



Finance Committee

Date: TUESDAY, 23 JANUARY 2018

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	Alderman William Russell
Simon Duckworth	James de Sausmarez
Alderman Peter Estlin	Ian Seaton
Sophie Anne Fernandes	Sir Michael Snyder
Sheriff & Alderman Timothy Hailes	Deputy James Thomson
Caroline Haines	Deputy Philip Woodhouse
Christopher Hayward	Sir 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: John Cater
tel. no: 020 7332 1407
john.cater@cityoflondon.gov.uk

Lunch will be served for Members in Guildhall Club at 1pm
NB: Part of this meeting could be the subject of audio 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 of the meeting held on 12th December 2017.
For Decision
(Pages 1 - 10)
4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**
Report of The Town Clerk.
For Information
(Pages 11 - 12)
5. **BRIDGE HOUSE ESTATES - STRATEGIC REVIEW FUND**
Report of The Chamberlain and The Chief Grants Officer.
For Decision
(Pages 13 - 16)
6. **CITY BRIDGE TRUST - PROPOSED REVENUE BUDGET 2018/19**
Report of The Chamberlain and The Town Clerk.
For Decision
(Pages 17 - 22)
7. **BENEFITS IN KIND REPORTING**
Report of The Chief Grants Officer.
For Decision
(Pages 23 - 28)
8. **REVISED FINANCIAL REGULATIONS**
Report of The Chamberlain.
For Decision
(Pages 29 - 32)
9. **RISK MANAGEMENT - TOP RISKS**
Report of The Chamberlain.
For Information
(Pages 33 - 36)
10. **CENTRAL CONTINGENCIES**
Report of The Chamberlain.
For Information
(Pages 37 - 38)

11. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
12. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
13. **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

14. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes of the meeting held on 12th December 2017.
- For Decision**
(Pages 39 - 46)
15. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**
Report of The Town Clerk.
- For Information**
(Pages 47 - 48)
16. **21 NEW STREET FOR CITY OF LONDON POLICE**
Joint Report of The Chamberlain, The Commissioner of the City of London Police and The City Surveyor.
- For Decision**
(Pages 49 - 56)
17. **PROVISION OF A UNIFORM MANAGED SERVICE FOR CITY OF LONDON POLICE**
Report of The Chamberlain and the Corporate Services Category Board.
- For Decision**
(Pages 57 - 62)
18. **FORMATION OF A RESERVE FOR THE GUILDHALL SCHOOL OF MUSIC AND DRAMA**
Report of The Chamberlain and the Principal of the Guildhall School of Music and Drama.
- For Decision**
(Pages 63 - 66)
19. **ANNUAL REVIEW OF CORPORATE PURCHASE CARD HOLDERS AND CREDIT LIMITS**
Report of The Chamberlain.
- For Information**
(Pages 67 - 72)

20. **CITY'S ESTATE - ANNUAL STRATEGY UPDATE**
Report of The City Surveyor.
For Information
(Pages 73 - 74)
21. **BRIDGE HOUSE ESTATES - ANNUAL STRATEGY UPDATE**
Report of The City Surveyor.
For Information
(Pages 75 - 76)
22. **STRATEGIC PROPERTY ESTATE - ANNUAL UPDATE**
Report of The City Surveyor.
For Information
(Pages 77 - 80)
23. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND
URGENCY PROCEDURES**
Report of The Town Clerk.
For Information
(Pages 81 - 82)
24. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE
COMMITTEE**
25. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND
WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE
PUBLIC ARE EXCLUDED**

FINANCE COMMITTEE

DRAFT MINUTES

Tuesday, 12 December 2017

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on
Tuesday, 12 December 2017 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)	Hugh Morris
Randall Anderson	Deputy Henry Pollard
Nicholas Bensted-Smith	William Pimlott
Deputy Roger Chadwick	Alderman Matthew Richardson
Alderman Peter Estlin	James de Sausmarez
Sheriff & Alderman Timothy Hailes	Ian Seaton
Caroline Haines	Sir Michael Snyder
Christopher Hayward	Deputy Philip Woodhouse
Michael Hudson	Sir Mark Boleat (Ex-Officio Member)
Deputy Wendy Hyde	Deputy Catherine McGuinness (Ex-Officio Member)

Officers:

John Cater	-	Committee Secretary
Peter Lisle	-	Assistant Town Clerk
Peter Kane	-	Chamberlain
Caroline Al-Beyerty	-	Chamberlain's Department
Christopher Bell	-	Chamberlain's Department
Michael Cogher	-	Comptroller and City Solicitor
Paul Wilkinson	-	City Surveyor
Ian Dyson	-	Commissioner of the City of London Police
Sean Green	-	Chamberlain's Department
Esther Sumner	-	Open Spaces Department
Anna Grainger	-	Community & Children's Services Department
Anne Mason	-	Community and Children's Services
David Drane	-	City of London Police

1. APOLOGIES

Apologies for absence were received from Jamie Ingham Clark, Mark Bostock, Dominic Christian, Karina Dostalova, Simon Duckworth, Deputy Tom Hoffman, Gregory Lawrence, Tim Levene, Paul Martinelli, Deputy Robert Merrett, Alderman Russell, Deputy James Thomson.

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

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

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

4. **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.

RESOLVED – that Members noted the report.

5. **COMMITTEE'S TERMS OF REFERENCE**

The Committee considered a report of the Town Clerk on the Annual review of the Finance Committee's Terms of Reference. The Report proposed no changes to the Committee's current Terms of Reference.

The Chairman suggested that the Town Clerk should incorporate a brief description of the role and responsibilities of the respective Sub-Committees. The Town Clerk would consult the Chairmen of the Sub-Committee and relevant officers and present the changes to the Court of Common Council to consider in April 2018.

In addition, the Town Clerk distributed an addendum to this item that proposed several changes to the 2018 Finance Committee Sub Calendar. This was an attempt to better align the schedule of Sub-Committee meetings with the Grand Committee. The proposed schedule establishes six separate Committee cycles, with the Subs due typically, to take place a fortnight before the Grand Committee meets.

RESOVLED- that

- As above, the Town Clerk will liaise with the respective Chairmen of the sub Committees to agree some descriptive wording about the roles and responsibilities of the Subs; this will be incorporated in the Terms of Reference document of the Finance Committee and submitted to the Court in April 2018, and;
- the Committee considers the frequency of meetings of the Committee to be adequate

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

Members 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 Members noted the report.

7. DRAFT PUBLIC MINUTES OF SUB-COMMITTEES

The Committee noted the draft public minutes and non-public summary of the following Sub-Committee meetings:

- Corporate Asset Sub-Committee held on 22nd November 2017;
- Efficiency and Performance Sub-Committee held on 15 November 2017;
- Finance Grants Oversight and Performance Sub-Committee held on 21 November 2017; and
- Information Technology Sub-Committee held on 24 November 2017.

a) **Draft public minutes of the Efficiency and Performance Sub-Committee held on 15 November 2017**

RESOLVED – That the public minutes and non-public summary of the Efficiency & Performance Sub-Committee meeting held on 15th November 2017 be noted.

b) **Draft public minutes of the Finance Grants Sub-Committee held on 21 November 2017**

RESOLVED – That the public minutes and non-public summary of the Finance Grants Sub-Committee meeting held on 21 November 2017 be noted.

c) **Draft public minutes of the Corporate Asset Sub-Committee held on 22 November 2017**

RESOLVED – That the public minutes and non-public summary of the Corporate Assets Sub-Committee meeting held on 22 November 2017 be noted.

d) **Draft public minutes of the Information Technology Sub-Committee held on 24 November 2017**

RESOLVED – That the public minutes and non-public summary of the Information Systems Sub-Committee meeting held on 24 November 2017 be noted.

8. CHAMBERLAIN'S DEPARTMENT - DRAFT DEPARTMENTAL BUSINESS PLAN 2018/19

Members received a report of the Chamberlain regarding the Chamberlain's Department's Draft Business Plan for 2018/19. The report presented information on the draft high-level business plan, alongside the departmental estimate report.

Picking up on the wording in paragraph 5, the Chairman stressed that officers should be aiming for full alignment, not "closer alignment", between the departmental business plans and the draft outcomes from the Corporate Plan.

This was an important distinction that should be reiterated to relevant officers across the City Corporation.

Furthermore, the Chairman suggested that the Draft Business Plan currently contained a surfeit of bullet points, which had the unfortunate effect of diluting the key messages. The Chamberlain should look at refining the Plan to reduce the number of bullet points.

RESOLVED – that Members noted the Report.

9. **RISK MANAGEMENT - TOP RISKS**

Members received a report of the Chamberlain which provided updates regarding the top risks within the Departmental Risk Register.

In response to a query from a Member, officers confirmed that both red risks (CR16 – Information Security and CR19 – IT Service Provision) were on track to move from red to amber soon.

RESOLVED – that Members noted the report.

10. **CITY PROCUREMENT QUARTERLY PROGRESS**

Members received a Report of the Chamberlain which updated Members on the work of City Procurement, and the key areas of progress since it last reported to the Finance Committee in July 2017.

The Chairman questioned officers as to City Procurement’s record of paying Small and Medium Sized Enterprises; timely payment should be a priority for the City as maintaining a healthy cashflow was critical for SMEs. Officers confirmed that (as at October 2017) 96% of all suppliers were being paid within 30 days; of these figures, a further breakdown indicated that 96% of SMEs specifically were being paid within 30 days (84% within 10 days). The Chairman requested that in future these breakdown figures should be reported by officers to the Committee.

In response to a Member querying the outlook for retrospective waivers, officers reiterated that the aim was to eliminate them entirely. A Report would be presented to Finance Committee in February detailing the work undertaken in this area.

Furthermore, it was also agreed that the “cost of service” be part of the next procurement quarterly update, so that Members could put the savings achieved into context and understand the net position of savings delivered.

RESOLVED – that Members noted the Report.

11. **CENTRAL CONTINGENCIES**

Members received a Report of the Chamberlain regarding the current balance of the Finance Committee Contingency Funds.

The Chairman noted that the wording in paragraph 2 had omitted an extra zero for the sum available under the City's Cash Contingency Fund for national and international emergencies.

As this contingency fund had been exhausted in autumn 2017, Members agreed that a further £25,000 should be assigned as an additional exigency sum, available to be accessed by the Town Clerk (in consultation with the Chairman and Deputy Chairman under Delegated Authority) if another crisis occurs before the end of March 2018.

RESOLVED – that Members noted the report.

12. **PILOT SCHEME FOR BUSINESS RATES DEVOLUTION IN LONDON**

Members received a Joint Report of the Chamberlain and the Remembrancer regarding Business Rates devolution in London.

The Chamberlain outlined that this was a pilot scheme, with the City as the lead authority. The scheme would have a financially neutral starting-point but enable any year-on-year growth in rates revenue to be retained in London—a dividend projected to be worth £240 million in 2018–19. Some of this would be used to establish a new strategic investment fund and the rest would be shared among the participating authorities (with the City of London's projected share £8.2 million).

The Chairman suggested that the case for a Memorandum of Understanding was solid, however, if the pilot became a permanent scheme, a contract would be required.

Furthermore, the Chairman and other Members stressed that officers should be vigilant about how the scheme developed if the pilot proved a success. There was caution about the assumption that London's economy (and consequently its business rates coffers) would continue to grow unabated. When a downturn did occur, it was vital that the City was not left exposed.

RESOLVED – that Members approved the following:

- the Common Council should participate, as a pilot scheme for the 2018-19 financial year, in a business rates pool with the Greater London Authority and the London borough councils;
- the arrangements for the distribution of revenue within the pool should, subject to recommendation (3), be as described in the body of this report;
- the Chairman of the Policy and Resources Committee should be authorised, in consultation with the Chairman of the Finance Committee, to agree to minor variations in the arrangements, if agreed by the other participants in the pool;

- the Common Council should agree to act as the lead authority for the pool and for the strategic investment fund to be established under the pooling arrangements;
- the Town Clerk, the Chamberlain or the Comptroller & City Solicitor (as appropriate) should be authorised, in consultation with the Remembrancer on matters of constitutional or legislative relevance, to take all necessary legal and practical steps for the establishment and administration of the pool and the strategic investment fund, in accordance with the preceding recommendations;
- the Chamberlain should be authorised to draw upon the City Fund reserve to meet the additional costs incurred in the administration of the pool and the strategic investment fund, including those arising from the Common Council's role as lead authority, up to one full-time equivalent post, with the amounts drawn down being refunded, and any future costs met, from additional revenue retained under the scheme as it becomes available;
- oversight of the City Corporation's work in connection with the pool and the strategic investment fund should be referred to the Policy and Resources Committee so far as concerns are about governance and the distribution and deployment of resources, and to the Finance Committee so far as concerns are about financial administration.

13. THE KENLEY FUND

Members received a report of the Superintendent of The Commons regarding the Kenley Fund.

RESOVED - Members agreed that the Interest on cash balances held in the Kenley Fund should be credited to the Kenley Fund.

14. AUTUMN BUDGET 2017

Members received a Report of the Chamberlain regarding HM Treasury's November Budget.

RESOVLED- that Members noted the Report.

15. REVENUE AND CAPITAL BUDGETS - OPERATIONAL SERVICES 2018-19

To note – this Report was listed incorrectly under the non-public section (Item 22 in the Agenda Pack), during the meeting it was taken in the public section of the meeting after item 14.

Members received a Report of the Chamberlain regarding the proposed 2018/19 Revenue Budgets for Operational Services.

Members were concerned that the Report presented two budgets for 2017/18 – the “Original Budget” and the “Latest Budget”; it made the overall position unclear as the “goalposts had been moved during the year”.

The Chairman was of the view that departments should have a starting point and stick to it. A Member stressed that the budget in the Report was misleading and queried whether, in future, officers could bring one Report, that presented both the original budget, and the revised budget with variances. In short if departments have spent more than allocated in their original budget, this should not be obscured and, as a result, the current report “didn’t quite work”. In response, officers emphasised that different departments had their own requirements, and, in terms of reporting, the Chamberlain could present the budget both ways.

16. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

17. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

18. EXCLUSION OF THE PUBLIC

RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting, 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.

19. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

The non-public minutes of the meeting held on 21 November 2017 were approved as an accurate record.

20. OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS

Members received a report of the Town Clerk which set out outstanding actions from previous non-public minutes of the Committee.

21. REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES

Members received a report of the Town Clerk which advised Members of the key discussions which had taken place during the non-public sections at recent meetings of the Committee’s Sub-Committees.

22. 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 22nd November 2017;
- Efficiency and Performance Sub-Committee held on 15th November 2017;

- Finance Grants Oversight and Performance Sub-Committee held on 21st November 2017; and
- Information Technology Sub-Committee held on 24th November.

a) **Draft non-public minutes of the Efficiency and Performance Sub-Committee held on 15 November 2017**

The non-public minutes of the Efficiency & Performance Sub-Committee meeting held on 15 November 2017 were noted.

b) **Draft non-public minutes of the Finance Grants Sub-Committee held on 21 November 2017**

The non-public minutes of the Finance Grants Sub-Committee meeting held on 21 November 2017 were noted.

c) **Draft non-public minutes of the Corporate Asset Sub-Committee held on 22 November 2017**

The non-public minutes of the Corporate Asset Sub-Committee meeting held on 22 November 2017 were noted.

d) **Draft non-public minutes of the Information Technology Sub-Committee held on 24 November 2017**

The non-public minutes of the Information Technology Sub-Committee meeting held on 24 November 2017 were noted.

23. **ACTION AND KNOW FRAUD CENTRE -CONTRACT SERVICE BUDGET**

Members received a Report of the Commissioner of the City of London Police.

24. **WASTE COLLECTION, STREET CLEANSING AND ANCILLARY SERVICES - PROCUREMENT STAGE 1**

Members received a Report of the Director of the Built Environment and the Chamberlain.

25. **BARBICAN WRITE OFF**

Members received a report of the Director of Community and Children's Services.

26. **CARE COSTS WRITE OFF**

Members received a report of the Director of Community and Children's Services.

27. **DEPARTMENTAL RESPONSE TO CHIEF OFFICER PURCHASE CARDS**

Members received a report of the Chamberlain on the Chief Officers Purchase Card Report.

28. **AGILISYS CONTRACT EXTENSION RECOMMENDATIONS**

Members received a Report of the Chamberlain.

29. **CITY OF LONDON FREEMEN'S SCHOOL - 2016 MASTERPLAN PROGRAMME & PROGRESS**
Members received a Report of the City Surveyor.
30. **CITY FUND & CITY'S ESTATE HIGHWAY DISPOSAL - 22 BISHOPSGATE**
Members received a Report of the City Surveyor.
31. **BRIDGE HOUSE ESTATES, 2 KENNINGTON ROAD, LONDON SE1 - FREEHOLD DISPOSAL**
Members received a Report of the City Surveyor.
32. **GLA ROADS - LAND DISPUTE WITH TRANSPORT FOR LONDON**
Members received a Report of The Comptroller and City Solicitor and The City Surveyor.
33. **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.
34. **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 ended at 3.30 pm

Chairman

Contact Officer: John Cater
tel. no.: 020 7332 1426
john.cater@cityoflondon.gov.uk

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Finance Committee – Outstanding Actions

ITEM 4

Item	Date	Item and Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
1	6 June 2017, Item 14	<u>Departments being charged for their use of the Comptroller's Department's services</u> The Chairman asked for a report to the Committee during Autumn 2017, setting out proposals for an internal charging mechanism for legal services, for implementation in 2018/19, and potentially for other centrally provided services.	Chamberlain and Comptroller and City Solicitor	February 2018	Work is underway but not yet completed due to competing working priorities to explore possible internal charging mechanisms for central services, using legal services as the pilot area. Findings to be reported to February's Finance Committee.
2	21 November - AOB	<u>Risk Management</u> A Member queried the level of security Microsoft Outlook offered with regards to the Committee agenda packs. Other organisations, in both the public and private sectors, used the Egress data transfer service, this was considered a more secure platform than Outlook and should be examined by officers in both the Town Clerks' and Chamberlain's departments.	Town Clerk in consultation with the IT Director	December 2017	Scheduled meeting between senior team representatives within Town Clerk's and IT Director on 21 December – to report back to the January Finance Committee
3	12 December, Item 5	<u>Committee's Terms of Reference</u> Town Clerk to incorporate a brief description of the role and responsibilities of the respective Sub-Committees. The Town Clerk will consult the Chairmen of the Sub-Committee and relevant officers and present the changes to the Court of Common Council to consider in April 2018.	Town Clerk	February 2018	Town Clerk to agree the wording with the Chairmen for IT, E&P, CASC and Finance Grants.

Item	Date	Item and Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
4	12 December, Item 8	<u>Draft Departmental Business Plans 2018/19</u> As per the wording in the Report (para 5). The Chairman stressed that officers should be aiming for full alignment, not 'closer alignment', between the Departmental Business Plans and the draft outcomes from the Corporate Plan. This was an important distinction that should be reiterated to relevant officers across the City Corporation.	Town Clerk	January 2018	This has been communicated to officers and will be emphasised going forward.

Committee(s):	Date(s):
Resource Allocation Sub-Committee Policy and Resources Finance Committee	18/01/2018 18/01/2018 23/01/2018
Subject: Bridge House Estates Strategic Review Fund	Public
Report of: The Chief Grants Officer and Chamberlain	For Decision
<p>Summary</p> <p>This paper proposes the establishment of a Bridge House Estates (BHE) Strategic Review Fund totalling up to £1m, to support wider impacts of the implementation of Bridging Divides. The purpose of the fund is to facilitate a detailed operational review of BHE to consider its underlying asset position in relation to income, its investment strategy, and reserve position of the charity. This paper further sets out the planned governance arrangements for the use of the proposed fund.</p> <p>Recommendation</p> <p>Members are recommended to:</p> <ul style="list-style-type: none"> • Agree the creation of the BHE Strategic Review Fund, totalling up to £1m; • Agree the governance arrangements for the approval of bids against the above Fund, whereby delegation is given to the Town Clerk in consultation with the Committee Chairman of Policy & Resources, Finance and City Bridge Trust, in consultation with the Chief Grants Officer and Deputy Chamberlain. 	

Main Report

Background

1. BHE is currently the 7th largest charity in the UK by way of the value of its assets. The total assets of BHE have grown significantly over recent years, due to an increase in market valuations but also through surplus income being retained within reserves. Whilst the prime objective of BHE is to maintain the 5 bridges crossing the River Thames into the City of London, the Cy Pres agreement of 1995 permits surplus income to be used for grant-making, via the City Bridge Trust. The expectation of our regulatory body – the Charity Commission – is that surpluses would be applied against charitable purposes within a reasonable time-period, not being accumulated as we are currently doing.
2. Against the increased recognition within the sector felt by BHE, and in light of the wider impact of ‘Bridging Divides’ work is being undertaken to answer the

Town Clerk's question: "how can the Corporation be the best possible trustee to support delivery of 'Bridging Divides'?" This work is being delivered through a task and finish group, overseen by Summit Group, anchored in the Charity Commission's guidance on good governance, with a view to making recommendations to Members (in their capacity as representing the Corporation as the corporate trustee of BHE). A priority area for this work is to consider BHE's underlying asset position in relation to income, its investment strategy, and the reserve position of the charity.

BHE Strategic Review Fund

3. Undertaking a detailed review such as this, involving a charity with a value of £1.34bn as at 31/03/2017, will incur costs. BHE is an historic charity, with its governing documents including various instruments dating back to 1282. Delivering change against such a complex background will require close attention to detail across a number of departments within the Corporation. As this has been identified as a priority for the Corporation to progress, external advice and additional resource will be a necessary requirement.
4. Provision has been included in the medium term financial forecast for the BHE Strategic Review Fund at an initial level of £1m, to be funded from BHE. To enable the various work streams required within this change project to commence immediately, drawdown against this fund will start from January 2018. Expectation is that most of this fund will be utilised in 2018/19.
5. The purpose of the BHE Strategic Review Fund is to provide funding for:
 - a. Additional resources across various departments to enable:
 - i. a detailed review of the legal and governance activities within BHE, requiring additional legal support within City Solicitors & Comptrollers and Remembrancers;
 - ii. external expertise for financial modelling to confirm the appropriate level of reserves and assets required on an ongoing basis to enable the prime charitable purpose to be undertaken alongside a potential increase in charitable grant-making;
 - iii. additional communications support to appropriately provide the level of external engagement that the expected changes will require;
 - iv. other activities to be identified by the Task & Finish Group in consultation with the Town Clerk and Chief Grants Officer.
 - b. Potential disposal of BHE assets to release funds for further grant-making activity:
 - i. dependent upon recommendations to be made concerning the potential disposal of BHE assets, funding will be required to cover costs incurred in relation to either equities or property disposals.
6. The fund will not be used as a means of achieving departmental local risk budget savings, with bids to this fund required to demonstrate a clear link to the BHE review currently being undertaken.

Approval of Bids from BHE Strategic Review Fund

7. Approval to bids from this Fund will be by means of a short business case. Approval of these will be delegated to the Town Clerk, in consultation with the Committee Chairman of Policy & Resources, Finance and City Bridge Trust, in consultation with the Chief Grants Officer and Deputy Chamberlain.
8. The business case will set out:
 - Purpose for which funding will be used, demonstrating clear link to the BHE review;
 - Cost and timing, with reasonable evidence to support expenditure.

A short template will be used to standardise the business case information for the bid.

9. When bids are put forward for consideration of approval, an analysis will be provided of bids already committed and other potential bids from the BHE Strategic Review Fund which are known to be in development.

BHE Strategic Review Fund Utilisation Monitoring

10. The Chamberlain's and Town Clerk's Departments will monitor the utilisation of agreed bids to the BHE Strategic Review Fund with regular reports provided to relevant Committees.

Town Clerks Department:

David Farnsworth (Chief Grants Officer), david.farnsworth@cityoflondon.go.uk

Karen Atkinson

Head of Charity and Social Investment Finance

T: 0207 332 1395

E: karen.atkinson@cityoflondon.gov.uk

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Agenda Item 6

Committee(s) Resource Allocation Sub Committee Policy & Resources Committee Finance Committee	Dated: 18/01/2018 18/01/2018 23/01/2018
Subject: City Bridge Trust: Proposed Revenue Budget - 2018/19	Public
Report of: The Chamberlain and The Town Clerk	For Decision
Report authors: Karen Atkinson, Chamberlain's Department David Farnsworth, City Bridge Trust	

Summary

This report provides the submission and seeks approval of the 2018/2019 revenue budget overseen by the City Bridge Trust (CBT) Committee in the context of CBT's strategic and business priorities, for subsequent submission to the Finance Committee.

Summary Revenue Budget for the City Bridge Trust Committee	Latest Budget 2017/18 £'000	Original Budget 2018/19 £'000	Movement £'000
Expenditure	(27,047)	(23,844)	3,203
Income	219	196	(23)
Support Services and Capital Charges	(159)	(162)	(3)
Total Net Expenditure	(26,987)	(23,810)	3,177

2018/2019 is the first year of CBT's new 5-year funding strategy, Bridging Divides (BD). Following extensive consultation and approval by the Court of Common Council in July 2017, BD commits CBT to supporting Londoners and London's communities, who are experiencing inequalities, to thrive. During 2018/19 priorities will include working collaboratively to: implement the BD strategy; ensure CBT is led by strategic decisions and is customer focused; model/encourage/and celebrate more and more effective philanthropy; and grow the social investment market.

The provisional budgeted net expenditure for 2018/19 is estimated to be £23.810m, a decrease of £3.177m compared with the budget for 2017/18. The main driver for this is a reduction in expected grant commitments, following commitments against anniversary funding during 2017/18, alongside the next 3 years' funding to the Prince's Trust being committed in the current year. NB the provisional nature of the budget reflects the fact that the following are still under consideration: the level of BHE charitable funding anticipated to be available for distribution; the resource requirements to deliver the BD strategy; the Central Grants Programme pilot; and how to make the most impact through the charitable funding of the Corporation both directly, through its trusteeships and relationships with arms-length charities.

Recommendations

The Committee is requested to:-

- a) approve the provisional 2018/19 revenue budget for submission to Policy & Resources Committee and Finance Committee;
- b) authorise the Chamberlain to revise these budgets to allow for any necessary realignment of funds resulting from corporate projects.

Main Report

Background

1. A cy près scheme agreed by the Charity Commission in 1995 enables Bridge House Estates (BHE) to distribute the charity's surplus income for charitable purposes across Greater London. The amount available for charitable funding from the surplus income is determined each year by the Policy and Resources Committee. Any uncommitted funding at the year-end will be held within a designated fund for the purposes of charitable funding under BD.
2. This report sets out a summary of CBT's 2018/2019 business planning priorities (more detail is set out in the business plan paper) and the provisional, associated revenue budget for approval and submission to the Finance Committee.

Summary CBT Business Planning Priorities 2018/2019

3. CBT's 2018/2019 priorities include:
 - To increase the quality and impact of its charitable funding
 - To grow the social investment market
 - To ensure the Trust is led by strategic decisions and is customer focused
 - To encourage more giving of time, money and skills in an effective way to enable individuals and communities to thrive.

Proposed Revenue Budget for 2018/19

4. The proposed Revenue Budgets for 2018/19 are analysed between:
 - Local Risk budgets – these are the budgets deemed to be largely within the Chief Officer's control.
 - Central Risk budgets – these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside of his/her control or are budgets of a corporate nature (e.g. interest on balances, rent incomes from investment properties and in the case of CBT, the charitable funding budget).
 - Support Services and Capital Charges – these cover budgets for services provided by one activity to another.

5. The provisional 2018/19 budgets have been prepared in accordance with guidelines agreed by the Policy & Resources and Finance Committees.
6. The budgets are set out in Table 2. Expenditure and unfavourable variances are presented in brackets. Only significant variances (generally those greater than £100,000) have been commented on in the following paragraphs.

Analysis of Service Expenditure	Local or Central Risk	Actual 2016-17 £'000	Budget to be Approved 2017-18 £'000	Original Budget 2018-19 £'000	Movement 2017-18 to 2018-19 £'000	Para- graph Ref
EXPENDITURE						
Employees	L	(955)	(1,214)	(1,888)	(674)	7(i)
Transport Related Expenses	L	(4)	(4)	(6)	(2)	
Supplies & Services (note i)	L	(430)	(543)	(455)	88	7(ii)
Total Local Risk		(1,389)	(1,761)	(2,349)	(588)	
Supplies & Services (note i)	C	(103)	(230)	(82)	148	7(ii)
Grants	C	(16,881)	(25,056)	(21,413)	3,643	7(iii)
Total Central Risk		(16,984)	(25,286)	(21,495)	3,791	
Total Expenditure	L&C	(18,373)	(27,047)	(23,844)	3,203	
INCOME						
Wembley National Stadium Trust	L	107	108	111	3	
3rd Party Income	C	200	51	0	(51)	
CGU Support	L		60	85	25	
Total Income		307	219	196	(23)	
TOTAL NET EXPENDITURE BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		(18,066)	(26,828)	(23,648)	3,180	
Support Services & Capital Charges		(142)	(159)	(162)	(3)	
TOTAL NET EXPENDITURE		(18,208)	(26,987)	(23,810)	3,177	

Notes

- (i) Supplies & Services – Equipment, furniture, materials, printing, stationery and professional fees.

7. Overall there is a decrease of £3.177m between the 2017/18 budget and the 2018/19 proposed budget. The budget movements are a result of:

- i) Employees – this has provisionally increased by £674k from £1.214m to £1.888m. The proposed uplift reflects:
 - Resourcing to support the effective delivery of the BD strategy; and
 - Resourcing to support the work anchored in CBT but with broader scope (the philanthropy, social investment and wider Corporation charity/charitable funding agendas).
- ii) Supplies and Services - this has decreased by £236k, from £773k to £537k in total across both local and central risk, as per Table 3. This variance is split as £88k under local risk, and £148k against central risk, as shown within Table 2.

Table 3 Analysis of Supplies & Services	Budget to be Approved 2017/18			Original Budget 2018/19			Variance £
	Local £	Central £	Total £	Local £	Central £	Total £	
Equipment, furniture, materials	4,000	-	4,000	4,000	-	4,000	-
Printing, stationery, general office	14,000	5,000	19,000	19,000	-	19,000	0
Fees & Services	407,000	200,000	607,000	219,000	62,000	281,000	326,000
Communications & computing	60,000	10,000	70,000	122,000	12,000	134,000	(64,000)
Expenses	26,000	15,000	41,000	61,000	8,000	69,000	(28,000)
Subscriptions	32,000	-	32,000	30,000	-	30,000	2,000
Total	543,000	230,000	773,000	455,000	82,000	537,000	236,000

iii)

Considering local and central risk separately in relation to Table 3 above:

a. Local risk:

- i. Fees and services - as noted above, several roles – notably Head of Projects and Head of Philanthropy Strategy – have largely been covered by consultants during 2017/18. Costs for these are included within the 2018/19 provisional employment budget line, so reducing consultancy spend. Other changes include: the cost of the monitoring activity of the core grants programme is decreasing - following discussions with internal audit, CBT plan to reduce the number of days consultancy directed at this work; 2017/18 includes a one-off budget of £50k relating to the Social Investment Fund; under Bridging Divides, CBT is appointing a learning partner to undertake an evaluation of the programme to improve impact – a new activity within the budget;
- ii. Communications and computing - CBT is currently reviewing options to upgrade or replace its grants management database. A provisional estimate of costs for both software and consultancy have been included in the 2018/19 budget;
- iii. Expenses – the proposed increased headcount within the team requires further travel and subsistence costs to support activities

being undertaken. The team are also commencing an annual series of learning events, enabling learning from activities to be shared with grantees and partners to improve impact.

- b. Central risk – 2017/18 costs include 3 areas of funding: approval and implementation of the strategic review, the Lord Mayor’s Show float and support for the 20th anniversary programmes. For 2018/19, just the costs related to the 5-year Employability anniversary programme will continue.

- iv) The Grants & Strategic Initiatives budget has decreased by £3.791m, from £25.286m to £21.495m, as set out in Table 4 below:

Table 4 - Grants & Strategic Initiatives Budget Analysis (Central Risk)	Latest Budget 2017-18 £'000	Original Budget 2018-19 £'000
Standard grants programme (Investing in Londoners/Bridging Divides)	20,000	20,000
Strategic grant towards the Princes Trust to continue for a period of 10 years	1,000	1,000
Original funding	21,000	21,000
Investing In Londoners - approved carry forward from 2016/17	274	0
Third party income	51	0
Strategic grant towards the Princes Trust - covering latest 3 year commitment (2017/18 - 2019/20)	2,000	(1,000)
CBT Anniversary Programmes - approved carry forward from 2016/17	4,448	0
CBT Anniversary programme: employability - amount to be committed across the remainder of the 5 year programme	(1,184)	192
CBT Anniversary programme: infrastructure support - amount to be committed in 2018/19	(1,303)	1,303
Total Grants & Strategic Initiatives budget (Central Risk)	25,286	21,495

- a. The original budget for 2018/19 started as £21m, with the proposed amount now standing at £21.495m. Reasons for change are:
- i. The annual £1m set aside for The Prince’s Trust now forming part of the 3-year commitment to be approved in 2017/18; and
 - ii. Total funding of £1.495m for the 2015 Anniversary programmes now expected to be awarded in the year. The majority of this relates to the Cornerstone Fund, part of the Infrastructure Support programme: this involves multiple stakeholders across London in its development and so awards will be made over a longer time period than originally expected.

8. Analysis of the proposed movement in headcount and related staff costs is shown in Table 5 below:

Table 5 - Headcount Statement	Budget to be approved 2017-18		Original Budget 2018-19	
	Headcount Full-time equivalent	Estimated cost £000	Headcount Full-time equivalent	Estimated cost £000
City Bridge Trust (note i)	19.1	1,034	25.9	1,699
Wembley National Stadium Trust (note ii)	1.3	90	1.3	95
Central Grants Unit (note iii)	0.8	48	1.2	68
Training and Recruitment Advertising		17		26
TOTAL EMPLOYEE COSTS	21.2	1,189	28.4	1,888

Notes

- i) The proposed increase in headcount is explained in paragraph 7(i);
- ii) Funding is provided by the Wembley National Stadium Trust through its contract with CBT (see income in Table 2);
- iii) Staff within CBT provide support for the Central Grants Unit (see income in Table 2 – NB this is subject to review).

Potential Further Budget Developments

9. The provisional nature of the revenue budgets particularly recognises that further revisions may arise from:
 - the necessary realignment of funds resulting from corporate projects including:
 - (i) on-going corporate efficiency projects; and
 - (ii) central and departmental support service apportionments.
 - the resource implications/decisions on implementing CBT's 2018-2023 BD strategy along with the social investment work and increased importance of the philanthropy agenda given the external context;
 - the work to improve the strategic alignment, quality and impact of the charitable funding undertaken by the Corporation directly or through its trusteeships (including the review of the Central Grants Programme and the introduction of a central charities database).

Contact Officers:

Town Clerks Department:

David Farnsworth (Chief Grants Officer), david.farnsworth@cityoflondon.gov.uk

Chamberlain's Department:

Karen Atkinson (Head of Charity & Social Investment Finance)

Karen.atkinson@cityoflondon.gov.uk

Committee Policy and Resources Committee Finance Committee	Dated: 18 January 2018 23 January 2018
Subject Benefits in Kind Reporting & Proposed Corporate Policy	Public
Report of: Chief Grants Officer	For Decision
Report author: Scott Nixon, Head of Projects	

Summary

On an annual basis, The City of London Corporation (CoLC) asks departments to provide details of all benefits in kind (BIK) that are provided to external organisations and a report is presented to the Finance Grants Oversight and Performance Sub-Committee (FGOPSC).

In July 2016, the Central Grants Unit (CGU), hosted by the City Bridge Trust (CBT) took over the process of collating the BIK information provided for the CoLC. As a first step, the FGOPSC agreed there should be a review of how BIK had been decided and recorded to-date.

At the November 2017 meeting of the FGOPSC, Members considered the review's findings, proposed next steps to improve the decision-making underpinning BIK, and how they might be recorded, acknowledged and communicated in the future and agreed to recommend a revised BIK definition and corporate policy.

The purpose of this report is for Members of Finance Committee and the Policy and Resources Committee to consider the recommendation of the FGOPSC.

Recommendations

- a) To agree the revised BIK definition;
- b) To agree the proposed BIK policy to guide decisions approving BIK be adopted by the CoLC with effect from 1st April 2018.

Main Report

Background

1. It was recognised in the corporate Effectiveness of Grants Service Based Review that CoLC offers support to the wider community in a number of ways – through direct financial contributions (or grants) often for charitable purposes; through the CoLC's support and trusteeship of many charities; and through non-monetary resources or BIK. The Grants Review excluded consideration of BIK, but as that report passed through the various

committees the relevance of some of the findings to BIK were noted. It was requested by Members of various committees that BIK be considered in implementing the Grants Review outcomes.

2. Members highlighted that the key reputational and value-for-money risks and issues that were identified in relation to the payment of grants also apply to a BIK. Members identified that BIK would also benefit from the application of a similarly consistent, coherent and co-ordinated approach to ensure that there are no hidden financial costs to the organisation which are not being properly quantified and managed and to ensure reputational risks are mitigated by a fair decision-making process.
3. To-date, on an annual basis, the Chamberlain's Department requested that every department provide details of BIK that are provided to external organisations. This information formed the basis of an information report presented to the previous Finance Grants Sub-Committee (FGSC) every November. In 2016, the FGSC was dissolved by the Finance Committee with the agreement of Policy and Resources Committee. Since that time, the BIK report has been the responsibility of this new Sub-Committee of the Finance Committee to review.
4. Under the CoLC's Financial Regulations (Part 1, Section 8; Part 2, Section 7 – Income and Banking Arrangements), Departments are required to recover full costs of fees and charges to persons or external organisations or otherwise to submit reasons to the appropriate service Committee "when that objective is not met" (Part 1, paragraph 8.12). Otherwise there is no direct or indirect mention of BIK in the City's Financial Regulations.
5. Further, Departments are required under the Financial Regulations to:
 - a. report their charging rationale to Committee before the charging structure is drawn up, with any changes also being reported (Part 2, paragraph 7.2); and
 - b. review charges and charging methodology regularly and report to Committee unless a specific discretion has been awarded to a Chief Officer (paragraph Part 1, paragraph 8.13).
6. A revised version of the CoLC Financial Regulations will be presented to the January 2018 Finance Committee by Chamberlain's. This revised version directly referred to the requirement to follow the BIK policy.
7. The FGOPSC agreed that there was scope for the procedure relating to the approval of BIK to be more transparent. Members also agreed that BIK were a useful philanthropic tool, if exercised with transparency, fairness, control and oversight, and an important contribution to the significant philanthropy the Corporation undertakes both directly and through its trusteeships.
8. The current working definition of BIK is defined as:
 - a. Abatement of a full commercial rent;
 - b. Abatement of a fee or charge for services provided; or

- c. Provision of goods or materials free of charge, or at a reduced charge.
9. The historic capture of BIK has been against this definition. The FGOPSC requested that pro-bono officer time was also captured. This is now being done.

Review

10. In order to better understand the procedures in place across all departments issuing BIK, a review was undertaken.
11. The outcomes of this review were presented to the FGOPSC in February 2017 and were as follows:
- a. There is no corporate decision-making guidance or policy on BIK, however some departments such as Remembrancer's do have established criteria for local decision making;
 - b. There is currently no simple, proportionate process to apply for BIK;
 - c. The current data capture is inconsistent and a rolling BIK register should be maintained rather than relying on end of year data capture which puts unnecessary pressure on staff;
 - d. There is currently no aggregation of data from BIK and the corporate volunteering programme;
 - e. There is currently limited acknowledgement by the receiving organisation of the CoLC BIK support.
12. Furthermore, there had been a high number of BIK that had remained on the BIK schedule year-on-year which were the result of long-standing, historical agreements.
13. Many of the BIK issued over recent years have incorporated an end or review date (if spanning more than one year) but this procedure is by no means embedded as standard - the majority of historical or legacy BIK have no set review date in place.
14. It was agreed by Members at the February 2017 meeting of the FGOPSC that all current BIK with no identifiable end date should be reviewed by the relevant department or Committee, and a recommendation made as to the on-going provision of each BIK.
15. To this end, all departments were contacted in May 2017 and requested to review all benefits in kind falling into this bracket by 1 June 2017. The outcome of that consultation has informed the proposed policy to guide BIK decisions, as set out in Appendix 1.

Recommended BIK Definition and Corporate Policy

16. Following discussion at the FGOPSC, it is recommended the definition of BIK that relates to the provision of goods or services to a third party at either a nil or reduced charge by the City of London Corporation is expanded to include Officer time and general support and provision of advice or guidance to external bodies/charities.
17. The Town Clerk's department is currently developing a Volunteering Strategy, which if adopted will be implemented across the City of London Corporation. Should a more comprehensive approach to monitoring volunteer time and its impact be developed during the strategy implementation phase, this will be aligned with the BIK data collection process.
18. Consistent with the outcomes of the corporate Effectiveness of Grants Service Based Review, and in the interests of transparency, fairness, and oversight of decisions, it is recommended that a corporate policy to guide decisions relating to BIK be adopted by the organisation. This policy is intended to work alongside the Financial Regulations and any local charging policies which are already established and operate effectively, such as that of the Remembrancer's Department.
19. The recommended BIK policy and framework for BIK is at appendix 1.
20. The adoption of a corporate BIK Policy will affect every department in the CoLC. Therefore, any policy would need to be approved by the Policy and Resources Committee and the Finance Committee and (the latter Committee having delegated authority *inter alia* for "ensuring effective arrangements are made for the administration of the City Corporation's financial affairs" and for "providing strategic oversight and performance management of all grant giving activity by the Corporation, excluding the City Bridge Trust". The former Committee has delegated authority *inter alia* for "considering matters of policy and strategic importance to the City of London Corporation including matters referred to it by other Committees and/or Chief Officers" and for "approving overall strategy and policy in respect of the City Corporation's assets").

Conclusion

21. The purpose of this report is for Members of Finance Committee and the Policy and Resources Committee to agree the proposed corporate policy for all new BIK, along with the expanded definition of BIK.

Appendix 1: Recommended corporate wide policy for BIK.

Scott Nixon
Head of Projects, Town Clerk's Department
T: 020 7332 3722
E: Scott.Nixon@cityoflondon.gov.uk

Appendix 1: Recommended corporate wide policy for BIK

The City of London Corporation's definition of Benefits in kind (BIK) is:

- a) Abatement of a full commercial rent;
 - b) Abatement of a fee or charge for services provided; or
 - c) The provision of goods or services to a third party at either a nil or reduced charge by the City of London Corporation. This is to include Officer volunteering time and general support and the provision of advice or guidance to external bodies/charities.
1. In accordance with the existing corporate governance framework, all BIK should be approved by either a Chief Officer (or delegate), or relevant service Committee (or Sub-Committee):
 - a. Any BIK decisions with a monetary equivalent of under £10,000 may be taken by Chief Officers –
 - i. In relation to property matters, subject always to the advice of the City Surveyor, in both managing the physical assets, including land and buildings for which they are responsible; and in approving the casual or occasional use of land, premises or equipment under the control of the department (as provided under the officer Scheme of Delegations); and
 - ii. otherwise in respect of goods and services in accordance with any properly approved charging policy (as provided for in the Financial Regulations).
 - iii. If the aggregate value of the delegated BIK's (agreed by a single department) in any financial year reach £100k, the relevant service Committee (or Sub-Committee) must receive notification, including a breakdown of all decisions to be taken.
 - b. Any BIKs with a monetary equivalent over the threshold of £10,000 shall, subject to a specific discretion otherwise granted to a Chief Officer (as provided for in the Financial Regulations), should be reported to the relevant service Committee for approval in setting any charging policy.
 2. At the time of agreement of a BIK, a review or end date must be included.
 3. All data from internal volunteering programmes must be included. This would include any Officer time provided in terms of general support, advice or guidance to external bodies/charities. An aggregation of data (time spent and equivalent cost) is acceptable from each department. This data collection does not apply to City of London Corporation Members.
 4. All BIK allocated to external organisations over a value of £10,000 should be acknowledged in any relevant publicity. City of London Corporation branding should be used in each such instance (in line with the current guidance of the Communications Department)

5. All departments are expected to maintain a rolling register of BIK, in a standard format rather than relying on end of year data capture. These will be fed into the CGU who will maintain a central, transparent register.
6. All BIK to be reported to the FGOPSC, annually in November. A standardised template will be provided to all departments for completion throughout the year.

Committee(s)	Dated:
Finance Committee – For decision	23 rd January
Subject: Revised Financial Regulations	Public
Report of: Chamberlain	For Decision
Report author: Theo Whitaker, Chamberlains	

Summary

The two-part approach to the Financial Regulations was adopted by your committee in 2009, with Financial Regulations Part 1 maintained by your Committee and Financial Regulations Part 2 maintained by the Chamberlain as Chief Financial Officer. The purpose of this report is to seek your Committee’s approval of the revised Financial Regulations and to note the development of the Financial Regulations Part 2 into a Finance Manual to sit alongside these Financial Regulations.

This approach codifies the rules which regulate financial activity within the City Corporation approved by your Committee in the Finance Regulations and creates a Finance Manual for practical use by Officers which defines and gives the detail of the finance processes and procedures required to uphold the regulations.

Recommendation(s)

Members are asked to:

- Approve the updated Financial Regulations.
- Note the development of Financial Regulations Part 2 into the Finance Manual.
- Delegate to the Chamberlain the updating of future amendments to the Financial Regulations where they relate to changes in officer responsibilities because of restructuring or a job title change and to update links to new document locations where appropriate.
- Delegate authority to the Comptroller and City Solicitor to agree new standard clauses for indemnities and update the Financial Regulations appropriately.

Main Report

Background

1. The current Financial Regulations were last updated in 2009 and have not been updated in eight years.
2. The current Financial Regulations are in two parts; Part 1 the Financial Regulations, approved by your Committee in 2009 and Part 2 maintained by

the Chamberlain as Chief Financial Officer as mandatory accounting instructions.

3. Since the last update in 2009 many national laws, statutory requirements, and the general practice at the City of London has changed. This report and updated Financial Regulations codifies these changes.

Current Position

4. The Chamberlain's department carries out a periodic review of financial regulations to determine whether amendments would be beneficial because of any changes to corporate objectives, identified control weaknesses, legislative changes, etc. The current review has also considered how the two-part financial regulations approach adopted in 2009, comprised of Financial Regulations Part 1 & Part 2, could be improved through greater detail on financial processes officers undertake for the Corporation.
5. The two-part model created in 2009 has not worked as well as anticipated and this report proposes the further development of the Financial Regulations Part 2 into a more user-friendly Finance Manual. The Manual should be written to be an easy to use reference for staff outside of the Chamberlains department and focus on the processes and procedures to be followed to uphold the regulations

Substantial Changes to the Financial Regulations

6. The 2017 Financial Regulations includes an Introduction and Version History. These sections were added to give context to the document and the grounding within the Standing Orders.
7. The section order of this document has been reordered to group common sections and to improve the overall readability.
8. Links to other relevant policies, intranet pages, and documents have been added to the Financial Regulations to give further reference where appropriate e.g. the Procurement Regulations.
9. Detail has been added on the specific requirements of the City as a trustee of the Charities defined by the Charities Commission. Regulation 1.3 codifies adherence to Charity Commission Guidance and Regulations. Regulation 5.4 codifies charitable funds' adherence to the Charity Commission on Risk Management.
10. The regulations relating to data protection have been expanded and clarified with regard to the Data Protection Act (DPA) and General Data Protection Regulations (GDPR). Regulations 1.6, 14.3, 14.4, 14.5 and 14.6 make clear rules and expectations of Officers regarding data and their responsibility for ensuring security.
11. The regulation regarding approval to the terms of any indemnity the City is required to give are being reviewed by the Deputy Chamberlain and the City Solicitor and new standard clauses are being developed. Regulation 13.6 has

been amended to reflect current practice and the arrangements for delegation of responsibility by Chief Officers.

12. Instructions to minimise the number of cash transactions has been codified in these Financial Regulations in Regulation 15.7. This requirement is also reflected in the encouragement of the use of purchasing cards for one off purchasing up to £100 and the use of the Payroll System for re-imbusement of personal expenses in Regulations 21.1, 21.2 and 21.3.
13. This version includes new sections on Grant Making and Entertainment & Hospitality (sections 17 & 22), which codify regulations in respect of current practice.
14. Insurance and Risk Management have been separated out into two sections to help overall readability. Regulation 5.3 codifies the City's adherence to the Charity Commission Risk Management requirements. Regulation 5.4 adds detail of the City's Risk Management Statements.
15. A full log of the revisions to the Financial Regulations are shown in Appendix 2.

Proposals

16. It is proposed that the updated Financial Regulations are approved. By approving these updated regulations, the City of London will have an up to date set of regulations which can be referred to for all Financial matters and will replace the out of date regulations from 2009.
17. Financial Regulations Part 2 are developed into a Finance Manual. The development of a Financial Manual will give Officers a practical guide to the financial processes and procedures required to uphold the Financial Regulations.
18. Delegate to the Chamberlain the updating of future amendments to the Finance Regulations where they relate to changes in officer responsibilities due to restructuring or a job title change and to update links to new document locations where appropriate.

Corporate & Strategic Implications

19. The updating of the Finance Regulations and creation of a Finance Manual supports the following strategic aims in the Chamberlain's department business Plan: -
 - To secure sound financial management and,
 - To ensure operational excellence

Implications

20. There are no financial implications arising from this report. The Comptroller and City Solicitors has been consulted in the preparation of this report and their advice has been incorporated within the updates to the Financial Regulations where appropriate.

Conclusion

21. That Committee approve the revisions to Financial Regulations.

Next Steps

22. Publish the updated Financial Regulations and develop Financial Regulations Part 2 into the Finance Manual.

Appendices

- Appendix 1 – Financial Regulations (2018)
- Appendix 2 – Revision Log from 2009 Financial Regulations

Theo Whitaker

Graduate Trainee, Chamberlains

E: theo.whitaker@cityoflondon.gov.uk

Committee(s)	Dated:
Finance Committee – For Information	23/01/2018
Subject: Chamberlain’s Department Risk Management – Quarterly 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 management of risks faced by the Chamberlain’s department.

Risk is reviewed regularly by the departmental Senior Leadership Team as part of the ongoing management of the operations of the Chamberlain’s department.

The Chamberlain’s department currently has three corporate risks and two risks on the departmental risk register. The most significant risks are:

- **CR16 – Information Security (Current Status: RED)**
- **CR19 – IT Service Provision (Current Status: AMBER)**

The Senior Leadership Team continues to monitor closely the progress being made to mitigate these risks. Delivery of the IT Transformation Project continues, completion of the project will ensure sustainable performance improvements across the organisation.

Recommendation(s)

Members are asked to note the report and the actions taken in the Chamberlain's department to monitor and manage risks arising from our operations, which have resulted in the movement in the IT Service Provision risk from Red to Amber.

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.
2. Chamberlain’s risk management is reviewed in detail on a quarterly basis at Departmental Senior Leadership Team (SLT) meeting. SLT receives the risk register for review, together with a briefing note highlighting any changes since the previous review. Consideration is also given as to whether there are any emerging

risks for inclusion in the risk register within Divisional updates on key issues from each of the Directors, ensuring that adequate consideration is given to operational risk.

3. Between each SLT quarterly reviews, risk and control owners are consulted regarding the risks for which they are responsible, with updates captured accordingly. Significant changes to existing risks are escalated to SLT when identified.

Identification of new /emerging risks

New and emerging risks are identified directly by the Senior Leadership Team on an on-going basis, with particular attention given as part of the quarterly review process.

Summary of Risks

4. The Chamberlain's department currently has three corporate risks and two risks on the departmental risk register, attached as Appendix 1 to this report, assessed as 1 RED risk, 4 AMBER risks. These are:

CR16 – Information Security (Current Risk: Red – no change)

The General Data Protection Regulation project being led by the Comptroller and City Solicitor, supported by IT Division and the City of London Police Information Management and Security team is establishing data owners and retention policies for the range of information that we hold. Update reports on progress are provided to Summit Group and IT Sub-Committee on a regular basis.

Using a recognised Cyber security maturity model there is a dashboard being reported that shows, via a Red Amber Green status, 10 areas of focus to mitigate this risk with training, processes and tools being delivered that in combination will bring the risk to Amber as planned by end April and Green by July 2018.

CR19 – IT Service Provision (Current Risk: Amber – Decreasing)

Following the recent improvements to the corporate IT network and systems the risk score has been reduced to an amber 12. The work to upgrade the Wider Area Network (WAN) has started. Remediation work of IT communications rooms are almost complete and the Local Area Network (LAN) design and build is underway. It is likely that over the coming months the risk will be further mitigated to a green rating.

CR23 – Police Funding (Current Risk: Amber – no change)

The Commissioner and the Chamberlain have worked jointly on updating the medium financial plan. The plan shows an underlying annual deficit of around £4-5m. A balanced position for 2018/19 will be achieved by the utilisation of Police Reserves.

A Change Programme is being established to develop a revised Target Operating Model for CoLP to deliver greater effectiveness and financial stability. This will comprise a number of programme boards reporting to a Change Programme Oversight Group chaired by the Commissioner which then reports to Police Committee.

CHB FS001 – Value for Money (Current Risk: Amber – no change)

VFM challenge is now embedded in the business planning process with an annual self-assessment of performance on VFM from service departments. Feedback given from the pilot in DCCS will be used to provide guidance to support the process. The meeting to discuss this will be held in January.

The Chief Officer Peer Review process continues and is expected to complete by 31 March with outputs included in the business plans for departments, which are expected to show better alignment between activity and outcomes.

CHB FS004 – Management Information Provision (Current Risk: Amber – no change)

Good progress has been made in defining the scope of management information required and establishing delivery plans. Following a series of meetings with finance business partners across the organisation, management information requirements have been collected and are currently being assessed, prioritised and resourced before being fed into delivery workplans. Dashboards have been developed across consistent themes and in a house style and were included in Quarter 2 departmental business plan updates and further refined in Quarter 3. Financial information will be augmented by departmental specific metrics where desired.

Conclusion

5. Members are asked to note the actions taken to manage these departmental and corporate risks in relation to the operations of the Chamberlain's Department.

Appendices

- Appendix 1 Chamberlain's Department Detailed Risk Register

Background Papers

Monthly Reports to Finance Committee: Finance Committee Risk

Hayley Hajduczek

Chamberlain's Department

T: 020 7332 1033

E: hayley.hajduczek@cityoflondon.gov.uk

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Committee: Finance Committee	Dated: 23 January 2018
Subject: Central Contingencies	Public
Report of: Chamberlain	For Information
Report author: Philip Gregory	

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 to support humanitarian disaster relief efforts both nationally and internationally. This contingency had been exhausted by Autumn 2017.
3. At your Committee's December meeting Members agreed that a further £25,000 can be allocated to the National and International Disaster fund as an additional exigency sum, available to be accessed if another crisis was to occur before the end of March 2018.
4. The uncommitted balances that are currently available are set out in the table below. At the time of preparing this report there are no requests for funding elsewhere on the agenda.

2017/18 Contingencies – Uncommitted Balances at 12 January 2018				
	City's Cash £'000	City Fund £'000	Bridge House Estates £'000	Total £'000
General Contingencies	413	103	28	544
National and International Disasters	0	0	0	0
Uncommitted Balances	413	103	28	544
Requests for contingency allocations	0	0	0	0
Balances pending approval	413	103	28	544

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

Recommendation

6. 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

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