |
| • Supplementary revenue projects provision held by Finance Committee and allocated to projects as expenditure occurs (re-phased into 2017/18). This includes £1.2m from the GSMD capital cap and £1.8m Crossrail Art fund match funding. | (5.3) | Slippage |

- Central contingencies not required in 2016/17 (2.4) Non-spend
- PIB Property Investment Board –mainly due to an overachievement of rent on Investment Estate of £2m resulting from a number of backdated rent reviews being settled and billed in year, and underspends on central risk expenditure budgets of £0.1m and £0.1m on central and departmental recharges. (2.2) Higher Income

17. Slippage related to project expenditure represents 40% of the underspend position above. Further analysis is being carried out to understand variances by service to identify reasons for particular reasons for the slippage occurring.

18. Income budgets have performed better than expected in 2016/17 and as a result forecasts during 2017/18 and budgets for 2018/19 will be assessed to ensure that these are not over-cautious and amended where appropriate.

Bridge House Estates

Table 6: Bridge House Estates summary outturn 2016/17 by Committee

2016/17 Budget v Outturn - Bridge House Estates Summary by Committee					
Net Expenditure (Income)	Budget Net	Provisional Outturn	Variation (Better)/Worse		
	£m	£m	Total £m	Local Risk £m	Central Risk/ Support Services £m
The City Bridge Trust	23.0	18.3	(4.7)	0.0	(4.7)
Culture, Heritage and Libraries	(0.5)	(1.2)	(0.7)	(0.7)	0.0
Finance	(10.9)	(12.1)	(1.2)	0.0	(1.2)
Planning and Transportation	4.7	4.6	(0.1)	0.0	(0.1)
Property Investment Board	(16.0)	(17.2)	(1.2)	(0.2)	(1.0)
Deficit (Surplus) from (to) reserves	0.3	(7.6)	(7.9)	(0.9)	(7.0)

19. The net better than budget position of £7.9m includes the following significant variances:

- | | £m | Driver |
|--|-------|---------------|
| • Cash limited local risk budgets: | | |
| ○ Reduction in operating costs | (0.5) | Non-spend |
| ○ Tower Bridge income | (0.7) | Higher Income |
| • CBT Grants to be allocated (carry forward already agreed under urgency) | (4.5) | Slippage |
| • Investment income | (1.1) | Higher Income |
| • Central contingencies not required | (0.3) | Slippage |
| • Property Investment Board –mainly due to an overachievement of rent on the Bridge House Investment Estate of £1.3m from the settlement of rent certificates from earlier years resulting in additional geared ground rents being received, offset by £0.2m of additional central and departmental recharges and a shortfall of £0.1m on premises insurance recovery. | (1.2) | Higher Income |

20. The City Bridge Trust has been increasing the strategic approach to its grant making including more longer-term, proactive grants. In respect of CBT's 20th Anniversary programmes the balance of uncommitted funding supporting Employability and Infrastructure Support of £4.5m has been agreed to be carried forward to 2017/18. This decision was made to enable the CBT Committee to agree detailed 5 year grant proposals at its May and July committee meetings.
21. Income budgets have performed better than expected in 2016/17 and as a result forecasts during 2017/18 and budgets for 2018/19 will be assessed to ensure that these are not over-cautious and amended where appropriate.

Conclusion

22. The 2016/17 provisional outturn position shows particular caution being exercised in the budget setting and forecasting of income budgets. There are also a number of projects that are funded centrally that have suffered from slippage from one financial year into the next.
23. Investments in improved systems and processes to facilitate improved budget monitoring and project expenditure forecasting are already underway and should result in identifying budget variations sooner so that mitigating actions can be taken. This is a corporate project that will require collaboration and partnership working across the Corporation to succeed.
24. City Bridge Trust have a desire to focus on grant giving which spans periods longer than one financial year and therefore consideration is being given to the best way to support the objectives of the charity on a practical basis. A paper will be presented to the CBT Committee and the Resource Allocation Sub-Committee during 2017/18 to propose how the treatment of the grants budget might be improved.
25. The Police budget has been subject to a great deal of scrutiny due to the identified requirement to exhaust reserve balances over the medium term. The achievement of a balanced outturn position in 2016/17 will require further analysis to establish the nature of the savings achieved and verify whether these savings can be achieved in future years. The publication of the Deloitte demand and value review will form a crucial source of data for the medium term plan.
26. Any on-going implications of 2016/17 variances will be taken into account in future financial planning and the development of the medium term financial plan. Further scrutiny of the areas where significant variances have been identified will take place as part of the 2017/18 business planning and budget setting process.

Appendices

- Appendix 1: Outturn position by department

Philip Gregory

Deputy Director, Financial Services

T: 020 7332 1284

E: Philip.Gregory@cityoflondon.gov.uk

Appendix 1

Original Budget	Chief Officer Cash Limited Budgets	Outturn as at 31 Mar	
		Final Budget	Outturn
£'000		£'000	£'000
	City Fund		
1,736	Chamberlain	1,825	1,729
5,053	City Surveyor	5,661	5,214
7,387	Director of Community & Children's Services	9,717	9,483
7,831	Director of Culture, Heritage & Libraries	0	0
1,955	Director of Markets & Consumer Protection	2,204	1,617
(646)	Director of Open Spaces	(516)	(964)
15,563	Director of the Built Environment	15,637	14,990
16,909	Managing Director, Barbican Centre	17,066	16,478
7,552	Town Clerk	13,500*	13,052
63,340	Total City Fund (excluding Police)	65,094	61,599
	City's Cash		
69	Chamberlain	71	86
14,225	City Surveyor	14,461	13,942
420	Director of Community & Children's Services	445	445
(42)	Director of Culture, Heritage & Libraries	0	0
1,457	Director of Markets & Consumer Protection	1,518	1,238
10,993	Director of Open Spaces	11,295	11,127
799	Head, City of London School	816	823
60	Headmaster, City of London Freemen's School	(63)	(46)
155	Headmistress, City of London School for Girls	171	170
5,479	Principal, Guildhall School of Music & Drama	5,377	4,271
2,381	Private Secretary & Chief of Staff to the Lord Mayor	2,613	2,325
1,080	Remembrancer	1,134	1,087
569	Town Clerk	692	571
37,645	Total City's Cash	38,530	36,039
	Bridge House Estates		
2,412	City Surveyor	2,462	2,330
595	Director of Open Spaces	304	(396)
256	Director of the Built Environment	256	266
1,267	Town Clerk	1,368	1,278
4,530	Total Bridge House Estates	4,390	3,478

Appendix 1

Original Budget	Chief Officer Cash Limited Budgets	Outturn as at 31 Mar	
		Final Budget	Outturn
£'000		£'000	£'000
	Guildhall Administration		
18,532	Chamberlain	20,735	19,642
6,696	City Surveyor	7,023	6,933
2,897	Comptroller and City Solicitor	3,205	3,088
(379)	Remembrancer	(338)	(1,095)
6,664	Town Clerk	6,782	6,656
34,410	Total Guildhall Administration	37,407	35,224
139,925	Grand Totals (excluding Police)	145,421	136,340
58,347	Commissioner of Police	59,723	59,608
198,272	Grand Totals	205,144	195,948

* The City Fund budget for the Town Clerk includes adjustments for additional EDO funding following the Brexit vote and the redistribution of the Culture portfolio.

Committee: Finance Committee	Date: 6 June 2017
Subject: City Procurement Efficiency and Savings Target 2017/18	Public
Report of: The Chamberlain	For Information
Report author: Chris Bell, Commercial Director, City Procurement	

Summary

The report is to advise members of the Efficiency and Savings target set for City Procurement; for the financial year 2017/18 of £6.47 million. This target figure includes a target of £994k of in-year new savings to be generated within this financial year. The target represents a 10.04% average savings overall for this year's procurement programme.

The target is based on the contracts that are to be let and implemented during the financial year that have scope to make efficiencies or cost savings and to reflect savings already generated from procurement activity in previous years that guarantee savings within the existing financial year.

The process in setting the annual target looks at the contracts due for renewal in the target year, the baseline spend, the complexity and risk of the contract and which month the new contract will commence. This is then considered against an industry benchmark using the Corporation's Category experience database which shows indices of savings generated across public and private sector over the last 10 years for all sub-categories of spend.

The monetary target is lower than last year (2016/17) of which the target was £7.9M, in comparison to this year's £6.47 million. This is due to the value and number of contracts to be let this year being lower than last year. In addition, as some of the high value projects have just been let at the tail end of last year we will only start realising the savings in the later part of this financial year e.g. Building Repairs and Maintenance and Multi-functional devices.

It is to be noted that the set target has excluded projects that have been identified by the Service Based Review (SBR) programme; income generation; major works contracts and projects where teams are yet to define the baseline. A quarterly reconciliation report will to be presented and approved at this committee should the target need to be revised.

Recommendation

Members are asked to note the Procurement Efficiency and Savings target of £6.47 million for the financial year 2017/18.

Main Report

Background

1. City Procurement is set an annual savings target at the start of each year. This target is based on the contracts to be let during the financial year that have the potential to make efficiency or cost savings and contracts let in previous years that are generating guaranteed savings in the current year. Each contract is reviewed by the relevant Procurement Category Board to set the targets. Every contract target considers historic spend, scope changes, contract complexity, risk and industry savings benchmarks before setting a target.
2. This year's target is £6.47 million. Targets fluctuate year by year as it's based on the number and value of contracts to be procured within each year. The 2016/2017 City Procurement target was £7.9M.

The Annual Savings Target elements

3. The annual savings target is set using two types of in-year savings. Those are:
 - *Previously let contracts generating savings (known as run-rate)* – Savings already guaranteed for the current financial year from contracts let in previous years. This is for contracts that span different financial years and is typically for service contracts that are let for a 2-7 year period when the savings are spread across the life of the contract.
 - *New contracts let generating savings* – Savings targeted to be generated from new contracts let and commence during the financial year.
4. The procurement savings target is for competitive price savings and efficiencies generated by procurement interventions only and it's not inclusive of scope changes/service downgrades or other operational decisions which are treated as local departmental savings.

Summary of Projects making up the 2017/18 target

5. The target of £6.47 million is derived from savings previously generated of £5.48 million and £994k in year savings from the 85+ procurement exercises planned to happen this year and represents an average savings of 10.04%.
6. Our savings targets have all been benchmarked using our Category experience database which collates industry savings data for each sub-category of spend over a 10 year period. Additionally we have also put a 2% savings target on business as usual procurements to ensure all projects are considered fully in terms of efficiencies and savings.

Category	Number of projects (where a saving is forecasted)	FY 17/18 Savings Target (£)
Corporate Services	8	322,250
IT	12	313,891
Procurement Operations	20+	272,000
Facilities Services	8	44,553
Marketing	2	31,305
Land Management	3	9,533
Subtotal In year savings (New FY 17/18 projects)	53	993,533
On going savings (for projects sourced in previous years)	32	5,480,966
Grand Total	85	6,474,499

7. The new targeted in-year savings although only realising £994k within the current financial year would generate a total of approximately £9.74million in the next 5 years. This is caveated by the fact that it will only achieve this if the projects run to original plan within scope.

Cumulative Target

8. The £6.47 million target will be cumulative and will be targeted to achieve the following milestones throughout the year to ensure we are on target to achieve the total, these are:
- End of Quarter 1 (30th June 2017) - £1.90 million
 - End of Quarter 2 (30th September 2017) - £3.58 million
 - End of Quarter 3 (31st December 2017) - £5.14 million
 - End of Year Target (31st March 2018) - £6.47 million

Conclusion

9. City Procurement has finalised its Sourcing Plan for 2017/18 by gathering information from all departments on potentially new tenders to be run, combined with the expiry of contracts from our corporate contract register. The Target set is £6.47 million.

Chris Bell

Commercial Director, City Procurement, Chamberlain's Department

T: 020 7332 3961

E: Christopher.bell@cityoflondon.gov.uk

This page is intentionally left blank

Committee: Finance Committee	Date: 6 th June 2017
Subject: IT Division - Quarterly Update	Public
Report of: The Chamberlain	For Information
Report author: Sean Green, IT Director	

Summary

Service and Performance - The number of serious, negatively impacting issues remained at a low level during the quarter February-April 2017. The IT Division maintains a focus on service availability whilst seeking to progress the transformation programme that will uplift the overall quality of IT services at the Corporation and City Police.

IT Strategy and Transformation with Member and staff engagement – Work has begun well with agreed funding and activities underway to transform CoL and CoLP networks and desktops. Current phases for the network remediation are progressing well, new desktops, Windows 10 and Office 365 are due to roll out from June 17 and the procurement of LAN equipment and services should have been completed by the end of May 17. The level of engagement with staff and Members has been very good with workshops held with both Members and Staff and roadshows beginning in May 17 at the Gild and several of remote locations to share with staff the new equipment and desktop build that Corporate IT will be rolling out.

Business Continuity – Core resilience to enable Business Continuity for CoL and CoLP is provided through the Infrastructure as a Service (IAAS) through our IT Partner Agilisys. There are still vulnerabilities in our estate caused by services being housed or connected through our legacy data centre that runs out of the Guildhall Justice Rooms.

SOCITM Review – The Corporation commissioned SOCITM Advisory in February 2017 to carry out a review of our IT Strategy and IT Operating Model. Socitm advisory have completed the discovery phase of their IT assurance review providing some early insights. The full recommendations report will be brought to the IT Sub-Committee in July 17.

Agilisys Contract Extension - Meetings should begin in early July with Agilisys to negotiate a 2 year extension to the existing contract.

Risks review - The Corporate IT Deputy Director completed a review of IT risks and the consistency of approach in the IT team in recognising, reviewing and managing risks.

Recommendation

Members are asked to note the report.

Main Report

Updates

1. **Service and Performance** - The number of Priority 1 and Priority 2 incidents continued to stay low during the last 3 months. Performance in City of London Corporation (CoL) was high, with sustained contractual compliance and high customer satisfaction. City of London has not had a P1 incident for over 9 weeks.

Performance in City of London Police (CoLP) was also high, with very high customer satisfaction as indicated by Help Desk response. A higher than usual number of P2s had a very limited business impact and was caused by issues with just 2 services which are under investigation by suppliers. This represents a significant improvement since March 2016 when there were 4 P1 incidents which affected service to users. P1 resolution during this period was 92%. When removing the dependency on third parties the Agilisys response to this target is 100%. The paragraph below explains this in more detail.

At the Finance Committee meeting on 2nd May a question was raised regarding the P1 performance of 54% within 2 hours for CoLP over the 12 months 1st April 2016 to 31st March 2017. 54% is an average of all CoLP P1s across both Agilisys and internal teams combined for the last 12 months (target is 98%).

This underperformance, which was concentrated in the first half of the year to September, reflected a number of factors:

- External factors - 4 of the 9 incidents were due to third party suppliers and power problems
- Underlying infrastructure issues, which will be addressed through the Transformation Programmes
- Changes, which were not sufficiently risk assessed. Tighter risk assessment and testing procedures have now been put in place.

Performance improved significantly in the second half of the year, with only three incidents over the last 8 months and none during April and May.

Enhancements to the current IT services to provide 24x7 service desks to CoL and CoLP have been commissioned with Agilisys

2. **IT Strategy and Transformation Programme** is focused on enhancing the IT service within the CoL and bringing the underlying end user services up to a consistent level.

The IT Strategy - documents for both the City of London Corporation (CoL) and City of London Police (CoLP) have been endorsed by Officer and Member committees (just awaiting sign off from Police Senior Management Board and the Police Committee). The strategy covers our delivery for the next 18 months. Further strategy updates will be provided on Applications and Digital.

Transformation work has been completed on:

- Several of the key IT Policies.
- The Processes which support the services we deliver to the business.
- The Governance which controls our delivery.
- The supporting technology we deliver to the business – WAN, LAN, Managed Desktop, O365, Optimisation.
- Procurement of our Wide Area Network supplier.
- Start of the Network remediation work.
- Procurement (but not appointment) of LAN Hardware and Services suppliers.

The Programme has moved from Strategy and design into mobilisation and delivery and the focus is to ensure we have control to realise the business benefits:

- Policy framework being signed off to drive new ways of working and behaviour.
 - Communications and business engagement in place to partner with the business.
 - New Programme Management Office to enable effective governance and control.
 - Transformation impact assessment completed to inform our decisions on future Operating model.
 - Financial tracking framework in place to ensure delivery to budget.
 - End user computing technology platform designed, built and in pilot.
 - Engagement and communications with Members and Staff
3. Business Continuity – Guildhall Justice Room (GJR) is being decommissioned with most of the equipment moving to IAAS with some on- premise equipment being moved to a dedicated new communications room in the Guildhall. In addition, the Network transformation programme will provide additional network resilience to the new on-premise communications room.
 4. Socitm Review - Socitm Advisory was awarded a contract to provide assurance on the following areas: The IT Division Operating Model; Managed Service Supplier Performance Measures (KPI's); Review of the IT Financial Model; Transition planning looking beyond 2020 and the end of the current contract with Agilisys. They have interviewed 20 staff, facilitated three workshops and reviewed a number of documents. They have now completed their discovery phase and will be working through recommendations and findings that will be presented to Members at the IT Sub-Committee meeting in July 2017.
 5. Agilisys Contract Review - Preparation for contract negotiations with Agilisys for the extension of the existing IT contract has begun. The expectation is that negotiations will start in July 2017 and be completed by October 2017. A recommendations report regarding changes and improvements to the existing contract will be brought back to the IT Sub-Committee after this date.

6. Risks review - The Corporate IT Deputy Director has completed a review of IT risks and the consistency of approach in the IT team in recognising, reviewing and managing risks. As a result of this review, many duplicate risks have been removed, the number of live IT risks rationalised to 23 (this had 140 risks registered at the end of January 2017). IT risks will be reviewed, monitored and reported on a monthly basis or as required when risk factors change.

Sean Green
IT Director, IT Division

T: 020 7332 3430

E: sean.green@cityoflondon.gov.uk

Committee: Finance Committee	Date: 6 June 2017
Subject: Chamberlain's Department Risk Management – Monthly Report	Public
Report of: Chamberlain	For Information
Report author: Hayley Hajduczek, Chamberlain's Department	

Summary

This report has been produced to provide Finance Committee with an update on the most significant risks faced by the Chamberlain's department.

There are currently no RED risks on the departmental risk register and two RED risks on the Corporate Risk Register within the responsibility of Chamberlain's Department:

- **CR16 – Information Security**
- **CR19 – IT Service Provision**

The Senior Leadership Team continues to monitor closely the progress being made to mitigate these risks. The IT Transformation Project is progressing well, this will deliver sustainable performance improvements by the end of 2017.

Recommendation

Members are asked to note the report.

Main Report

Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Finance Committee has determined that it will receive the Chamberlain's risk register on a quarterly basis with update reports on RED rated risks at the intervening Committee meetings.

Current Position

2. This report provides an update on the current RED risks that exist in relation to the operations of the Chamberlain's department and, therefore, Finance Committee.
3. There are currently two RED risks on the Corporate Risk Register for which the Chamberlain's Department is responsible and no RED risks on the departmental Risk Register:

CR16 – Information Security (Current Risk: Red – increasing)

This risk has increased since members at Finance Committee highlighted that the realisation of this risk could be quite catastrophic for the City Corporation and felt that the impact score was not reflective of the severity of the risk. The IT team are now proceeding with the implementation of the recommendations approved by IT Sub-Committee earlier in the year to improve technical security.

CR19 – IT Service Provision (Current Risk: Red – no change)

The team is focusing on stabilisation of the IT service. They have adopted a more robust approach to managing change, reducing the risk of service interruption. The team level approach to risk management is aligned fully to the top level approach, with team level risks being monitored and actions put in place as appropriate. Remedial work is underway to improve the stability of service. The team have initiated the procurement process to replace unsupportable networking hardware, following which, work will move to full delivery of a new network for the City Corporation and City of London Police. The risk is expected to reduce to Amber by December 2017 followed by steady progress to Green in the following months.

Conclusion

4. Members are asked to note the actions taken by Chamberlain's Department to manage the IT provision and Information Security risks.

Appendices

- None

Background Papers

Monthly Reports to Finance Committee: Finance Committee Risk
Report to Finance Committee 2 May 2017: Finance Committee Risk – Quarterly Report

Hayley Hajduczek

Chamberlain's Department

T: 020 7332 1033

E: hayley.hajduczek@cityoflondon.gov.uk

Committee: Finance Committee	Date: 6 June 2017
Subject: Charities Pool Risk Register	Public
Report of: Chamberlain	For Decision
Report authors: Kate Limna - Chamberlain's Department	

Summary

This report provides a key risks register at Appendix 2 for the Corporation of London Charities Pool for review by Members, on behalf of the trustee (the City of London Corporation), to ensure that existing risks are reconsidered, any new risks are identified and that appropriate measures are in place to mitigate those risks.

Currently, the register contains three risks, of which two have an overall risk score of green (4) and one, relating to investment income potentially declining, is amber (12). This risk is mitigated through investments being managed by a professional fund manager, whose performance is monitored by the Chamberlain and Financial Investment Board.

Recommendations

Members are asked to review the register to confirm that it satisfactorily sets out the risks facing the charity and appropriate measures are in place to mitigate those risks.

Main Report

Background

1. This report provides a key risks register for for the Corporation of London Charities Pool charity administered by the Finance Committee on behalf of the trustee (the City of London Corporation).
2. In accordance with the Charity Commission's Statement of Recommended Practice (SORP), Trustees are required to confirm in the charity's annual report that any major risks to which the charity is exposed have been identified and reviewed and that systems are established to mitigate those risks.
3. The Charities SORP requires that the register is reviewed annually to ensure that existing risks are reconsidered and any new risks are identified.

Review of Risks

4. The method of assessing risk reflects the City of London's standard approach to risk assessment as set out in its Risk Management Strategy as approved by the Audit and Risk Management Committee. The City of London Corporation risk matrix, which explains how risks are assessed and scored, is attached at Appendix 1 of this report.

5. The risk register to be reviewed by the Finance Committee is set out in Appendix 2. This contains three risks as summarised below:

1. Income from investments may decline – overall risk score of amber (12);
2. Conflict of interest – overall risk score of green (4); and
3. Loss of staff – overall risk score of green (4).

Risk 1 is mitigated through investments being managed by a professional fund manager, whose performance is monitored by the Chamberlain and Financial Investment Board.

6. Each risk in the register has been considered by the responsible officer within the Corporation who is referred to as the 'Risk Owner' in the register.

Conclusion

7. The various risks faced by the charity have been reviewed and Members are asked to confirm that the attached register satisfactorily sets out the key risks together with their potential impact and that appropriate measures are in place to mitigate the risks identified.

Appendices

- Appendix 1 – City of London Corporation Risk Matrix
- Appendix 2 - Corporation of London Charities Pool Risk Register

Kate Limna

Corporate Treasurer, Chamberlain's Department

T: 020 7332 3952

E: kate.limna@cityoflondon.gov.uk



City of London Corporation Risk Matrix (Black and white version)

Note: A risk score is calculated by assessing the risk in terms of likelihood and impact. By using the likelihood and impact criteria below (top left (A) and bottom right (B) respectively) it is possible to calculate a risk score. For example a risk assessed as Unlikely (2) and with an impact of Serious (2) can be plotted on the risk scoring grid, top right (C) to give an overall risk score of a green (4). Using the risk score definitions bottom right (D) below, a green risk is one that just requires actions to maintain that rating.

(A) Likelihood criteria

	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)
Criteria	Less than 10%	10 – 40%	40 – 75%	More than 75%
Probability	Has happened rarely/never before	Unlikely to occur	Fairly likely to occur	More likely to occur than not
Time period	Unlikely to occur in a 10 year period	Likely to occur within a 10 year period	Likely to occur once within a one year period	Likely to occur once within three months
Numerical	Less than one chance in a hundred thousand (<10-5)	Less than one chance in ten thousand (<10-4)	Less than one chance in a thousand (<10-3)	Less than one chance in a hundred (<10-2)

Page 47

(B) Impact criteria

Impact title	Definitions
Minor (1)	Service delivery/performance: Minor impact on service, typically up to one day. Financial: financial loss up to 5% of budget. Reputation: Isolated service user/stakeholder complaints contained within business unit/division. Legal/statutory: Litigation claim or find less than £5000. Safety/health: Minor incident including injury to one or more individuals. Objectives: Failure to achieve team plan objectives.
Serious (2)	Service delivery/performance: Service disruption 2 to 5 days. Financial: Financial loss up to 10% of budget. Reputation: Adverse local media coverage/multiple service user/stakeholder complaints. Legal/statutory: Litigation claimable fine between £5000 and £50,000. Safety/health: Significant injury or illness causing short-term disability to one or more persons. Objectives: Failure to achieve one or more service plan objectives.
Major (4)	Service delivery/performance: Service disruption > 1 - 4 weeks. Financial: Financial loss up to 20% of budget. Reputation: Adverse national media coverage 1 to 3 days. Legal/statutory: Litigation claimable fine between £50,000 and £500,000. Safety/health: Major injury or illness/disease causing long-term disability to one or more people Objectives: Failure to achieve a strategic plan objective.
Extreme (8)	Service delivery/performance: Service disruption > 4 weeks. Financial: Financial loss up to 35% of budget. Reputation: National publicity more than three days. Possible resignation leading member or chief officer. Legal/statutory: Multiple civil or criminal suits. Litigation claim or find in excess of £500,000. Safety/health: Fatality or life-threatening illness/disease (e.g. mesothelioma) to one or more persons. Objectives: Failure to achieve a major corporate objective.

(C) Risk scoring grid

		Impact			
		Minor (1)	Serious (2)	Major (4)	Extreme (8)
Likelihood	X				
	Likely (4)	4 Green	8 Amber	16 Red	32 Red
	Possible (3)	3 Green	6 Amber	12 Amber	24 Red
	Unlikely (2)	2 Green	4 Green	8 Amber	16 Red
	Rare (1)	1 Green	2 Green	4 Green	8 Amber

(D) Risk score definitions

RED	Urgent action required to reduce rating
AMBER	Action required to maintain or reduce rating
GREEN	Action required to maintain rating

This is an extract from the City of London Corporate Risk Management Strategy, published in May 2014.

Contact the Corporate Risk Advisor for further information. Ext 1297

October 2015

This page is intentionally left blank

City of London Charities Pool risks to be considered by the FINANCE COMMITTEE

Risk No.	Risk (Short description)	Risk Owner	Committee	Existing Controls	Current Risk				Planned Actions	Target Risk		
					Likelihood	Impact	Rating	Direction		Likelihood	Impact	Rating
1	The income from investments in the Charities Pool may decline	Chamberlain	Finance	Funds are managed by professional fund manager. Monitoring of fund manager's performance by Chamberlain/ Financial Investment Board.	Possible	Major	12	↔	Continue with current course of action.	Possible	Major	12
2	Conflicts of interest	Chamberlain	Finance	Understanding of trust law. Protocol for disclosure of potential conflict of interest.	Unlikely	Serious	4	↔	Continue with current course of action.	Unlikely	Serious	4
3	Loss of directly employed staff and/or support staff	Chamberlain	Finance	Documentation of systems, plans and projects. Training programmes.	Unlikely	Serious	4	↔	Continue with current course of action.	Unlikely	Serious	4

This page is intentionally left blank

Committee: Finance Committee Establishment Committee	Date: 06 June 2017 19 June 2017
Subject: Funding of three additional Staff to the Corporate and Public Law Division of the Comptroller & City Solicitor's Department	Public
Report of: Comptroller and City Solicitor	For Decision
Report Authors : Nick Senior - Comptroller and City Solicitor's Department	

Summary

This report seeks approval to recruit three additional permanent members of staff to the Comptroller & City Solicitor's Department (C&CS), a Senior Lawyer on grade E, a Legal Support Officer grade C and an Assistant Information Officer grade C/D. The base budget increase of £140K for future financial years was approved by Policy and Resources Committee on 4th May 2017.

It is proposed that the funding required in the current financial year of £140,000 is met from the 2017/18 Finance Committee's contingency fund split between the City Fund, City's Cash and Bridge House Estates contingencies. This split is based on the allocation of Comptroller and City Solicitor recharges between the three funds (£97,000 City Fund, £36,000 City's Cash, £7,000 Bridge House Estates).

The Public and Corporate Law Division (P&CL) within C&CS would then be sufficiently resourced to meet the demand for increased absolute volume and complexity of legal work which have developed over the last three financial years. Additionally the Information Team would be fully resourced to effectively handle the increased requirements in relation to data protection legislation.

Recommendations

Members of the **Establishment Committee** are asked to approve the recruitment of three additional members of staff at grade E, career grade C/D and at grade C.

Members of the **Finance Committee** are asked to approve that the 2017/18 Finance Contingencies Fund is used to fund the 2017/18 cost of £140,000.

Main Report

Background

1. The City is progressing ambitious initiatives to enhance its contribution to London and the Nation, including in relation to culture, education, housing, philanthropy, economic development and training & skills. Innovative delivery models (often involving external stakeholders) are being explored and implemented to maximise impact. Increased emphasis on complex project and governance work (such as the Academies Programme and the Museum of London relocation), growing focus on philanthropy and information law and an increased corporate role for the Comptroller and City Solicitor has resulted in a

significant increase in the volumes and complexity of legal advice and support from the P&CL Team. At the same time, the team's core on-going work-streams such as in relation to planning and infrastructure are above previous volumes, due to the increasingly challenging regulatory framework and market demands. Legal support is increasingly sought at the options appraisal phase, and during all subsequent phases, to ensure projects are initiated and delivered on a sound legal footing.

2. In order to address this resource shortfall it is proposed to create new Senior Lawyer and Legal Support Officer posts this will ensure that the team can continue to deliver effective timely legal support to protect the City's interests and facilitate the delivery of corporate initiatives.
3. The Corporate Information Team transferred to C&CS on 1 February 2017 following a review of the team resource it is evident that an additional Grade C/D role is required to strengthen the performance of the Team and to build resilience, particularly with the introduction of the new General Data Protection Regulation (GDPR) in 2018 and the proposed transfer of RIPA responsibility to the Department both of which will result in a significant increase in work volumes.
4. Although the Corporate Information Team currently reports directly to the Comptroller and City Solicitor directly it is likely that at least partial line management responsibility will transfer to the P&CL Division.

Risks

5. As a result of increased demands for legal support P&CL staff are working a significant number of unpaid extra hours to meet demand and deliver the service. C&CS fee-earner annual chargeable hours targets for the P&CL Team as a whole for 2016/17 were over target by 1210 hours which equates to one full-time lawyer post. This is not sustainable and is impacting on staff morale and work life balance. There are also concerns relating to staff health and wellbeing and potentially an increase in staff absence and a high risk of staff attrition.

Options Considered

6. Whilst it is possible to outsource legal support work where practicable this will always be at a higher cost than the internal service even when procured at a discounted rate from the London Boroughs Legal Alliance framework. In any case internal governance issues require a detailed understanding of the Corporation and its constitution therefore little corporate work can be wholly outsourced and requires input and supervision on the part of the in-house team to avoid the risk of poor quality advice this in effect also adds to the already much higher external costs and creates additional opportunity costs for the P&CL Division.

Comparative legal support/advice Rates	Hourly Rate
C&CS Senior Lawyer	£90
London Boroughs Legal Alliance framework rate	£130
Commercial Rate	£180

7. In order to continue to deliver an effective legal support service additional temporary lawyer and support officer assignments commenced in January 2017 and this temporary arrangement has successfully provided sufficient support to enable the team as a whole to handle the additional work volumes effectively it is proposed that these positions be made permanent and recruited to under the current proposal.
8. The P&CL Senior Lawyer and Legal Support Officer temporary posts were funded by a small underspend on employees in the C&CS 2016/17 local risk budget created by two vacant posts elsewhere in C&CS which have now been recruited to, it will therefore not be feasible to fund these temporary posts from the existing C&CS local risk budget provision in 2017/18 and following years.

Staff Chart

9. See Appendix 1.

Financial Implications

10. Adopting a worst case scenario of employing three staff at the top of the Grades and allowing for London weighting the costs inclusive of National Insurance and pension contribution are summarised below.

Post	Grade	Spinal Point	Cost
Senior Lawyer	E	1040	£53,600
Legal Support Officer	C	1027	£39,200
Information Officer	C/D	1035	£47,200
Total			£140,000

11. It is proposed that the funding required in the current financial year of £140,000 is met from the 2017/18 Finance Committee's contingency fund split between the City Fund, City's Cash and Bridge House Estates contingencies. This split is based on the allocation of Comptroller and City Solicitor recharges between the three funds (£97,000 City Fund, £36,000 City's Cash, £7,000 Bridge House Estates). Funding for future years has been agreed by the Policy and Resources Committee.

Benefits

12. The proposal to create new Senior Lawyer and Legal Support Officer posts will ensure that the P&CL Division have sufficient resource to deliver effective legal support in response to the increased demand and complexity of the

advice sought. The alternative is to outsource work at greater cost and greater risk to the Corporation. The proposal to create a new Assistant Information Officer post will facilitate Effective management of the increased demands of the existing data protection requirements and those of the GDPR and RIPA.

Conclusion

13. The allocation of £140,000 from the Finance Committee's contingency will enable the recruitment of three additional permanent staff at grades E, career grade C/D and at grade C in order to deliver an effective cost effective legal and corporate information support service. The on-going resource requirement for future years has been approved by the Policy and Resources Committee.

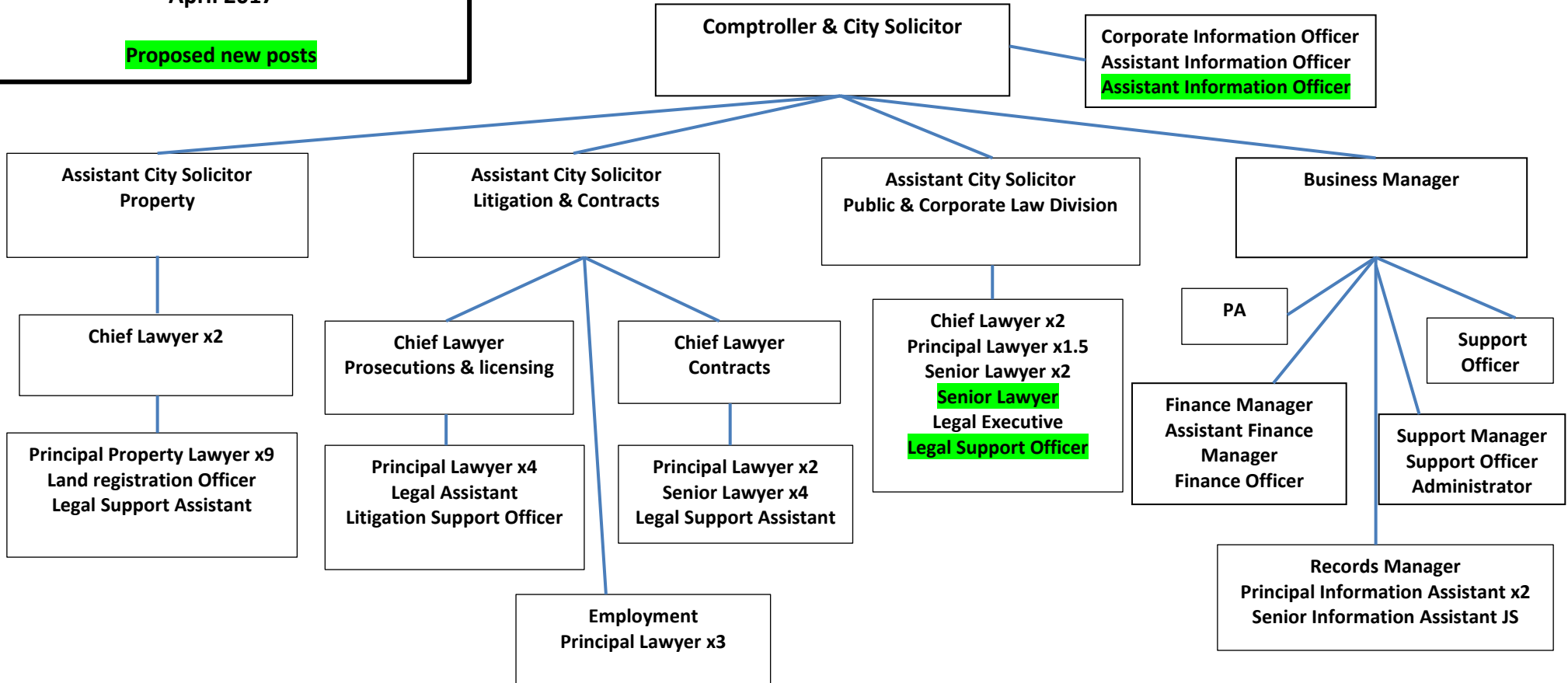
Appendices

- Appendix 1: Staff structure

Contact

Nick Senior
Business Manager
Comptroller & City Solicitor's Department
T: 020 7332 1668
E: nick.senior@cityoflondon.gov.uk

**City of London Comptroller & City Solicitor's
Department
April 2017**
Proposed new posts



This page is intentionally left blank

Committee: Finance Committee	Dated: 6 June 2017
Subject: Central Contingencies	Public
Report of: Chamberlain	For Information
Report author: Philip Gregory, Chamberlain's Department	

Main Report

1. Service Committee budgets are prepared within the resources allocated by the Policy and Resources Committee and, with the exception of the Policy and Resources Committee, such budgets do not include any significant contingencies. The budgets directly overseen by the Finance Committee therefore include central contingencies to meet unforeseen and/or exceptional items that may be identified across the City Corporation's range of activities. Requests for allocations from the contingencies should demonstrate why the costs cannot, or should not, be met from existing provisions.
2. In addition to the central contingencies, the Committee has a specific City's Cash contingency of £100,000 a year to support humanitarian disaster relief efforts both nationally and internationally.
3. The uncommitted balances that are currently available are set out in the table below. At the time of preparing this report there are two requests for funding from central contingencies. A request included elsewhere on the agenda for £140,000 to fund three additional posts in the Comptroller and City Solicitor's Department and a request within the non- public session of the agenda.

2017/18 Contingencies – Uncommitted Balances at 23 May 2017				
	City's Cash	City Fund	Bridge House Estates	Total
	£'000	£'000	£'000	£'000
General Contingencies	880	325	35	1,240
National and International Disasters	75	0	0	75
Uncommitted Balances	980	325	35	1,315
Requests for contingency allocations	35	95	10	140
Balances pending approval	945	230	25	1,175

4. The sums which the Committee has previously allocated from the 2017/18 contingencies are listed in Appendix 1.

Recommendation

5. Members are asked to note the contents of this report.

Appendices

- Appendix 1 – Allocations from 2017/18 contingencies

Philip Gregory

Deputy Financial Services Director

T: 020 7332 1284

E: Philip.Gregory@cityoflondon.gov.uk

2017/18 General Contingency – City’s Cash

Date	Description	Responsible Officer	Allocation £	Balance £
	2017/18 Provision			950,000
	2016/17 Provision brought forward to fund allocations agreed in previous years			85,000
	Total Provision			1,035,000
21 Oct 2014	Up to £98,500 in match funding (in partnership with the Mercers' Company) for a biography of Sir Thomas Gresham phased over 5 years	TC	60,000	
17 Feb 2015	Grant funding for The Honourable The Irish Society (£25,000 p.a. for 2014/15 and 2015/16) with payment of the grant conditional upon the purchase of the land for development which was delayed until 2016/17	TC	25,000	
2 May 2017	Funding towards the City of London Corporation and City of London Police IT project	CHB	70,000	
	Total allocations agreed to date			155,000
	Balance remaining prior to any requests that may be made to this meeting			880,000

2017/18 General Contingency – City Fund

Date	Description	Responsible Officer	Allocation £	Balance £
	2017/18 Provision			800,000
	2016/17 Provision brought forward to fund allocations agreed in previous years			0
	Total Provision			800,000
17 Feb 2015	Funding of £142,000 towards an appeal regarding Greater London Authority Roads (£84,000 for 2014/15 and £58,000 for 2015/16)	C&CS/CS	15,000	
19 Jan 2016	Additional funding towards the Greater London Authority Roads appeal	C&CS/CS	80,000	
12 Apr 2017 (Urgency)	Funding for the City of London Corporation and City of London Police IT project towards Security Assurance Testing	CHB	90,000	
2 May 2017	Funding towards the City of London Corporation and City of London Police IT project	CHB	290,000	
	Total allocations agreed to date			475,000
	Balance remaining prior to any requests that may be made to this meeting			325,000

2016/17 General Contingency – Bridge House Estates

Date	Description	Responsible Officer	Allocation £	Balance £
2 May 2017	2017/18 Provision	CHB	15,000	50,000
	Funding towards the City of London Corporation and City of London Police IT project			
	Total allocations agreed to date			0
	Balance remaining prior to any requests that may be made to this meeting			35,000

2016/17 National & International Disasters Contingency – City's Cash

Date	Description	Responsible Officer	Allocation £	Balance £
25 May 2017	2017/18 Provision	TC	25,000	100,000
	Donation to the British Red Cross and Manchester City's Councils We Love Manchester Appeal			
	Total allocations agreed to date			25,000
	Balance remaining prior to any requests that may be made to this meeting			75,000

Key to Responsible Officers:

CS – City Surveyor

TC – Town Clerk

C&CS – Comptroller and City Solicitor

CHB – Chamberlain

This page is intentionally left blank

Committee: Finance Committee	Date: 6 June 2017
Subject: Decisions taken under Delegated Authority or Urgency since the last meeting of the Committee	Public
Report of: Town Clerk	For Information
Report author: Chris Braithwaite, Town Clerk's Department	

Summary

This report advises Members of action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Order Nos. 41(a) and 41(b).

This action was to make a donation of £25,000 to the British Red Cross and Manchester City Council's We Love Manchester Emergency Appeal.

Recommendation

Members are asked to note the report.

Main report

Donation to the British Red Cross and Manchester City Council's We Love Manchester Appeal

Background

1. On 22 May, 22 people were tragically killed in an explosion at the Manchester Arena. Dozens more were injured. Many of the people killed or injured were children. Manchester City Council launched the We Love Manchester Emergency Fund, an appeal in partnership with the British Red Cross, to support those affected by the attack.
2. Through the London Emergencies Trust, the City Bridge Trust (CBT) advised Manchester on the funding and distribution aspects of this appeal. In addition, a CBT employee, with considerable experience of appeals following the 7/7 bombings, travelled to Manchester to share his expertise in this area with Manchester colleagues.
3. Following the Westminster Bridge attack on 22 March 2017, CBT agreed a contribution of £75,000 to support survivors and the families of those affected.

Action Taken

4. The Town Clerk, following consultation with the Chairman and Deputy Chairman of the Finance Committee, approved a donation of £25,000 to the Red Cross and Manchester City Council's We Love Manchester Emergency Appeal, funded from the Finance Committee's City Cash Contingency Fund for National and International Disasters.

Contact:

Chris Braithwaite

Senior Committee and Member Services Officer, Town Clerk's Department

020 7332 1427

Christopher.braithwaite@cityoflondon.gov.uk

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

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

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

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

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

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

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

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

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

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

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