



Finance Committee

Date: TUESDAY, 13 NOVEMBER 2018

Time: 1.45 pm

Venue: COMMITTEE ROOMS - COMMITTEE ROOMS

Members:

Jeremy Mayhew (Chairman)	Gregory Lawrence
Deputy Jamie Ingham Clark (Deputy Chairman)	Tim Levene
Randall Anderson	Oliver Lodge
Nicholas Bensted-Smith	Paul Martinelli
Chris Boden	Deputy Robert Merrett
Deputy Roger Chadwick	Hugh Morris
Dominic Christian	Alderman Andrew Parmley
Simon Duckworth	Susan Pearson
Deputy Kevin Everett	William Pimlott
Sophie Anne Fernandes	Deputy Henry Pollard
John Fletcher	Alderman Matthew Richardson
Christopher Hayward	Ian Seaton
Christopher Hill	Sir Michael Snyder
Deputy Tom Hoffman	Deputy James Thomson
Alderman Robert Howard	James Tumbridge
Michael Hudson	Deputy Philip Woodhouse
Deputy Wendy Hyde	Deputy Catherine McGuinness (Ex- Officio Member)
Deputy Clare James	Andrew McMurtrie (Ex-Officio Member)
Alderman Alastair King	Deputy Alastair Moss (Ex-Officio Member)

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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 18 September 2018.
For Decision
(Pages 1 - 8)
4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**
Report of the Town Clerk.
For Information
(Pages 9 - 12)
5. **REPORT OF THE WORK OF THE SUB-COMMITTEES**
Report of the Town Clerk.
For Information
(Pages 13 - 14)
6. **REPORTING TIMETABLE**
Report of the Chamberlain
For Information
(Pages 15 - 16)
7. **CITY'S CASH FINANCIAL STATEMENTS 2017/18**
Report of the Chamberlain
For Decision
(Pages 17 - 24)
8. **CITY'S CASH TRUST FUNDS AND SUNDRY TRUST FUNDS ANNUAL REPORTS AND FINANCIAL STATEMENTS 2017/18**
Report of the Chamberlain
For Decision
(Pages 25 - 30)
9. **REVENUE BUDGET MONITORING TO SEPTEMBER 2018**
Report of the Chamberlain
For Information
(Pages 31 - 40)
10. **CHAMBERLAIN'S BUSINESS PLAN - 2ND QUARTER UPDATE**
Report of the Chamberlain
For Information
(Pages 41 - 48)

11. **CHAMBERLAIN'S DEPARTMENT RISK MANAGEMENT - QUARTERLY REPORT**
Report of the Chamberlain.

For Information
(Pages 49 - 60)
12. **IT DIVISION - QUARTERLY MEMBER UPDATE**
Report of the Chamberlain

For Information
(Pages 61 - 64)
13. **CENTRAL CONTINGENCIES**
Report of the Chamberlain.

For Information
(Pages 65 - 70)
14. **BREXIT CONTINGENCY FUNDING**
Report of the Chamberlain

To Follow

For Decision
15. **LONDON BUSINESS RATES 100% PILOT POOL: FINANCIAL ADMINISTRATION FOR STRATEGIC INVESTMENT POT**
Report of the Chamberlain

To Follow

For Decision
16. **LIVING WAGE ACCREDITATION - POTENTIAL ENHANCEMENTS**
Report of the Chamberlain

For Information
(Pages 71 - 78)
17. **REVIEW OF THE CITY OF LONDON POLICE AUTHORITY - RESOURCING & GOVERNANCE ARRANGEMENTS**
Joint Report of the Town Clerk and the Chamberlain

For Information
(Pages 79 - 84)
18. **INCENTIVISING EFFICIENT DEMAND MANAGEMENT - LEGAL SERVICES CHARGING**
Report of the Chamberlain

For Decision
(Pages 85 - 90)
19. **ANNUAL ON-STREET PARKING ACCOUNTS 2017/18 AND RELATED FUNDING OF HIGHWAY IMPROVEMENTS AND SCHEMES**
Report of the Chamberlain

For Information
(Pages 91 - 94)

20. **BUSINESS RATES UNCOLLECTABLE DEBT & WRITE-OFF REVIEW**
Report of the Chamberlain
For Decision
(Pages 95 - 100)
21. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Report of the Town Clerk.
For Information
(Pages 101 - 102)
22. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
23. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
24. **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

25. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes of the meeting held on 18th September 2018.
For Decision
(Pages 103 - 106)
26. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**
Report of the Town Clerk.
For Information
(Pages 107 - 108)
27. **WASTE COLLECTION, STREET CLEANSING AND ANCILLARY SERVICES - CONTRACT AWARD**
Joint Report of the Chamberlain and the Director of the Built Environment
For Decision
(Pages 109 - 130)
28. **HOUSING RESPONSIVE REPAIRS, MAINTENANCE AND VOIDS SERVICES CONTRACT AWARD**
Joint Report of the Chamberlain and the Director of Communities and Children's Services.
For Decision
(Pages 131 - 134)

29. **ADDITIONAL RESOURCES REQUEST FOR THE CITY SURVEYOR'S DEPARTMENT**
Report of the City Surveyor
For Decision
(Pages 135 - 138)
30. **BRIDGE HOUSE ESTATES: FRIARS HOUSE, 160 BLACKFRIARS ROAD - TWO NEW 150 YEAR LEASES**
Report of the City Surveyor
For Decision
(Pages 139 - 146)
31. **RENNIE GARDEN, BLACKFRIARS ROAD SE1 - LICENCE FOR WORKS & 150-YEAR LEASE (BRIDGE HOUSE ESTATES)**
Report of the City Surveyor
For Decision
(Pages 147 - 152)
32. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Report of the Town Clerk.
For Information
(Pages 153 - 156)
33. **NON-PUBLIC QUESTIONS ON MATTERS 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**

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FINANCE COMMITTEE

Tuesday, 18 September 2018

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 18 September 2018 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)	Michael Hudson
Deputy Jamie Ingham Clark (Deputy Chairman)	Deputy Wendy Hyde
Randall Anderson	Alderman Alastair King
Nicholas Bensted-Smith	Gregory Lawrence
Chris Boden	Hugh Morris
Deputy Roger Chadwick	Susan Pearson
Dominic Christian	Deputy Henry Pollard
John Fletcher	James de Sausmarez
Deputy Tom Hoffman	Deputy Philip Woodhouse

Officers:

John Cater	- Town Clerk's Department
Peter Kane	- Chamberlain
Christopher Bell	- Chamberlain's Department
Philip Gregory	- Chamberlain's Department
Phil Black	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Sean Green	- Chamberlain's Department
Peter Young	- City Surveyor's Department
Ian Dyson	- Commissioner of the City of London Police

1. APOLOGIES

Apologies for absence were received from Karina Dostalova, Simon Duckworth, Christopher Hayward, Alderman Robert Howard, Deputy Clare James, Tim Levene, Oliver Lodge, Paul Martinelli, Deputy Robert Merrett, Alderman Andrew Parmley, William Pimlott, Ian Seaton, Sir Michael Snyder, Deputy James Thomson and James Tumbridge.

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

There was one declaration of interest.

Jeremy Mayhew reminded Members that, in his position as the Chairman of the Finance Committee, he was a Director of City Re Limited (ITEM 14).

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes and summary of the meeting held on 24th July 2018 be approved as an accurate record.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

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

RESOLVED – That the Committee noted the report.

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

The Committee received a report of the Town Clerk which advised Members of the key discussions which had taken place during the recent meetings of the Corporate Asset Sub-Committee (5th September) and Efficiency & Performance Sub-Committee (11th September).

Nick Bensted-Smith, Chairman of the Corporate Asset Sub-Committee, reported that, among other issues, final scoping was taking place for the exterior works at the Mansion House; once this was done, consideration would turn to the potential of merging elements of the project with the refurbishment works at St Lawrence Jewry. An updated Report would be presented to Members at the Corporate Asset Sub-Committee meeting on 1st November, with a view to the Chairman of the Finance Committee then being able to present an update to the Court of Common Council on 6th December (the initial query concerning the exterior appearance of the Mansion House was raised at Court).

Jeremy Mayhew, Chairman of the Efficiency and Performance Sub-Committee, fed back on the Town Clerk's Corporate and Business Planning Report. the Chairman noted the following points:

- The paper summarised changes to the Business Planning cycle and contents.
- A set of common core indicators would be included in the Business Plans to allow cross-departmental comparisons and benchmarking, and views were sought on what E&P would like included.
- A verbal update on members' scrutiny of Business Plans was provided, following on from a discussion at the Chairman's Informal Supper in July, where it was agreed that taking these outside normal committee meetings would be helpful. The Corporate Strategy & Performance Team and Committee Clerks will contact chairmen to work out what would work best and put dates in diaries during November / December, so that finalised Business Plans can be brought to Committees for approval in the new year. It was agreed that where Business Plans are scrutinised by multiple Committees, one meeting be arranged for all relevant Committee members.

- E&P has asked for details of officers' Business Plan scrutiny processes to ensure that they are robust and wants to see Business Planning discussions inform prioritisation and resource allocation.

After outlining his concerns around housing related procurement issues, a Member asked for an update on the status of the Procurement Sub-Committee. The Chairman confirmed that the September meeting of the Sub-Committee had been cancelled due to limited business, and, suggested that the Member speak directly to the Chairman and Deputy Chairman of the Procurement Sub-Committee and key officers in the Procurement team to ensure that his concerns were addressed.

The Deputy Chairman of the Procurement Sub-Committee confirmed that discussions had been taking place between the Procurement team and the Department for Community and Children's Services on these housing issues; he would keep the Member informed going forward. The Chamberlain added that the problems identified were legacy issues, but that all officers were determined to resolve these as a matter of priority.

The Deputy Chairman of the Finance Committee added that, for future iterations of this report, it would be helpful to include reference to all Finance Sub-Committees, even if those Sub-Committees hadn't met over the previous month(s).

RESOLVED – That the Committee noted the report.

6. **CHAMBERLAIN'S KEY WORK STREAMS AND BUSINESS PLAN - UPDATE**

The Committee received a Report of the Chamberlain concerning the department's key workstreams and business plan.

A Member queried the London-wide Strategic Investment Pot (SIP) allocation criteria. The Chamberlain confirmed that the SIP prioritised bids which addressed cross-borough challenges. The Chairman asked the Chamberlain to follow up with the Member to discuss this issue further.

After a Member raised his concerns about in-year revisions to budgets, the Chairman reminded Members that he and the Chamberlain had outlined to senior officers, in unambiguous terms, that in-year revisions would, in general, not be approved; it was now incumbent upon Chief Officers to adhere to their original budgets by prioritising spend, unless there was an overriding reason why this was not possible.

A Member asked about the status of the bow-wave; the Chairman responded that the City has made financial provision and is tackling it more quickly than in previous years, and it was not now expected to grow in size (i.e. new items added to the list). He added that the main concern for the City Surveyor was around ensuring that a sufficient level of project management skills was in place to meet the challenge; this would become particularly acute as the very big projects came on stream over the next three years. The Chairman of the Corporate Asset Sub-Committee noted that the bow-wave had now plateaued

and expected it to come down over the medium term. He added that a thorough conversation on the bow wave had taken place at the last meeting of the Corporate Asset-Sub Committee on 5th September, focused on the Report: “Cyclical Works Programme (CWP) - Proposal for 2019-20”. The Chairman asked Officers to provide the Report to the Member after today’s meeting.

A Member queried the total for the latest round of PIP bids; officers responded that the final sum was £250,000; overall, £1.5m had been allocated since the introduction of the PIP in January 2018, and there were two more rounds to go in this financial year.

A Member noted that the invoice turnaround target (SME’s should be paid within 10 days) had improved by only 8% over the last year (from 72% to 80%), and asked whether this could be improved; the Chamberlain responded that the goal was to keep improving; it should also be noted, he stressed, that the target was an internal one and the legal obligation was 30 days.

The Chamberlain added that the top table on page 21 will be amended for future iterations of the Report to include more explanation.

Finally, Members commended the Report for its clarity.

RESOLVED – that the Committee noted the Report

7. **RISK MANAGEMENT - TOP RISKS**

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

Focusing on Risk, the Chairman raised the key points from the Commissioner of the City of London Police’s presentation to the Efficiency & Performance Sub-Committee on 11th September:

- Governance piece for the Police with Finance Committee’s role to be clarified and defined in the autumn.
- The Corporation is under-resourced in terms of how it supports the Police Committee, compared with how other authorities are supported across the UK.
- If the Police need new funding for emerging risks/opportunities, then bids will not be heard unsympathetically. The immediate priority is getting its current finances in order.
- £4-5m structural deficit is unsustainable. Officers and Members needed to find a way to close this gap. The Police Committee’s co-opted Member, Andrew Lentin, was concerned with the Deloitte efficiency findings; he was a lot more confident with the work around the Transform Programme.
- The Commissioner and Deputy Chairman of Police Committee (who was in attendance) were confident about hitting their savings targets for 2018/19.
- Members asked the Commissioner to return to the Sub-Committee in December to give greater clarity on the projections for FY2019/20 and

beyond - with doubts around the robustness of the Deloitte work, it was important to nail down the Police's baseline and scale of achievable efficiency savings.

RESOLVED – That the Committee noted the report.

8. **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 Chairman reminded Members and officers that the Finance Contingency Fund is the option of last resort. When sourcing funding for new projects, officers had to appreciate that resources are finite and should, in the first instance, look to manage and reprioritise their current commitments; in short, officers should always look to remain within their budget envelope. He added that adverse variances needed to be explained, but would not automatically receive censure if the reasons were sound.

The Chairman queried why Central Risk seemingly contained little flexibility. It was inevitable that unexpected events would occur from time-to-time, referencing the recent fire at Epping Forest as a case in point. He informed Members that the Chamberlain would be presenting a Report later this year on contingency funding.

RESOLVED – That the Committee noted the report.

9. **HOUSING DELIVERY - REQUEST FOR BUDGET**

The Committee considered a Report of the City Surveyor concerning housing delivery.

Members were of the view that the appropriate source of funding for the £100,000 was, in the first instance, the City Surveyor's local budget.

RESOLVED – that Members declined the request to source the funding from the Finance Committee's Contingency Fund.

10. **IRRECOVERABLE NON-DOMESTIC RATES**

The Committee considered a Report of the Chamberlain concerning irrecoverable non-domestic rates.

Members were keen to ensure that future iterations of this Report should include a section on lessons learnt.

In terms of the single ratepayer responsible for £1.76m of the total, whilst there were mitigating factors in bringing this specific case to conclusion, officers should in general, whenever possible, expedite these cases.

RESOLVED – that Members approved the write-off of irrecoverable non-domestic rates in the sum of £2,635,943 noting that £754,978 will be met by the

City Corporation and £22,965 from the premium. The debt relates to 33 companies and two individuals dating back to 2012.

11. 2017-18 CITY FUND AND PENSION FUND FINANCIAL STATEMENTS – AUDIT COMPLETION REPORT

The Committee received a Report of the Chamberlain concerning the audit completion report for the 2017-18 City Fund and the Pension Fund.

RESOLVED – that the Committee noted the Report

12. CITY PROCUREMENT QUARTERLY PROGRESS REPORT (SEPTEMBER 2018)

The Committee received a Report of the Chamberlain concerning City Procurement.

The Chamberlain noted the improvement since the introduction of the waiver danger campaign. Members were pleased with the decline in waivers and non-compliant waivers and encouraged the Chamberlain to keep up the good work.

RESOLVED – that the Committee noted the Report.

13. REVENUE OUTTURN 2017/18 - FINANCE COMMITTEE OPERATIONAL SERVICES

The Committee received a Report of the Chamberlain concerning the revenue outturn for 2017/18.

RESOLVED – that the Committee noted the Report.

14. CITY RE LIMITED - PERFORMANCE MONITORING

The Committee received a Report of the Chamberlain concerning City Re Limited.

RESOLVED – that the Committee noted the Report.

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

There were no questions.

16. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were three urgent items.

The October meeting of Finance Committee

The Chairman raised the possibility of cancelling the October meeting of the Committee due to the likelihood of limited business. The Chairman wanted to establish the timeline for the Report: “Review of the City of London Police Authority – Resourcing & Governance Arrangements”, as it was important to keep up momentum in this area. The Town Clerk and the Chamberlain would provide the Chairman with an update after today’s meeting. The Chairman proposed that, in the event of cancellation, any decisions for Finance Committee in the Report could be delegated to the Town Clerk, in consultation

with the Chairman and Deputy Chairman of the Finance Committee, so as to maintain progress. Members agreed to delegate the decision. The Town Clerk would be in touch with Members with an update in due course.

Reporting Schedule

The Deputy Chairman suggested that future agendas should include a standalone item focusing on the high-level departmental reporting schedule; this would give Members a helpful overview of what to expect throughout the year.

Karen Moorhouse

On behalf of the Committee, the Chairman offered many congratulations to Karen Moorhouse, Commercial Contract Manager in the Procurement Team, who was recognised as the Chartered Institute of Procurement and Supply's (CIPS) Young Procurement Professional of the Year during last week's Supply Management Awards. Karen was commended by the judges on her "mature and inclusive approach, raising the profile of procurement. Karen is an excellent role model for rising procurement stars". The Chairman commended Karen, and noted it was further recognition for the City of London Corporation's transformed City Procurement service.

17. **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.
18. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
The non-public minutes of the meeting held on 24th July were approved as an accurate record.
19. **NON-PUBLIC APPENDICES TO ITEM 9.**
20. **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.
21. **WOODREDON ESTATE PROPERTIES - DISPOSAL OF WOODREDON HOUSE, THE COACH HOUSE, THE LODGE & LAUNDRY COTTAGE**
The Committee considered a Report of the City Surveyor concerning Woodredon Estate properties.

22. PROVISION FOR BAD DEBT

The Committee received a Report of the Chamberlain concerning Bad Debt.

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

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

24. 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.

25. 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 3.00 pm

Chairman

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Finance Committee – Outstanding Public Actions

Item	Date	Item and Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
1	24 th July 2018	<p><u>ITEM 5 - Chamberlain's Department Risk Management – Quarterly Report</u> In noting that senior officers had proposed that CR25 (GDPR) be closed and any outstanding mitigations and actions be absorbed into the IT Security risk, some Members expressed concern about the risk being closed due to the continued high profile of GDPR's introduction, and Mazars' audit report which was anticipated in September. It was felt that, subject to receipt of the necessary assurances later in the year, the risk could then be closed.</p>	Sean Green, the Comptroller	November 2018	The Risk remains open and will be reviewed for closure in November 2018
2	24 th July 2018	<p><u>ITEM 6 - 2017/18 City Fund and Pension Fund Financial Statements – Police Function</u> The Chairman informed Members that the Town Clerk had sent a note to the Commissioner outlining proposals for the future relationship; a Report will be circulated to the Finance Committee in due course specifically focusing on Finance Committee's function in this context.</p>	The Town Clerk & Chamberlain	November 2018	Report submitted to November meeting

Item	Date	Item and Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
3	18 th September 2018	<p><u>Mansion House</u> Nick Bensted-Smith, Chairman of the Corporate Asset Sub-Committee, reported that, among other issues, final scoping was taking place for the exterior works at the Mansion House; An updated Report would be presented to Members at the Corporate Asset Sub-Committee meeting on 1st November, with a view to the Chairman of the Finance Committee then being able to present an update to the Court of Common Council on 6th December (the initial query concerning the exterior appearance of the Mansion House was raised at Court).</p>	The City Surveyor & Town Clerk	Nov/Dec 2018	Report submitted to CASC in November, update is being planned for Court in December
4	18 th September 2018	<p><u>Business Plans</u> A verbal update on members' scrutiny of Business Plans was provided, following on from a discussion at the Chairman's Informal Supper in July, where it was agreed that taking these outside normal committee meetings would be helpful. The Corporate Strategy & Performance Team and Committee Clerks will contact chairmen to work out what would work best and put dates in diaries during November / December, so that finalised Business Plans can be brought to Committees for approval in the new year. It was agreed that where Business Plans are scrutinised by multiple Committees, one meeting be arranged for all relevant Committee members.</p>	Kate Smith	Nov/Dec/Jan	Following discussions at the E&P November meeting, the format of these meetings are still be to refined – update to be provided by Corporate Strategy and Performance Team at November Finance Committee

Item	Date	Item and Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
5	18 th September 2018	<u>Contingency Funding Strategy</u> The Chairman queried why Central Risk seemingly contained little flexibility. It was inevitable that unexpected events would occur from time-to-time, referencing the recent fire at Epping Forest as a case in point. He informed Members that the Chamberlain would be presenting a Report later this year on contingency funding.	Philip Gregory, Caroline Al-Beyerty	Nov/Dec 2018	Report to be submitted to December FC
6	18 th September 2018	<u>Reporting Schedule</u> The Deputy Chairman suggested that future agendas should include a standalone item focusing on the high-level departmental reporting schedule; this would give Members a helpful overview of what to expect throughout the year.	Chamberlain	November	Reporting schedule submitted

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Committee: Finance Committee	Date: 13 November 2018
Subject: Public Report of the work of the Sub-Committees	Public
Report of: Town Clerk	For Information
Report author: John Cater, 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. This report sets out some of the main public issues considered by the following Sub Committees since 18th September 2018:

Corporate Asset Sub Committee – 1st November 2018

Verbal Report of the Chairman

Information Technology Sub Committee – 2nd November 2018

Verbal Report of the Chairman

Efficiency & Performance Sub Committee – 5th November 2018

Verbal Report of the Chairman

Procurement Sub Committee – 7th November 2018

Verbal Report of the Chairman

To note Finance Grants Oversight & Performance Committee meets at the rising of the Finance Committee on 13th November.

Recommendations

The Committee is asked to note these verbal updates.

John Cater

Senior Committee Services Officer, Town Clerk's Department

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Agenda Item 6

Committee(s): Finance Committee – For Information	Date(s): 13/11/2018
Subject: Timetable for Core Financial Reporting to Finance Committee	Public
Report of: Chamberlain	For Information
Report author: Philip Gregory, Financial Services Division	

Summary

At your last Committee member requested a timetable of the core financial reports the Committee will be receiving over the next year. The table below sets out this timetable as currently envisage although this could be subject to change.

Month	Key Financial Reports
2018	
November	2017/18 City's Cash Financial Statements 2017/18 City's Cash Trust Funds and Sundry Trust Funds Annual Reports and Financial Statements 2018/19 Q2 Quarterly Monitoring Report for the Corporation Risk Management – Top Risks
December	Autumn Budget 2018
2019	
January	Provisional Financial Settlement for Local Government and the Police Proposed Revenue and Capital budget for Finance Committee Operational Services 2019/20 Proposed 2019/20 Revenue budget for City Bridge Trust Bridge House Estates Strategic Review Fund Risk Management – Top Risks Review
February	2019/20 City Fund Budget Report and Medium-Term Financial Strategy

	Revenue and Capital Budgets 2018/19 and 2019/2020 Q3 Quarterly Budget Monitoring
March	No core reports scheduled
April	Final Departmental Business Plan 2019/20 – Chamberlain's Department Risk Management – Top Risks Review
May	2018/19 Business Plan End of Year Update
June	Draft 2018/19 City Fund and Pension Fund Statement of Accounts
July	2018/19 Provisional Outturn Report 2019/20 Q1 Quarterly Monitoring Report
August	Recess
September	Risk Management – Top Risks 2018/19 City Fund and Pension Fund – Audit Completion Report Revenue Outturn 2018/19 – Finance Committee Operational Services 2018/19 Capital Outturn Report
October	No core reports scheduled

Recommendation(s)

Members are asked to:

- Note the report.

Philip Gregory

Deputy Director, Financial Services
Chamberlain's

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Committee(s):	Date(s):	Item no.
Audit and Risk Management Committee Finance Committee	6 November 2018 13 November 2018	
Subject: City's Cash Financial Statements 2017/18		Public
Report of: The Chamberlain		For Decision
Report Author: Philip Gregory, Deputy Director, Financial Services		
<p>Summary</p> <p>The Annual Report and Financial Statements for City's Cash for the year ended 31 March 2018 are attached at Annex 2 for approval.</p> <p>The external auditor, Moore Stephens LLP is intending to issue an unqualified audit opinion and their report, including recommendations, is attached at Annex 3. No accounting changes have been identified from the audit.</p> <p>The key points in the financial statements are:</p> <ul style="list-style-type: none"> • a net surplus of £72.3m which includes gains in fair value on property investments of £81.0m and non-property investments of £17.7m (<i>these figures can be seen in the Consolidated Statement of Comprehensive Income on page 15</i>); • total net assets of £2,611.5m, an increase of £91.5m (3.6%) since last year. The net asset position is after deducting the total pensions liability of £291.0m (<i>the £91.5m is shown in the Consolidated Statement of Changes in Equity on page 17</i>); • there are two financial commitments relating to City's Cash that are disclosed in the notes to the financial statements: <ol style="list-style-type: none"> 1. the potential contribution of £50m from City's Cash towards the Crossrail Project (<i>page 57</i>); and 2. £18.9m relating to the purchase of the freehold of an operational property (<i>page 57</i>). This commitment was paid in full in October 2018 (<i>page 61</i>). • premiums of £23.0m were received in 2017/18 (<i>para 6 of this report</i>). 		

Recommendations

The Audit and Risk Management Committee is requested to:

- consider the contents of the Audit Management Report issued by Moore Stephens LLP; and
- recommend approval of the City's Cash Financial Statements for the year ended 31 March 2018 to the Finance Committee.

The Finance Committee is requested to:

- consider the contents of the Audit Management Report issued by Moore Stephens LLP;
- approve the City's Cash Financial Statements for the year ended 31 March 2018 taking account of any observations from the Audit and Risk Management Committee; and
- agree that the Financial Statements are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.

Main Report

Introduction

1. The 2017/18 Annual Report and Financial Statements for City's Cash are attached at Annex 2 for approval. A complete draft of the 2017/18 Annual Report and Financial Statements was presented to the external auditor, Moore Stephens LLP in accordance with the agreed closing timetable on the 17th of August 2017 and the audit commenced as arranged on the 20th of August 2017.
2. Moore Stephens LLP intends to give an unqualified opinion on the City's Cash Financial Statements and has issued the Audit Management Report set out in Annex 3. We are very pleased to report that no accounting changes were required to the financial statements.
3. The Audit Management Report will be distributed to all Members of the Court of Common Council for information. Representatives from Moore Stephens LLP will be in attendance at the Audit and Risk Management Committee to present their report and to clarify any points or issues.
4. The report from Moore Stephens LLP notes in section 6 that no accounting system or internal control weaknesses were identified in 2017/18. However, section 7 shows six recommendations were made in the prior year 2016/17, of which 3 have been fully implemented in 2017/18 and 3 where implementation will be completed in 2018/19.

5. The Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts met on 1 October 2018 to review the processes adopted by Moore Stephens LLP and the Panel intends to certify that those processes were in accordance with the prescribed auditing standards.

Significant items in the financial statements – Statement of Financial Position

Premiums received for long leases

6. During 2017/18 lease premia totalling £23.0m were received in respect of leases granted by the City on investment property land. As land generally has an indefinite life (i.e. the risks and rewards of ownership are shared with the City as lessor) they have been classified as operating leases and, in accordance with FRS102, the premia have been treated as deferred income to be released to revenue over the lease lives which range from 150-200 years.

Finance lease

7. A new leasehold investment property acquired during the year has been classified as a finance lease arising from a £2.4m obligation to pay the lessor. Payments will be made over the term of the lease to meet the costs of the long-term liability and the finance costs payable.

Impairment of heritage asset

8. During the year a painting in the City's art collection was identified as having been stolen by the Nazis during world war two. The City returned the painting to members of the original owner's family during the year and the painting's carrying value of £1.2m has been treated as an impairment.

Significant items in the financial statements – disclosure notes (pages 28 to 61)

Financial Commitments:

9. Contribution to Crossrail - the potential contribution of £50m from City's Cash towards the Crossrail Project has been disclosed as a financial commitment in both the annual report and the notes to the financial statements. The reason for this treatment, rather than the inclusion of a long-term liability on the balance sheet, is that the arrangement with Crossrail is considered to be an executory contract (i.e. a contract made by two parties in which the terms are set to be fulfilled at a later date - both sides still have duties to perform before it becomes fully executed). Subject to completion of the works, the contributions could be made in two equal instalments of £25m in 2018/19 and 2019/20.
10. Purchase of the freehold of an operational property - at the balance sheet date this was recognised as a contractual capital commitment of £18.9m but not provided for and was disclosed in note 20 on page 57. The purchase was completed in October 2018 with a final payment of £18.9m.

Subsequent Events:

11. Vote to leave the European Union - as stated in the annual report and the notes to the financial statements, there are risks to City's Cash from the vote to leave the EU. In particular, the future levels of demand for office accommodation in the City and surrounding areas and the consequential impacts on rent incomes. A

close watching brief continues to be kept on this and other implications as events unfold with financial forecasts being refreshed when the picture becomes clearer.

12. As noted at para 10 above, a commitment at the balance sheet date of £18.9m for the purchase of an operational building was settled in full in October 2018.

Key highlights from the financial statements

Consolidated Statement of Comprehensive Income

Comparison with Previous Year

13. The Consolidated Statement of Comprehensive Income for the year ending 31 March 2018 shows a net surplus of £72.3m, £153.3m lower than in the previous year, as summarised in the following table. The operating deficit, before gains and losses in the fair value of investments, is £10.3m higher as shown:

	31/3/18 £m	31/3/17 £m	Variance £m
Operating surplus/(deficit) before gain/(loss) in fair value of investments	(25.1)	(14.8)	(10.3)
Gain in fair value of property investments	81.0	122.2	(41.2)
Gain/(loss)/ in fair value of non-property investments	17.7	121.8	(104.1)
Operating surplus	73.6	229.2	(155.6)
Profit on sale of fixed assets	7.5	4.7	2.8
Net financing income / (costs) attributable to the pension schemes	(7.6)	(8.3)	0.7
Impairment of heritage assets	(1.2)	-	(1.2)
Surplus for the year	72.3	225.6	153.3

14. The unfavourable movement in the operating deficit for the year of £10.3m (from £14.8m in the prior year to £25.1m) is largely due to:

- net pension scheme costs increasing by £4.5m, from £3.6m in 2016/17 to £8.1m in 2017/18, due to an increase in current service costs of £7.3m, from £13.3m in 2016/17 to £20.6m in 2017/18, which are calculated using an estimate of the average total pensionable pay during the year. This was partly offset by an increase in employer contributions of £2.7m, from £10.0m in 2016/17 to £12.7m in 2017/18. This is attributable to a rise in the percentage of the employer contribution from 17.5% in 2016/17 to 21.0% in 2017/18;

- net expenditure on education increasing by £2.2m, mainly due to one-off income in the prior year 2016/17 from an insurance claim for fire damage;
- net expenditure on grants and other activities increasing by £2.1m largely due to works on the site of Smithfield Market and Annexe to facilitate the relocation of the Museum of London;
- net expenditure on open spaces being £1.7m higher mainly due to increased spending on repairs and maintenance across the open spaces and funding towards the Kenley Revival Project;
- net expenditure on City representation increasing by £1.0m due to repairs and maintenance works at Mansion House and on the Lord Mayor's coach, and costs incurred reorganising the operation of the Mansion House and Central Criminal Court;
- net expenditure on Economic Development increasing by £0.8m due to the City of London Corporation strengthening its support and promotion of the City in what is an increasingly complex and competitive environment, with new opportunities and challenges;
- net expenditure on markets increased by £0.8m largely due to higher premises costs, principally energy and rates, and costs incurred undertaking a Strategic Review of the Markets.

Partly offset by:

- net income from property investments increasing by £3.2m, from £47.2m in 2016/17 to £50.4m in 2017/18 due to increased rental income arising from the completion of rent reviews and new lettings during the year.

Comparison with Budget

15. The financial statements and the budget are not directly comparable due to differences in the way in which the two documents are constructed*. However, compared to a budgeted net deficit of £32.4m as detailed in Annex 1, the outturn on a like for like basis is a net deficit of £19.3m, a favourable movement of £13.1m.

* the budget includes the draw-down from non-property investments, whereas the Consolidated Statement of Comprehensive Income (CSoCI) does not as this is a transfer between investments and cash, however, the CSoCI includes the movements in fair value of investments but the budget does not account for such movements in the market value of assets. The budget also does not include accounting adjustments for holiday pay accruals and pension scheme actuarial gains or losses.

16. The budget and outturn can also be analysed on a Committee basis as shown in Annex 1.
17. The net £13.1m better than budget position includes:
- £5.5m cash limited local risk budget favourable movement, comprising:
 - £2.9m reduction in operating costs across services;
 - £2.4m additional income at GSMD from hire of facilities and government grants totalling £3.1m, partly offset by additional costs of £0.7m;
 - £0.2m additional income from increased hire higher of facilities at the Mansion House;
 - £3.3m supplementary projects re-phased to 2018/19;
 - £2.6m of central contingencies not required;
 - £2.2m lower recharges as central costs have reduced; and
 - £2.0m higher investment property rental income.
18. In accordance with the City's budget management arrangements, requests for the carry forward of City's Cash local risk resources totalling £0.550m have been agreed by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub-Committee. In addition, £3.3m of projects and works programmes have slipped and/or been re-phased to 2018/19. These carry forwards and re-phased projects will increase the call on City's Cash reserves in 2018/19.

Consolidated Statement of Financial Position

19. City's Cash net assets total £2,611.5m at 31 March 2018 compared to £2,520.0m a year earlier reflecting the £91.5m total gain recognised for the year as set out below.

Changes in Equity	31/3/18 £m	31/3/17 £m	Variance £m
Surplus for the financial year	72.3	225.6	(153.3)
Unrealised gains/(losses):			
(Loss)/gain on revaluation of non-property investments	0.3	3.5	(3.2)
Actuarial gain/(loss) on defined benefit pension schemes	18.9	(38.1)	57.0
Net increase in funds	91.5	191.0	(99.5)

Approval of the Financial Statements

20. The Chairman and Deputy Chairman of the Finance Committee will be requested to approve and sign the financial statements on behalf of the Court of Common Council.

Annexes

Annex 1 – City’s Cash - comparison of outturn with budget

Annex 2 – Annual Report and Financial Statements of City’s Cash

Annex 3 – Moore Stephens Audit Management Report

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City's Cash - Comparison with Budget

City's Cash Outturn 2017/18			
	Budget	Outturn	Variation Better/ (Worse)
	£m	£m	£m
1. Net expenditure on services	(83.6)	(69.4)	14.2
2. Supplementary revenue projects	(11.3)	(10.7)	0.6
3. Estate rent income	58.0	60.1	2.1
4. Non-property investment income (net)	1.2	0.9	(0.3)
5. Interest on balances	0.3	(0.2)	(0.5)
6. Operating deficit	(35.4)	(19.3)	16.1
7. Profit on asset sales	3.0	0.0	(3.0)
8. (Deficit) Surplus (from) to reserves	(32.4)	(19.3)	13.1

City's Cash - Comparison with Budget on a Committee Basis

2017/18 Budget v Outturn – City's Cash Summary by Committee					
Committee	Budget Net	Outturn	Variation Better / (Worse)		
			Total	Local Risk	Central Risk/ Support Services
	£m	£m	£m	£m	£m
Culture, Heritage & Libraries	(0.4)	(0.4)	-	-	-
Education Board	(1.3)	(1.3)	-	-	-
Finance	(23.4)	(15.2)	8.2	0.4	7.8
G.P Committee of Aldermen	(3.8)	(3.5)	0.3	0.4	(0.1)
Guildhall School of Music and Drama	(11.3)	(11.2)	0.1	-	0.1
Markets	(0.6)	(0.2)	0.4	0.4	-
Open Spaces :- Open Spaces Directorate	-	-	-	0.1	(0.1)
Epping Forest and Commons	(7.4)	(7.6)	(0.2)	-	(0.2)
Hampstead, Queen's Park and Highgate	(7.9)	(7.6)	0.3	0.4	(0.1)
Bunhill Fields	(0.4)	(0.3)	0.1	0.1	-
West Ham Park	(1.2)	(1.2)	-	-	-
Policy and Resources	(16.0)	(14.9)	1.1	-	1.1
Property Investment Board	46.6	49.0	2.4	(0.2)	2.6
Schools :- City of London School	(1.6)	(1.6)	-	-	-
City of London Freeman's School	(1.8)	(1.5)	0.3	0.1	0.2
City of London School for Girls	(1.9)	(1.8)	0.1	0.1	-
(Deficit) Surplus (from) to reserves	(32.4)	(19.3)	13.1	1.8	11.3

Committees:	Dates:	Item no.
Audit and Risk Management Committee	6 November 2018	
Finance Committee	13 November 2018	
Subject:		Public
City's Cash Trust Funds and Sundry Trust Funds Annual Reports and Financial Statements 2017/18		
Report of:		For Decision
The Chamberlain		
Report Author:		
Philip Gregory, Deputy Financial Services Director		

Summary

This report seeks approval for:

- the Annual Reports and Financial Statements for the City's Cash Trust Funds (not City's Cash itself which will be covered under a separate report) for the year ended 31 March 2018, these are listed at Annex 1 and have been placed in the Members' Reading Room; and
- the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2018, these are listed at Annex 2 and have also been placed in the Members' Reading Room.

Moore Stephens LLP is intending to issue an unqualified audit opinion and their report, including recommendations, is attached at Annex 3. No accounting changes have been identified from the audit.

The financial statements of City's Cash Trust Funds and the Sundry Trusts for the year ended 31 March 2018 have been prepared in accordance with the Charities Statement of Recommended Practice (SORP) in accordance with the Financial Reporting Standard 102 (FRS 102).

The City's Cash Trust Funds held total funds of £61.6m as at 31 March 2018, which is the same amount as a year earlier (*paragraphs 5 to 8*).

The Sundry Trust Funds held total funds of £57.7m as at 31 March 2018, an increase of £1.1m (1.9%) from a year earlier (*paragraph 9*).

In 2017/18 an adjustment was made to the accounting treatment of a social housing grant for £1.3m received by the City of London Almshouses Trust. In prior years this was treated as a liability on the basis that social housing grants are repayable under certain circumstances, primarily following the sale of a property. However, under the Charities SORP this income has now been recognised (*paragraph 11*).

Recommendations

The Audit and Risk Management Committee is requested to:

- consider the contents of Moore Stephens LLP Management Letter; and
- recommend approval of the Annual Reports and Financial Statements for City's Cash Trust Funds and the Sundry Trust Funds for the year ended 31 March 2018 to the Finance Committee.

The Finance Committee is requested to:

- consider the contents of Moore Stephens LLP Management Letter;
- approve the Annual Reports and Financial Statements for City's Cash Trust Funds and the Sundry Trust Funds taking account of any observations from the Audit and Risk Management Committee; and
- agree that the Annual Reports and Financial Statements are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.

Main Report

Introduction

1. The 2017/18 Annual Report and Financial Statements for City's Cash Trust Funds (not City's Cash itself which will be covered under a separate report) and the Sundry Trust Funds have been placed in the Members' Reading Room and are listed at Annexes 1 and 2 respectively.
2. The draft 2017/18 Annual Reports and Financial Statements for the Sundry Trust Funds and the City's Cash Trusts Funds were presented to the external auditor, Moore Stephens LLP, in accordance with the agreed timetable on the 2nd of July and 9th of July respectively. The audits commenced on 16 July and 10 July respectively and no accounting changes have been identified.
3. The external auditor intends to give an unqualified opinion on the Annual Reports and Financial Statements of City's Cash Trust Funds and the Sundry Trust Funds and has issued the Audit Management Report set out in Annex 3. The Audit Management Report will be distributed to all Members of the Court of Common Council for information. Representatives from Moore Stephens LLP will be in attendance at the Audit and Risk Management Committee to present their report and to clarify any points or issues.
4. The report from Moore Stephens LLP notes in section 6 that no accounting system or internal control weaknesses were identified in 2017/18. However, section 7 shows six recommendations were made in the prior year 2016/17, of which with 3 have been fully implemented in 2017/18 and 3 where implementation will be completed in 2018/19.

5. The Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts met on 26 September 2018 to review the processes adopted by Moore Stephens LLP and the Panel intends to certify that those processes were in accordance with the prescribed auditing standards.

City's Cash Trust Funds

6. The City's Cash Trust Funds comprise seven open space charitable funds and the Sir Thomas Gresham Trust Fund as listed in Annex 1.
7. These Trusts ended the year with net outgoing resources of £0.4m (2016/17: net incoming resources of £6.6m) which comprised the following:
 - Incoming resources of £21.6m:
 - funding from the City of London totalling £16.0m (2016/17: £21.2m) and;
 - income of £5.6m (2016/17: £5.6m) from investments and charitable and voluntary sources;
 - Resources expended of £22.0m:
 - charitable expenditure of £21.8m (2016/17: £20.0m) on the running of the open spaces and Gresham Almshouses; and
 - support services costs of £0.2m (2016/17: £0.2m).
8. Managed investments, held mainly by Hampstead Heath, benefitted from an unrealised net gain in market value of £0.4m (2016/17: net gain of £3.5m).
9. At 31 March 2018, City's Cash Trust Funds held total reserves of £61.6m (2016/17: £61.6m) which represents no change compared to a year earlier.

Sundry Trust Funds

10. The Sundry Trust Funds comprise the separate charitable funds listed at Annex 2. Excluding the Charities Pool (which is an investment vehicle for the other charities), the remaining 19 Trusts:
 - received income of £3.4m (2016/17: £3.9m) of which £2.1m was from investments (2016/17: £2.2m);
 - had unrealised gains of £0.6m from managed investments (2016/17: £5.7m gains);
 - incurred charitable expenditure of £2.7m (2016/17: £3.3m) including:
 - £1.1m towards the running costs of Hampstead Heath (2016/17: £1.2m);
 - £0.8m (2016/17: £1.4m) comprising 275 grants and 47 bursaries paid to individuals or organisations (2016/17: 526 grants and 44 bursaries);

- £0.5m towards the running costs of Keats House (2016/17: £0.4m); and
 - £0.3m towards the running costs of the City of London Almshouses (2016/17: £0.3m);
- incurred governance and administration costs of £0.2m mainly due to fund manager costs (2016/17: £0.2m); and
 - held total funds of £57.7m as at 31 March 2018 (2016/17: £56.6m), an increase of £1.1m (1.9%) from a year earlier.
11. In 2017/18 an adjustment was made to the accounting treatment of a social housing grant for £1.3m paid to the City of London Almshouses Trust, which was received from the Housing Corporation in the 1980s for the development of the City of London Almshouses. In prior years this sum had been treated as a liability on the basis that social housing grants are repayable under certain circumstances, primarily following the sale of a property. However, under the charities SORP (FRS 102) and based on the terms of the grant, the income has now been recognised and an adjustment has been made resulting in the removal of the liability and a credit to restricted endowment funds.

Approval of the Financial Statements

12. The Chairman and Deputy Chairman of the Finance Committee will be requested to approve and sign the financial statements on behalf of the Court of Common Council.

Annexes

Annex 1 – List of City’s Cash Trust Funds

Annex 2 – List of Sundry Trusts

Annex 3 – Moore Stephens Audit Management Report

Contacts

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CITY'S CASH TRUST FUNDS

Open Spaces

Ashtead Common

Burnham Beeches

Epping Forest

Hampstead Heath

Highgate wood and Queen's Park Kilburn

West Ham Park

West Wickham Common and Spring Park Wood, Coulsdon and Other Commons

Sir Thomas Gresham Charity

Keats House

SUNDRY TRUSTS AND OTHER ACCOUNTS

Banking and Investments

Corporation of London Charities Pool

Open Spaces

Hampstead Heath Trust

King George's Field

Books and Libraries

Guildhall Library Centenary Fund

Education

City Educational Trust Fund

The City of London Corporation Combined Relief of Poverty Charity

City of London School Education Trust

Charities Administered ICW The City of London Freemen's School

City of London School Bursary Fund

City of London School for Girls Bursary Fund

City of London Freemen's School Bursary Fund

The City of London Corporation Combined Education Charity

Other Trusts and Funds

Emanuel Hospital*

Sir William Coxen Trust Fund*

Signore Pasquale Favale Bequest

Wilson's Loan Trust*

Vickers Dunfee Memorial Benevolent Fund *

City of London Almshouses

The Ada Lewis Winter Distress Fund

Committee:	Dated
Finance Committee	13 November 2018
Subject: Revenue Budget Monitoring to September 2018	Public
Report of: Chamberlain	For Information
Report author: Philip Gregory, Deputy Financial Services Director	

Summary

The overall forecast year end position at quarter two is £2.8m better than budget. This comprises a favourable variance of £3.4m on Central Risk Corporate Income Budgets partially offset by an adverse variance of £0.6m on Chief Officer Cash Limited Budgets.

Chief Officer Cash Limited Budgets

The year end forecast at quarter two is £0.6m (0.3%) worse than the latest approved budget of £219.6m and represents a minor improvement of £0.1m compared to the forecast position at quarter one.

The key cause is in relation to City Surveyor budget pressures where an adverse variance of £1.7m is forecast for year end. Of this sum the City Surveyor has already made requests for extra budget for the £515k cost of maintaining the additional asset identified in the recent asset verification exercise and additional security costs of £150k as a result of the change to the business model. These are currently going through the Committee process. In addition £200k of the overspend relates to the 30% increase in energy costs from 1st October under the new corporate energy contract. After allowing for these sums the underlying overspend is of the order of £835k which the City Surveyor is seeking to address. Members should also note that the total City Surveyor's overspend is more than offset by the additional rental income he is forecasting to generate this year on central risk.

Central Risk Budgets - Corporate Income Budgets

Forecast property investment income is anticipated to be better than budget by £3.9m (3%) which compared to the forecast at quarter one represents a favourable movement of £2.3m. Whilst interest earnings are forecast to be £0.5m (8%) below the budget of £5.9m at year end.

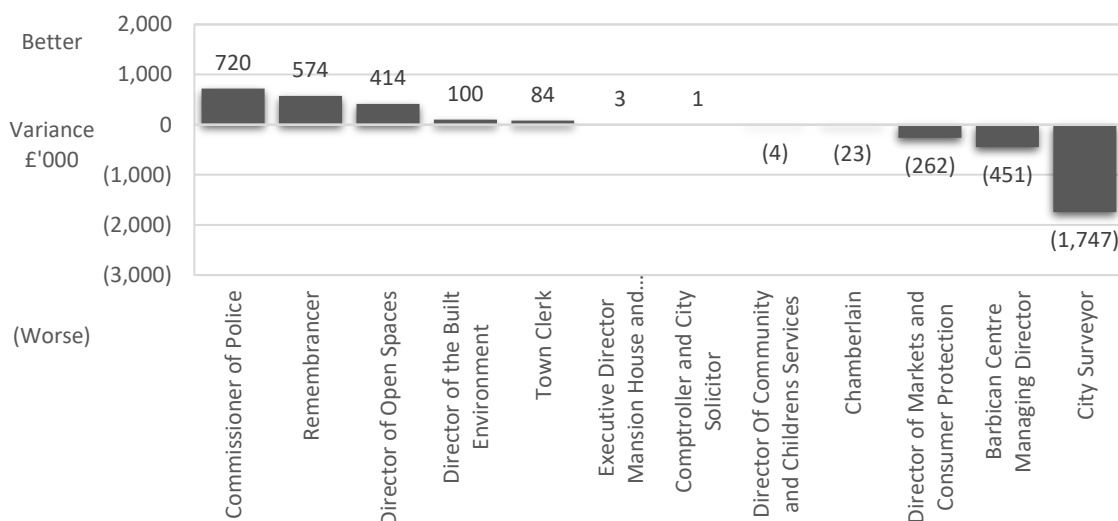
Recommendation

Members are asked to note the report.

Main Report

Chief Officer Cash Limited Budgets

- The year end forecast is £0.6m worse than the latest approved budget of £219.6m. Chief Officer variances against net local risk budgets are shown in the chart below. This represents a minor improvement of £0.1m compared to the forecast position of £0.7m at the end of quarter one. Appendix 1 provides a comparison to the previous quarter for Chief Officers by Fund.



- The forecast comprises an adverse variance of £3.7m against budgeted expenditure of £478.3m partially offset by a favourable variance of £3.1m against budgeted income of £258.7m. As requested by Members, Appendix 2 provides an analysis of Chief Officer variances by income and expenditure. Key variances are addressed in the following paragraphs.
- The latest approved budget of £219.6m includes in year budget changes which have increased the original budget of £210m by £9.6m as detailed below. The forecast variance against original budget is £10.2m adverse.

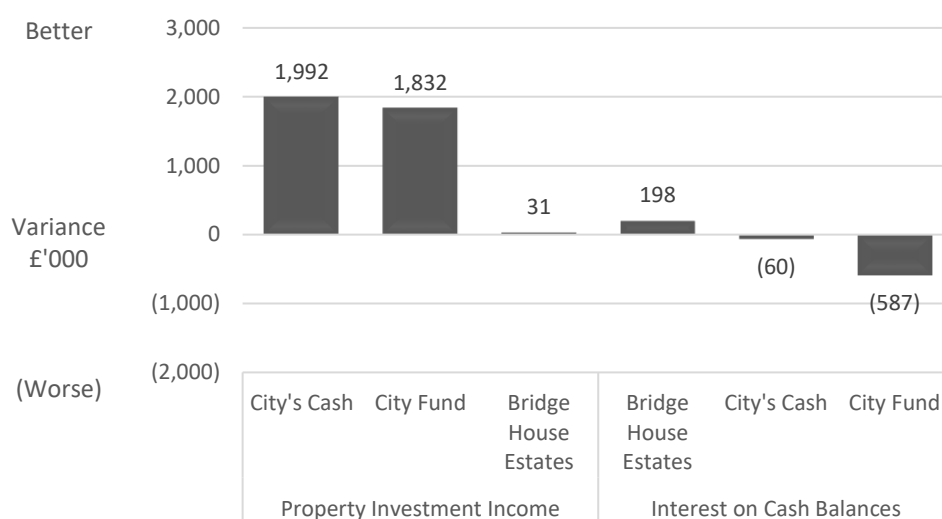
Approved Budget Changes		£'000	£'000
Original Local Risk Budget			(209,991)
Approved Local Risk Carry forwards		(3,418)	
Adjustment for Inflation		(1,911)	
Adjustments for Smithfield Service Charges		(847)	
Additional resources for Strategic Properties		(808)	
Adjustment for Unidentified Budget Savings		(728)	
Reallocation to/from central risk		641	
Additional resources for Brussels Office		(572)	
Additional resources for Staff Holiday Pay		(476)	
Additional resources for Priorities Investment Pot		(455)	
Adjustments for Efficiency Savings		(424)	
Additional resources for Assistant Property Facility Management posts		(300)	
Additional resources for security post		(124)	
Allocations from contingencies		(85)	
Other minor adjustments		(97)	
			(9,604)
Latest Local Risk Budget			(219,595)

4. At the end of the first quarter the Police forecast an on budget position which has improved to a favourable position of £0.7m at quarter two. This is predominantly due to continued vacant posts which are expected to be filled by November 2018. The Action Fraud service went live in October 2018 which will be followed by commercial negotiations with the supplier. The budget for the service is being redrafted now that the service is live and will be presented to Police Committee in December 2018. The current forecast includes a £3.2m drawdown from reserves to fund Action Fraud service costs.
5. Income from Guildhall lettings for the Remembrancer is forecast to be £0.9m by year end due to an increased number of event bookings and represents an improved position of £0.6m compared to the on budget position forecast at quarter one.
6. Open Spaces income is forecast to be £0.4m above target at year end. The Superintendent expects income at the Cemetery to be £5.3m giving a surplus of £0.5m, whilst income at the Monument continues to underperform leading to an anticipated shortfall of £0.1m by year end.
7. A year end favourable variance of £0.1m is forecast for the Director of Built Environment. This comprises salary savings of £0.4m for Building Control and Transportation Planning due to delays in staff recruitment partially offset by £0.2m of additional expenditure for one off projects.
8. The Director of Markets is forecasting a overspend of £0.3m as a result of increased volume of inquests of the Coroner's Office and additional rates bill due to the occupation of a larger area for Smithfield Market.
9. Due to Community and Childrens services changes in client circumstances, the anticipated £0.4m underspend forecast at the end of the first quarter is no longer expected, with an on budget position forecast at quarter two. This comprises additional expenditure on drug misuse and adult and community learning services, offset by higher than budgeted apprenticeship levy income and drawdown from Public Health reserves.
10. The Barbican Centre are forecasting an unfavourable variance of £0.5m at year end. Income is anticipated to be below budget by £1m principally due to slower box office sales and the uncertainty of filling international touring slots, which is partially offset by direct cost savings of £0.5m. However, the exhibition 'Modern Couples' which opened in mid October may, depending on performance, help to recover some of the income shortfall and will be reflected in the next forecast.
11. At quarter two City Surveyor is forecasting a year end adverse variance of £1.7m which has worsened by £200k from the forecast provided at the end of the first quarter. This is principally due to an anticipated 30% increase in energy costs from 1st October for the Guildhall as a result of the new corporate energy contract. The total projected overspend now comprises:

- Guildhall Administration Expenditure £1.0m – As well as the anticipated increase in energy costs, there is additional expenditure on employee costs and on repairs and maintenance. The extra staffing costs in part relate to security, where due to a change in the business model the Service Based Review savings can no longer be made, but also to additional temporary/agency staff to cover staff vacancies and ensure the full services in the building are maintained. The extra repairs and maintenance spend is, in part, due to the need to maintain the additional assets identified during the asset variance process (reported to CASC in July) but also to a higher level of reactive maintenance undertaken than anticipated in the budget. Both of these items reflects the increasingly intensive use of the building and will be the subject of a report to the November meeting of CASC concerning the budget for 2019/20.
 - City's Cash Expenditure £0.5m - Overspending principally relates to the cost of maintaining additional assets, identified through the asset verification exercise. There is also a projected overspend on departmental salaries due to high anticipated recruitment costs for vacant posts and the cost of agency staff covering vacancies.
 - City's Cash Income £0.2m - An anticipated shortfall in City Surveyor fee income due to a reduced number of major property deals.
12. The City Surveyor has made a bid for additional resources in respect of the cost of additional asset maintenance of £515k and for the SBR security saving of £150k which can no longer be achieved. This is currently going through the committee process. He is also examining his other budgets to see what further savings can be made to bring his overall budget back into balance. Members should note, however, that the increased energy costs, which departments have been asked to find out of existing budgets for 2018/19, is so substantial for the Guildhall that it may not be possible to accommodate this sum from his existing overall local risk budgets.
13. The City Surveyor's adverse variance on local risk is more than compensated for by the increase in rental income from the property portfolio on central risk, see paragraph 15.

Central Risk - Corporate Income Budgets

14. Central Risk Corporate Income Budgets are forecast to be £3.4m (3%) better than the budget of £128.3m. This comprises a favourable variance of £3.9m for property investment income, partially offset by an adverse variance of £0.5m for interest on cash balances.



15. Property investment income is forecast to be £3.9m (3%) better than the latest budget of £122.4m which compared to the forecast at quarter one represents a favourable movement of £2.3m and comprises:

- City's Cash £2.0m favourable – Additional rental income is now anticipated compared to the adverse position of £0.2m forecast at quarter one. This is mainly due to higher than expected rent review settlements across a number of properties including 8-50 Blundell Street, 57/58 South Molton Street and 76-82 Brewery Road. As well as new leases at 57-61 Charterhouse, 45 Conduit St and 59 South Molton St.
- City Fund £1.9m favourable - Due to rent review at Calcutta House, lease renewal at Bastion House and a new lease at 43 Worship St.

16. Interest earnings are anticipated to be £5.5m at year end which is £0.5m below the budget of £5.9m and comprises:

- City's Cash £0.1m adverse – Due to increased capital spend.
- Bridge House Estates £0.2m favourable – Due to greater capital receipt.
- City Fund £0.6m adverse – Due to increased capital spend and later than anticipated move in base rates.

Conclusion

17. Members are asked to note the forecast year end position of £2.8m better than budget position comprising a favourable variance of £3.4m (3%) on Central Risk Corporate Income Budgets partially offset by an adverse variance of £0.6m (0.3%) on Chief Officer Cash Limited Budgets.

Appendices

- Appendix 1: Comparison of net variances with the previous quarter for Chief Officers Cash Limited Budgets by Fund
- Appendix 2: Income and expenditure variances for Chief Officers Cash Limited Budgets
- Appendix 3: Full year forecast for Central Risk Corporate Income Budgets

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Revenue Budget Monitoring to September 2018 - Appendices

Appendix 1

Original Budget	Chief Officer - Local Risk Budgets	Full Year Forecast as at 30th June				Full Year Forecast as at 30th September			
		Latest Budget	Forecast	Variance Better / (Worse)		Latest Budget	Forecast	Variance Better / (Worse)	
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
	City Fund								
(1,951)	Chamberlain	(1,951)	(1,951)	0	0%	(1,951)	(1,658)	293	14%
(4,831)	City Surveyor	(5,474)	(5,451)	23	0%	(5,405)	(5,463)	(58)	(0%)
(10,662)	Director of Community and Children's Services	(11,472)	(11,102)	370	3%	(11,092)	(11,114)	(22)	0%
(2,253)	Director of Markets and Consumer Protection	(2,292)	(2,202)	90	4%	(2,461)	(2,559)	(98)	(1%)
606	Director of Open Spaces	571	1,000	429	75%	554	1,025	471	9%
(15,768)	Director of the Built Environment	(16,076)	(15,894)	182	1%	(16,164)	(16,064)	100	0%
(428)	Executive Director Mansion House and Old Bailey	(428)	(428)	0	0%	(468)	(468)	0	0%
(15,954)	Managing Director, Barbican Centre	(18,194)	(18,509)	(315)	(2%)	(18,435)	(18,886)	(451)	(3%)
(12,274)	Town Clerk	(13,025)	(13,016)	9	0%	(13,288)	(13,290)	(2)	0%
(63,515)	Total City Fund (excluding Police)	(68,341)	(67,553)	788	1%	(68,710)	(68,477)	233	19%
	City's Cash								
(97)	Chamberlain	(97)	(97)	0	0%	(97)	(96)	1	0%
(14,535)	City Surveyor	(15,126)	(15,870)	(745)	(5%)	(15,171)	(15,858)	(687)	(5%)
(595)	Director of Community and Children's Services	(656)	(654)	2	0%	(613)	(595)	18	3%
(657)	Director of Markets and Consumer Protection	(682)	(683)	(1)	0%	(1,529)	(1,693)	(164)	(2%)
(10,825)	Director of Open Spaces	(11,021)	(10,960)	61	1%	(11,019)	(11,068)	(49)	(2%)
(2,684)	Executive Director Mansion House and Old Bailey	(2,684)	(2,684)	0	0%	(2,744)	(2,741)	3	0%
(970)	Head, City of London Boy's School	(970)	(970)	0	0%	(970)	(970)	0	0%
(16)	Headmaster, City of London Freemen's School	45	45	0	0%	(16)	(16)	0	0%
(209)	Headmistress, City of London School for Girls	(209)	(209)	0	0%	(209)	(209)	0	0%
(6,100)	Principal, Guildhall School of Music and Drama	(6,100)	(6,100)	0	0%	(6,100)	(6,100)	0	0%
(1,189)	Remembrancer	(1,189)	(1,189)	0	0%	(1,213)	(1,240)	(27)	(2%)
(559)	Town Clerk	(559)	(559)	0	0%	(625)	(637)	(12)	(2%)
(38,436)	Total City's Cash	(39,248)	(39,930)	(683)	0%	(40,306)	(41,223)	(917)	(10%)
	Bridge House Estates								
0	Chamberlain	0	0	0	0%	0	(2)	(2)	0%
(2,488)	City Surveyor	(2,537)	(2,537)	0	0%	(2,537)	(2,595)	(58)	(1%)
(101)	Director of Open Spaces	(163)	(154)	9	6%	(338)	(347)	(9)	(0%)
(257)	Director of the Built Environment	(257)	(257)	0	0%	(257)	(257)	0	0%
(2,261)	Town Clerk	(2,207)	(2,207)	0	0%	(2,207)	(2,108)	99	4%
(5,107)	Total Bridge House Estates	(5,164)	(5,155)	9	0%	(5,339)	(5,309)	30	3%
	Guildhall Administration								
(21,197)	Chamberlain	(21,197)	(21,197)	0	0%	(22,400)	(22,715)	(315)	(13%)
(6,601)	City Surveyor	(6,835)	(7,614)	(779)	0%	(6,983)	(7,927)	(944)	(12%)
(3,263)	Comptroller and City Solicitor	(3,532)	(3,532)	0	0%	(3,533)	(3,532)	1	0%
342	Remembrancer	342	342	0	0%	303	904	601	37%
(6,529)	Town Clerk	(6,529)	(6,529)	0	0%	(6,927)	(6,927)	0	0%
(37,248)	Total Guildhall Administration	(37,751)	(38,530)	(779)	0%	(39,540)	(40,197)	(657)	12%
(144,306)	Grand Total (excluding Police)	(150,504)	(151,168)	(665)	0%	(153,895)	(155,206)	(1,311)	(1%)
(65,685)	Commissioner of Police (City Fund)	(65,685)	(65,685)	0	0%	(65,700)	(64,980)	720	(1%)
(209,991)	Grand Total	(216,189)	(216,853)	(665)	(0%)	(219,595)	(220,186)	(591)	(0%)

Appendix 2

	Latest Gross Income / (Expenditure) Budgets £'000	Forecast Income / (Expenditure) £'000	Variance Better / (Worse)		Cause / Action
			£'000	%	
Managing Director, Barbican Centre	(44,182)	(43,662)	520	1%	Predominantly direct cost savings in line with income shortfalls.
	25,747	24,776	(971)	(4%)	Slower than anticipated start in box office with some direct cost savings offsetting some of the income shortfall. Due to the uncertain economic environment, we reduced the forecast for Barbican International Enterprises (BIE) to reflect the risk that not all international touring slots may be filled. We are implementing a new strategy in retail to improve income generation – this is taking time to develop so we've reduced the forecast to reflect a potential shortfall in the first half of the year. There is some risk in Development around unrestricted Corporate Sponsorship, we are forecasting prudently at this stage. The exhibition 'Modern Couples' which opened mid October may, depending on performance, help to recover some of the income shortfall and will be reflected in the next forecast.
Chamberlain	(25,001)	(24,990)	11	0%	Minor variances
	553	519	(34)	(6%)	
City Surveyor	(43,363)	(44,980)	(1,617)	(4%)	Anticipated increase in energy costs from 1st October for the Guildhall as a result of the new corporate energy contract; additional expenditure on employee costs and on repairs and maintenance. The extra staffing costs in part relate to security, where due to a change in the business model the Service Based Review savings can no longer be made, but also to additional temporary/agency staff to cover staff vacancies and ensure the full services in the building are maintained. The extra repairs and maintenance spend, is in part due to the need to maintain the additional assets identified during the asset variance process (reported to CASC in July) but also to a higher level of reactive maintenance undertaken than anticipated in the budget. Both of these items reflects the increasingly intensive use of the building and will be the subject of a report to the November meeting of CASC concerning the budget for 2019/20.
	13,267	13,137	(130)	(1%)	Anticipated shortfall in fee income due to a reduced number in major deals.
Commissioner of Police	(128,815)	(131,274)	(2,459)	(2%)	Additional costs of £3.2m in relation to Action Fraud partially offset by an underspend of £0.7m due to continued vacant posts which are expected to be filled by November 2018.
	63,115	66,294	3,179	5%	Anticipated drawdown from reserves in relation to Action Fraud.
Comptroller and City Solicitor	(4,395)	(4,394)	1	0%	Minor variances
	862	862	0	0%	
Director of Community and Children's Services	(30,529)	(30,654)	(125)	0%	Additional expenditure incurred on Public Health drug misuse services and higher spend on Adult & Community Learning.
	18,824	18,945	121	1%	The Apprenticeship levy income is anticipated to be higher than budget and transfer from Public Health reserve to meet additional expenditure.

	Latest Gross Income / (Expenditure) Budgets £'000	Forecast Income / (Expenditure) £'000	Variance Better / (Worse) £'000 %		Cause / Action
Director of Markets and Consumer Protection	(24,190)	(24,445)	(255)	(1%)	Overspend mainly relates to additional rates bill at Smithfield Market due to occupying a larger area and the increased costs of the Coroner's Office; an estimated increase of some £150K projected to year end, is due to the additional cost of 2 full-time agency staff and running costs required to meet the increased volume of inquests. It was originally anticipated the cost of one post would be met by the Police, but that is no longer the case.
	20,200	20,193	(7)	0%	Minor variance
Director of Open Spaces	(26,795)	(26,748)	47	0%	Minor variance
	15,992	16,359	367	2%	Owing to the extended good weather over the summer and higher than expected income generated at the Cemetery a surplus of around £485k is forecast for year end. This is partially offset by the underperformance at Monument which has led to an anticipated position at year end of £96k below target.
Director of the Built Environment	(33,194)	(33,045)	149	0%	Salary savings of £381k salary savings within Building Control and Transportation Planning due to delays in staff recruitment, partially offset by increased expenditure of £237k within the Director & Support Team for numerous one-off projects to utilise overall departmental local risk underspend.
	16,773	16,724	(49)	0%	Minor variance
Executive Director Mansion House and Old Bailey	(7,384)	(7,383)	1	0%	Minor variances
	4,172	4,174	2	0%	
Remembrancer	(2,526)	(2,582)	(56)	(2%)	Minor variance
	1,616	2,246	630	39%	Anticipated increase in income from Guildhall lettings.
Town Clerk	(24,848)	(24,789)	59	0%	Minor variances
	1,801	1,826	25	0%	
Other Chief Officers	(83,049)	(83,049)	0	0%	No variances
	75,754	75,754	0	0%	
Total	(478,271)	(481,996)	(3,725)	(1%)	
	258,676	261,810	3,134	1%	
Grand Total	(219,595)	(220,186)	(591)	0%	

Central Risk - Corporate Income Budgets				
	Original Budget	Forecast Outturn	Variance Better / (Worse)	
	£'000	£'000	£'000	%
Property Investment Income				
City Fund	46,754	48,586	1,832	4
City's Cash	53,150	55,142	1,992	4
Bridge House Estates	22,469	22,500	31	0
Total Property Investment Income	122,373	126,228	3,855	3
Interest on Cash Balances				
City Fund	5,500	4,913	(587)	(11)
City's Cash	300	240	(60)	(20)
Bridge House Estates	100	298	198	198
Total Interest on Cash Balances	5,900	5,451	(449)	(8)
Grand Total	128,273	131,679	3,406	3

Committee(s) Finance Committee – For Information	Dated: 13/11/2018
Subject: Chamberlain's Key Work Streams and Business Plan – Update	Public
Report of: Chamberlain	For Information
Report author: Hayley Hajduczek	

Summary

This report provides Members with a brief update of key areas of work underway in Chamberlain's and assurance that the department is making good progress in the delivery of the 2018/19 Departmental Business Plan.

Performance broadly is in line with expectations for the second quarter.

Recommendation

Members are asked to note the report.

Main Report

Background

1. The Chamberlain's Department Business Plan for 2018-2019 was approved by Finance Committee on 10th April 2018. This report has been produced to provide Members with a summary of key work streams and progress against key deliverables and performance in quarter two of the current financial year.

Progress on Key Work Streams

Finance

2. Work is underway on developing an integrated financing plan for the Major Projects over the next 10 years. The Medium-Term Financial Plan is also being refreshed to reflect future funding and cost pressures, with a specific workstream on the medium-term police budget position.
3. The Business Rate Strategic Investment Pot Evaluation Panel, chaired by the City Corporation as the lead authority, reviewed 22 bids from across London, in the last quarter. A paper on the recommended projects was circulated and a £46m Strategic Investment Pot package has been agreed and signed off by P&R Committee on 4th October which was noted by London Leaders Committee on the 9th October.
4. The project to streamline the accounts is gaining momentum, an agreed plan to deliver faster closing of the 2019/20 accounts will be in place by mid-November.

As well as delivering faster closing of the accounts, this project will enhance the processes for preparing the accounts and improve the accessibility of the published statements.

IT

5. Adoption of the new Office 365 technologies has increased month on month, supported by a schedule of communications, briefings, demonstrations and classroom based and online training. The Collaborate Campaign, run in October, sought to raise awareness of the Microsoft collaboration products including Skype, SharePoint and a new product: Microsoft Teams. Initial feedback on the campaign was positive and it is expected that this will result in increased adoption in the coming months.

Commercial

6. The Commercial Contract Management Toolkit has been launched successfully. The use of this toolkit has brought confirmed in-year savings to the end of quarter two of £480k across six projects. These projects have included service rate reductions realised through non-contractual benchmarking activity; service charge credits through specification realignment to match current needs; and with successful commercial negotiation of contractual disputes.
7. CCM has supported departments in the development of business cases for income generation initiatives and subsequently provided further support with applications for funding. Demand from departments for this type of support is high, and in response to this, CCM will work with SRG to develop a Commercial Projects Toolkit, to simplify the evaluation of proposed projects' feasibility. This work will commence in quarter four of this financial year.

Delivery against Key Performance Indicators

8. It is a requirement of the Corporate Business Planning Framework that business plan delivery update reports be provided to Committee on a quarterly basis.
9. The Chamberlain's Performance Scorecard is shown as Appendix 1 to this report. This shows good performance across the range of KPIs in place, the following are of note:
 - Accounts Payable invoice turnaround for Small and Medium Sized Enterprises (10 days) – Currently the performance for the first half of the year is 80%. This is an improvement on last year's overall performance of 77%. An action plan has been developed to raise performance to the target level of 85%.
 - The percentage of invoices received in "True" PDF format by the AP team remains at 72% for the second quarter, we are aiming to reach 80% by the end of the current financial year.
 - Internal Audit Performance 17%, against the target of 32% but steps are being taken to get this on track.

Chamberlains Finance Dashboard

10.A Finance Management Information Dashboard is attached for information as Appendix 2.

Conclusion

11. Members are asked to note that good progress is being made on key work streams and in the delivery of the Chamberlain's business plan. Performance for the second quarter of the year is in line with expectations.

Appendices

- Appendix 1 – Chamberlain's Department Scorecard
- Appendix 2 – Chamberlains Department Finance Dashboard

Background Papers

- Report to Finance Committee 10/04/2018: Chamberlain's Business Plan 2018/19
- Report to Finance Committee 18/09/2018: Chamberlain's Key Work Streams and Business Plan – Update

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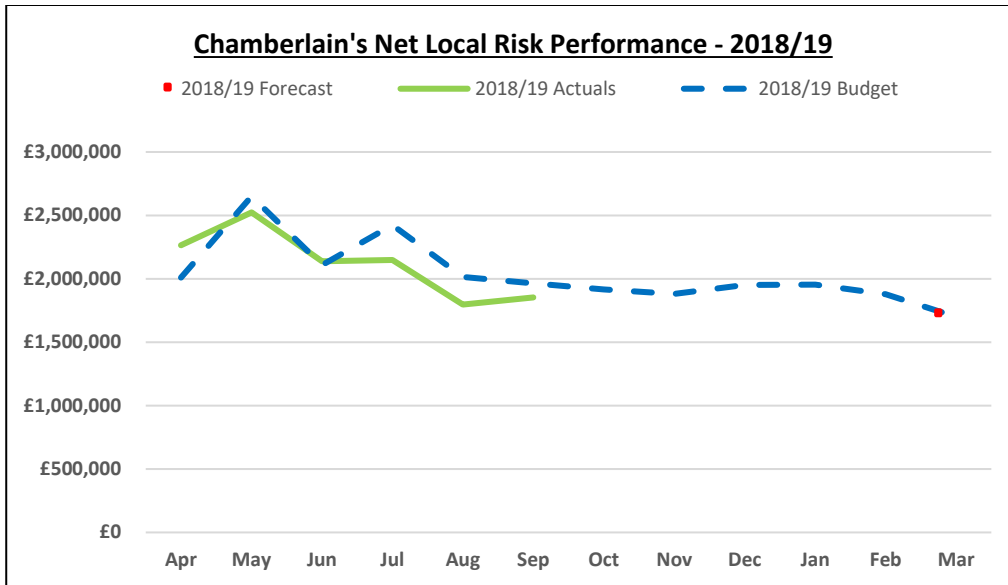
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Chamberlain's Department Performance Scorecard

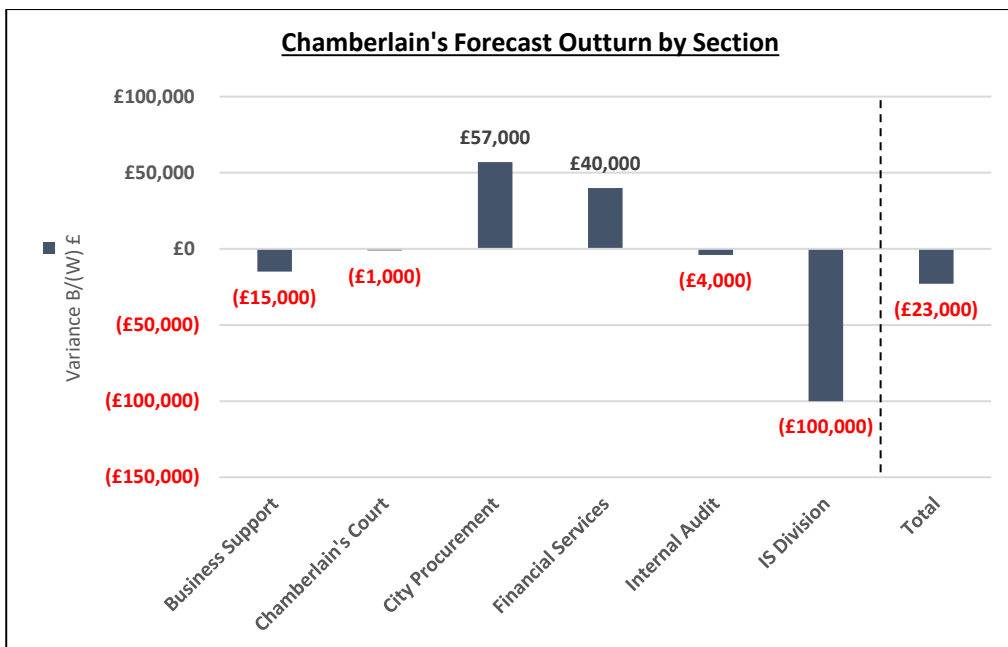
				Quarterly update			
	Measure	2017/18 performance	2018/19 target	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Accounts Payable invoice turnaround (30 day)	% paid measured quarterly	Cumulative:		95%	95%		
		95%	97%	95%	94%		
Accounts Payable invoice turnaround (10 day)	% paid measured quarterly	Cumulative:		80%	80%		
		77%	85%	80%	80%		
% of Invoices in true PDF form by the AP team	measured quarterly	Cumulative:		72%	72%		
		N/A	80%	72%	72%		
Annual Procurement Savings (cumulative)	Savings achieved	Target Profile:		£1.45m	£3.12m	£4.94m	£6.58m
		£6.98m	£6.52m	£1.63m	£3.21m		
Commercial rent collection rates	% collected	98.61%	98%	98.76%	98.77%		
Business Rates collection rates (cumulative)	% collected	Target Profile:		28.0%	58.0%	89.25%	99.75%
		100%	99.75%	32.31%	59%		
Internal Audit Performance (cumulative)	Audit Plan delivery (%)	96%	96%	14%	32%	62%	96%
				5%	17%		
IT Service Performance (SLA with Agilisys is monthly so a yearly average does not necessarily reflect their performance across the year)	Fixing Issues		Application Availability				
	P1 incidents fixed within 2hrs (98%)	P2 incidents fixed within 6hrs (98%)	Application availability (99%)	Telephony Availability (99.5%) moved to Freedom from 1 st September	Datacentre LAN Availability (99.9%)	Corporate Network Availability (99.5%) moved to Freedom from 1 st September	
	CoL 67%* CoLP 100% <small>*Just 1 incident resolved out of SLA</small>	CoL 100% CoLP 100%	CoL 100% CoLP 100%	CoL 100% CoLP 100%	CoL 100% CoLP 100%	CoL 100% CoLP 100%	
Publication of City Fund Accounts within Statutory Deadline of 31 st July					Status:	Complete	
Delivery of a balanced budget and Medium Term Financial Plan for City Fund, approved by Court of Common Council by 31 March					Status:	On track	
Effective financial management: Expenditure against Departmental Local Risk Budgets within ±5% (year-end target)					Status:	On track	
Provide a high quality service to our customers measured through our annual customer survey						2017/18	
Cumulative average assessment "good"						"good to very good"	
Increased staff engagement, measured by percentage of positive responses to Staff Survey Q4: "I recognise that if I am successful in my role it contributes to successful delivery of the Department's Business Plan"					2017/18	Target	
					90.1%	92%	

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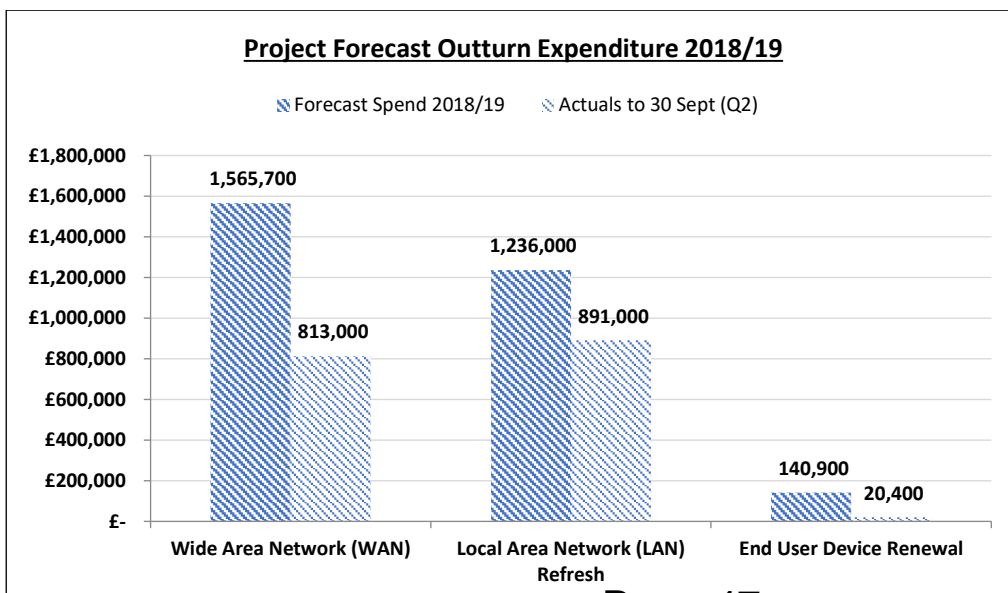
Chamberlain's Department Finance Dashboard Q2 2018/19



- 2018/19 spend to Q2 largely in line with budget.
- Overall, the Chamberlain's department is forecast to overspend by £23k.



- City Procurement and Financial Services forecast underspends of £57k and £40k respectively, largely due to staff vacancies.
- IS Division forecast overspend of £100k is due to nonachievement of budgeted vacancy allowance.
- Overall, the Chamberlain's department is forecast to overspend by £23k.



- The Chamberlain is managing £2.9m of investment in new IT infrastructure during 2018/19.

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Committee(s)	Dated:
Finance Committee – For Information	13/11/2018
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 two corporate risks and four departmental risks on its risk register. The most significant risks are:

- **CR16 – Information Security** (Current Status: **RED**)
- **CR23 – Police Funding** (Current Status: **RED**)

The Senior Leadership Team continues to monitor closely the progress being made to mitigate these risks. The Information Security risk is likely to remain at red status until January when key security projects will be completed.

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.

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 on a monthly 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. Risk and control owners are regularly consulted regarding the risks for which they are responsible, with updates captured accordingly. Significant changes to existing risks are escalated to SLT when identified.

Summary of Risks

4. The Chamberlain's department currently has two corporate risks and four departmental risks on its risk register, attached as Appendix 1 to this report, assessed as 2 RED risk, 3 AMBER, 1 GREEN risks. These are:

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

5. A number of key security projects will be finalised in January when the risk score will be reassessed, with an expectation that it will move to an amber rating.

CHB IT 022 Transformation Benefits Realisation (Current Risk: Amber – no change)

6. A change and engagement strategy is underway. Now that new technology has been deployed to 2600 users, effort is focused on developing and implementing a benefits realisation plan. Two User Adoption Workshops were held on 27th September covering both Change Management and the Technical Solutions. The third party are now in the process of documenting the outcomes and will provide detailed recommendations to exploit further opportunities for innovation, working in partnership with Agilisys. The Collaborate Campaign, launched in October, is raising awareness of the Microsoft collaboration products including Skype, SharePoint and Microsoft Teams. Initial feedback on the campaign is positive and it is expected that this will result in increased adoption in the coming months.

CHB IT 025 Management of IT Managed Service Contracts (Current Risk: Amber – increasing)

7. This is a newly arising risk, currently, Managed Services contracts are not fully embedded into BAU Processes. Contractual deliverables are not consistently being met or reported against and contract management processes require enhancing. This may result in projects and support not being delivered or managed according to the agreed contract, which in turn undermines the ability to secure value for money.
8. This is being remedied by continuous monitoring of services and issues dealt with as per the standard Service Improvement Processes, which is reviewed on an ongoing basis. The team are currently reviewing contracts to identify gaps or opportunities for improvements.

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

9. Although CoLP are forecasting achieving savings of £1.2m in 2018/19, the current medium-term financial plan shows an ongoing gap of £4-5m per annum. This has not yet been resolved and the risk has become an issue. The Transform Programme is expected to reduce the financial gap, but few further savings have been identified to date, leaving a potential significant shortfall in the 2019/20 budget.

10. The focus for CoLP and CoLC is both on identifying the steps needed to close the future funding gap and on strengthening the financial management capability and oversight.

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

11. Chief Officers continue to present their Economy, Efficiency & Effectiveness (EEE) Health Checks reports to address the 2% budget reductions to Summit Group and Efficiency and Performance Sub Committee to demonstrate how they are delivering value for money.

CHB FS004 – Management Information Provision (Current Risk: Green – reducing)

12. Revised management information is now being used by Heads of Finance with service department management teams and this is reflected in more tailored management information being reported to Committees. The project is now closed; all further improvements will be made business as usual.

Conclusion

13. 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

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CHB Detailed risk register by risk category

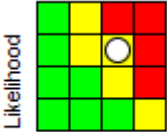
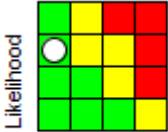

Report Author: Hayley Hajduczek

Generated on: 12 October 2018






Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR16 Information Security 22-Sep-2014 Peter Kane Page 53	Cause: Breach of IT Systems resulting in unauthorised access to data by internal or external sources. Officer/ Member mishandling of information. Event: Cybersecurity attack - unauthorised access to COL IT systems. Loss or mishandling of personal or commercial information. Effect: Failure of all or part of the IT Infrastructure, with associated business systems failures. Harm to individuals, a breach of legislation such as the Data Protection Act 1988. Incur a monetary penalty of up to £500,000. Compliance enforcement action. Corruption of data. Reputational damage to Corporation as effective body.		16	This risk will remain at Red until January 2019 when key security projects will be completed, and the 10 Steps maturity model had reached a level 4. 12 Oct 2018		8	31-Jan-2019	

Action no, Action owner	Description	Latest Note	Action owner	Latest Note Date	Due Date
CR16j	GDPR Data Breaches lessons learned being reviewed by the IT Security team, with mitigations agreed and implemented to reduce the likelihood of similar data breaches in the future. To be reported to the IT Sub-Committee November 2018 meeting	Lessons learned and mitigations still to be completed and implemented.	Gary Brailsford-Hart	12-Oct-2018	30-Nov-2018
CR16k	Final stages of completing IT security projects which will mean that we can assure Members that the City of London Corporation has implemented all the national government recommended security practices and technology achieving a maturity level of 4.	IT Security Projects progressing to plan on target for completing by the end of the year. Risk should move to Amber by January 2019.	Gary Brailsford-Hart	12-Oct-2018	31-Dec-2018

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB IT 022 Transformation - Benefits Realisation 25-Jan-2018 Kevin Mulcahy	<p>Cause : The principles and new ways of working including the internal Target Operating Model, 3rd party Service Operating Model and new Policies, as defined by the Transformation Programme, are not embedded into BAU processes within the internal and outsourced operating models.</p> <p>Event : CoL will not realise the benefits including savings from contracts and storage and a more effective service to the business with a focus on service management</p> <p>Effect</p> <ul style="list-style-type: none"> • Increased Revenue costs • Degradation of service • End user frustration • Unmanageable application estate • Failure to meet the business expectations from the £12m investment • Significant cost to bring the redesigned Technology Stack back to “as built” 	 <p>Likelihood</p> <p>Impact</p>	12	Two User Adoption Workshops were completed on 27th September covering both Change Management and the Technical Solution. The third party are now in the process of documenting the outcomes and will provide detailed recommendations. 28 Sep 2018	 <p>Likelihood</p> <p>Impact</p>	3	31-Dec-2018	

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Action no, Action owner	Description	Latest Note	Action owner	Latest Note Date	Due Date
CHB IT002e	Carry out a discovery workshop to understand better the skill requirements and barriers to adoption. Develop a Change plan to address the issues raised from the workshop to reduce travel time and increase the adoption of paperless working.	Workshops with 3rd party took place on 27th September. Results will be documented and circulated	Sam Collins	28-Sep-2018	31-Dec-2018

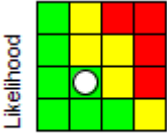
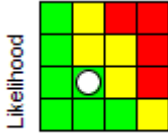

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB IT 025 Management of IT Managed Service Contracts 06-Aug-2018 Matt Gosden; Samantha Kay	Cause: The Managed Service Contract is not fully embedded into BAU Processes. Contractual deliverables, are not currently being met or reported on from either party Service from top 5 IT Supplier partners (by value of spend) is not satisfactory. CoL do not have clear contract management processes Event: Services, projects or support are not delivered or managed according to the agreed contract. Effect: CoL not receiving the best commercial value from a large strategic contract Customers are dissatisfied with the IT service or the tools and services provided.	 Likelihood Impact	6	Service reviews in place for all Service Agreement. Service continuous monitored and issues dealt with as per the standard Service Improvement Processes. This will be consistently reviewed. 28 Sep 2018	 Likelihood Impact	2	31-Dec-2018	

Action no, Action owner	Description	Latest Note	Action owner	Latest Note Date	Due Date
CHB IT 025a	Ensure service reviews are in place and effective for all suppliers of a managed service	Service Reviews occurring on schedule	Matt Gosden; Samantha Kay	28-Sep-2018	31-Mar-2019
CHB IT 025b	Ensure the key supplier contracts are scoped to meet the business requirements	Review current contracts to identify gaps or opportunities for improvements	Matt Gosden	28-Sep-2018	31-Mar-2019

	savings in 2018/19.	opportunities for continual improvement, both internally and through wider collaboration with the City Corporation. The details of the planned savings were reported to Efficiency and Performance Sub Committee in March. Further work is being done to explore the profile of the achievement of the savings and quantify ongoing savings in future years.	Sutherland	2018	2019
CR23b	Medium Term Financial Plan	The assumptions in the Medium-Term Financial Plan were revisited in July, but a broader piece of work has begun initiated by Chamberlains and Police. The broader piece of work will be informed by early outputs from the costing of services from the Transform Board as it builds the new operating model. We will also be reviewing in detail the income assumptions, especially around the Economic Crime Academy and the Domestic/International Training agenda. This work will inform the 2019/20 budget setting.	Alistair Cook	11-Oct-2018	31-Mar-2019
CR23c	A Transform Programme is underway to develop a revised Target Operating Model for CoLP to deliver greater effectiveness and financial stability. The Programme comprises eight work strands.	The Deloitte short term recommendations or 'quick wins' have been realised and are funding the core transformation project team.	Jane Gyford	14-Sep-2018	31-Mar-2019
CR23d	Consider increase in the business rates premium in future periods	Consider contribution levels from City Fund/ City's Cash as part of financial planning and budget setting for 2019/20, measures could include increasing the business rate premium, ongoing support for capital project shortfalls, or direct contribution from City Fund or City's Cash to support additional Policing service demands.	Caroline Al-Beyerty	11-Oct-2018	31-Mar-2019

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB FS001 Value for Money (VFM) 21-Nov-2016 Caroline Al-Bayerty; Peter Lane	<p>Cause: The City Corporation needs to be able to demonstrate it is achieving value for money in all its areas of expenditure.</p> <p>Event: Reduced funding available to the City Corporation emphasises the need to use funds in a way that achieves value for money.</p> <p>Effect: City Corporation will be unable to demonstrably achieve progress on obtaining value for money, significantly impacting on both service delivery levels and reputation.</p>	<p>Likelihood</p> <p>Impact</p>	12	<p>VFM challenge is now embedded in the business planning process with an annual self-assessment of performance on VFM from service departments.</p> <p>The EEE health checks framework has been completed and Chief Officers are presenting their EEE reports to Summit Group and Efficiency and Performance Sub-Committee to show that they are delivering VFM within their local budgets.</p> <p>11 Oct 2018</p>	<p>Likelihood</p> <p>Impact</p>	4	31-Dec-2018	

Action no, Action owner	Description	Latest Note	Action owner	Latest Note Date	Due Date
CHB FS001c	Detailed post-SBR Efficiency Plan to be drafted and implemented, including a framework that would incorporate continuous improvement savings and a rolling review programme to secure more radical changes in efficiency and effectiveness.	<p>Chief Officers have been presenting their EEE health checks and plans to address the 2% budget reductions to Summit Group and then Efficiency and Performance Sub-Committee over the past year. This will continue until all have presented.</p> <p>An Efficiency and Sustainability Plan/Cross-cutting Reviews paper was reported to Efficiency and Performance Sub-Committee meeting in May 2018. The paper provided Members with updates on the Chief Officer Peer Review, SAM Project and Streamlining Governance Review.</p>	Geoff Parnell	11-Oct-2018	31-Oct-2018

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB FS004 Management Information Provision 13-Jun-2017 Philip Gregory	Cause: Lack of relevant management information to Members, Chief Officers and budget holders results in delays to decision making or poor decision making. Knock on impact results in resources not being correctly prioritised. Event: Systems are not in place to support effective financial forecasting of revenue budgets and capital projects. Effect: processes for financial management fail to direct resources appropriately to priorities.	 Likelihood Impact	4	The initial project is now largely complete and has transitioned to business as usual. Work continues with colleagues in Town Clerks' and IT on improving management information for decision making corporately but the risk is now reduced. 12 Oct 2018	 Likelihood Impact	4	30-Nov-2018	

Action no, Action owner	Description	Latest Note	Action owner	Latest Note Date	Due Date
CHB FS004b	Phased roll-out of PA (Projects) forecasting with finance teams taking the lead in providing training and support for project managers.	Functionality in place for monthly update of annual forecast <ul style="list-style-type: none"> • First PM forecast for 2018/19 uploaded • Detailed profiling for complex high value projects has been tested and will be ready for launch for next corporate forecasting for MTFP 	Julie Smith	09-Oct-2018	30-Sep-2018
CHB FS004e	Establish mechanisms to ensure that departmental management information practises are up to date and in line with current best practice.	Revised management information is now being used by Heads of Finance with service department management teams and this is reflected in more tailored management information being reported to Committees- completed. Further improvements will be made as BAU.	Caroline Al-Beyerty	11-Oct-2018	30-Sep-2018

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Committee(s)	Date(s):
Finance Committee – For Information	13 th November 2018
Subject: IT Division – Quarterly Member Update	Public
Report of: The Chamberlain	For Information
Report author: Sean Green, IT Director	
Summary	
<p>This report updates Members on the work of the IT Division and the key areas of progress for the second quarter 2018.</p> <ul style="list-style-type: none"> i. IT Strategy updates for the City of London Corporation (CoL) and City of London Police (CoLP) were agreed by the IT Sub-Committee; ii. Phase 1 of the IT Transformation programme is now completing with closedown activities. Phase 2 scoping has been completed with financial proposals being presented to relevant committees during November and December to align funding requirements with the update of the Medium-Term Financial Strategy (MTFS); iii. The IT Division have started the review that will lead to the procurement of new IT services to replace the current contract in place with Agilisys; iv. The new CRM system for the contact centre has gone live. New CRM capabilities going live shortly for Strategic Engagement (Economic Development) and the Events teams; v. A new Digital Strategy is being developed for the Corporation and City of London Police; vi. Current 2018/2019 Q1 service performance achieved for both City of London Corporation and the City of London Police. <p>Members are asked to:</p> <p>Note the progress report on key strategic improvement projects and IT Service performance:</p>	

Main Report

Background

1. The IT Division provides services to the City of London Corporation, City of London Police and London Councils. 5 main functions are provided from the in-house IT team: i) IT Finance and Performance Management ii) Change and Engagement Management iii) Projects and Programmes Management iv) IT Operations and Service Management and v) Police IT Services. This report updates on progress on IT Transformation, Key projects and current performance of IT delivery against the service delivery KPI's set out in the Chamberlain's Business Plan in April 2018.

Phase 2 IT Strategy and Transformation Programme CoL and CoLP

2. The Phase I desktop platform has been delivered and is in live use, supported by the Operational Service teams in CoL IT Division and Agilisys. The Desktop Transformation Programme has successfully delivered a much-improved technology platform, and this has been achieved in an environment where there has historically been a lack of investment in the desktop estate. The Network Transformation Programme has been successfully delivered and is now entering the closedown phase. The benefits of the Network Transformation Programme include: enhanced service levels with 24x7 monitoring for faster remediation of any issues; enhanced Wi-Fi coverage in the Gild and other main CoL and CoLP sites; and enhanced resilience of the overall network infrastructure with new network circuits and hardware installations.
3. During October CoL IT have been running a campaign with the support of the Communications team called CoLaborate to raise awareness of the new Microsoft tools that are availability to staff that enables modern digital and collaborative working – this also included an insight lunch where over 50 colleagues attended and heard a keynote presentation from a colleague at the London Borough of Croydon who was live on Skype for business presenting from Croydon to CoL colleagues at the Gild. An example of one of the Office 365 dashboards that is regularly reviewed is detailed in Appendix A.

IT Sourcing Plan Post 2020

4. The IT services provided by Agilisys include: Service Desk, End User Support (for the desktop based on PCs, laptops and mobile devices), Infrastructure as a Service (IaaS) providing data storage and servers to run applications, Website hosting and support, Oracle system hosting and support, Business Rates and Council tax application hosting and support and Ad-hoc project management services.
5. The current Agilisys IT Services contract ends in August 2020 with no options for any further extensions. The current Agilisys contract is based on what was best-practice standards for IT service provision and management in 2012/13 when the contract was written. As a first-time outsourcing for IT services, a significant amount of change has happened to the core IT service during the implementation and business-as-usual delivery of the contract.
6. The IT team has started work with the IT Category Manager in Procurement to investigate options for sourcing the next generation of contract(s). A report on this is going to the IT Sub-Committee in November with Member engagement planned during the next two months to help support an understanding of requirements and key business drivers for a new IT services contract. Once a procurement process has started it is proposed that a Member reference group is formed, made up of Members of the IT Sub-Committee and the Procurement Sub-Committee.

CRM Project

7. The CRM Project has replaced the current Corporate CRM (CRM 2011) with two separate solutions. City Dynamics (Dynamics 365) will provide functionality to manage the Corporation's Strategic Engagement activity and Events. City Services (Firmstep) has been implemented in the Contact Centre for managing customer transactions including reports, applications, bookings and payments. Firmstep will also provide a customer portal for online transactions. City Dynamics is being implemented in Strategic Engagement and should be implemented in Events by January 2019 (this date is dependent on business user resource availability for system testing).

Digital Strategy

8. A one-page summary digital strategy has been developed jointly by the Corporate Strategy and Performance team and the IT Division - it sets out four outcomes:
- Engagement - Communities benefit from the information presented through digital engagement tools;
 - Smarter - Communities benefit from the addition of smart technologies.
 - Insight and Analytics - Officers benefit from the acquisition, analysis and use of vast sets of data;
 - Co-ordination - Officers benefit from the sharing of information via joined-up digital platforms.

This is currently being agreed by Officer committees prior to being shared with Member committees in the next few months.

IT Service Performance

9. There was 1 P1 incident for CoL (67%) out of the 2-hour target which was resolved in 2 hours and 39 minutes and was caused by a fault in a switch in the IaaS datacenter. All other SLA's targets were achieved.

IT Service Performance (SLA with Agilisys is monthly so a yearly average does not necessarily reflect their performance across the year)	Fixing Issues		Application Availability			
	P1 incidents fixed within 2hrs (98%)	P2 incidents fixed within 6hrs (98%)	Application availability (99%)	Telephony Availability (99.5%) <small>moved to Freedom. From 1st September</small>	Datacentre LAN Availability (99.9%)	Corporate Network Availability (99.5%) <small>moved to Freedom. From 1st September</small>
	CoL 67%* CoLP 100% <small>*Just 1 incident resolved out of SLA</small>	CoL 100% CoLP 100%	CoL 100% CoLP 100%	CoL 100% CoLP 100%	CoL 100% CoLP 100%	CoL 100% CoLP 100%

10. Customer Satisfaction levels against an SLA of 80% were:

	Apr-18	May-18	Jun-18
CoL	84%	88%	87%
CoLP	100%	96%	100%

Sean Green

IT Director

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Appendix A – Office 365 Tools take-up at the City of London Corporation

Appendix A – Office 365 Tools take-up at the City of London Corporation

Power BI Home (preview)

Good afternoon, Sean

Office 365 Adoption Preview

Last month - Active users: **96.42%**

Last month - Returning users: **96.75%**

Adoption overview

Month	EnabledUs...	ActiveUsers	MoMRetur...
2017 Nov...	0.9K	1.1K	0.8K
2017 Dec...	0.7K	2.7K	0.7K
2018 Janu...	0.7K	3.1K	2.8K
2018 Marc...	0.1K	3.2K	3.1K
2018 Apr...	0.1K	3.2K	3.1K
2018 May...	0.1K	3.2K	3.1K
2018 June...	0.1K	3.2K	3.1K

Latest month: Active user count by...

Category	Count
ActiveUsers	2630
MoMRetur...	2482
EnabledUs...	850
Other	67

Last month - % of users active in o...

Category	Percentage
User active only i...	29.70%
Active u...	15.70%
Active ...	13.36%
User active only i...	17.88%
User in...	10.89%
Activ...	

Mailbox count: **3,127**

Get Data

Favorites + frequents

Type here to search

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Committee: Finance Committee – For information	Date: 13 November 2018
Subject: Central Contingencies	Public
Report of: Chamberlain	For Information
Report author: Philip Gregory, Financial Services Division	

Summary

This report has been produced to provide Members with an update on the Central Contingencies uncommitted balances.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

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.

Current Position

3. 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.

2018/19 Contingencies – Uncommitted Balances at 19 October 2018				
	City's Cash	City Fund	Bridge House Estates	Total
	£'000	£'000	£'000	£'000
General Contingencies	531	277	46	854
National and International Disasters	60	0	0	60
Uncommitted Balances	591	277	46	914
Requests for contingency allocations	0	0	0	0
Balances pending approval	591	277	46	914

4. The sums which the Committee has previously allocated from the 2018/19 contingencies are listed in Appendix 1.

Conclusion

5. Members are asked to note the Central Contingencies uncommitted balances.

Appendices

- Appendix 1 – Allocations from 2018/19 contingencies

Philip Gregory

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2018/19 General Contingency – City’s Cash

Date	Description	Responsible Officer	Allocation £	Balance £
	2018/19 Provision			950,000
	2017/18 Provision brought forward to fund allocations agreed in previous years			109,000
	Total Provision			1,059,00
21 Oct 2014	Up to £98,000 in phased match funding (in partnership with the Mercers' Company) for a biography of Sir Thomas Gresham (transferred £29,000 in 2014/15, £9,000 in 2015/16 and £1,000 in 2017/18)	TC	59,000	
12 Mar 2018 (Urgency)	Funding of £49,500 towards the replacement of a servery counter for the third floor Guildhall Club servery kitchen which will take place in 2018/19	CS	50,000	
8 May 2018	Joint funding of £49,500 towards 2.5 additional posts and IT related equipment at Gresham College	TC	50,000	
24 July 2018	Total funding of £150,000 towards the CoL IT strategy (split £38,000 City Fund, £18,000 City’s Cash and £4,000 Bridge House Estates)	CHB	18,000	
19 August 2018 (Urgency)	Funding of £115,000 for site and limited company due diligence in relation to the Markets Consolidation Programme which will be reimbursed later in the year	CS/M&CP	531115,00 0	
15 October 2018 (Urgency)	Uplift for current year of £236,000 to Shrieval, Mayoral and Clothing Budgets	TC/CHB/ MH&OB	236,000	
	Total allocations agreed to date			528,000
	Balance remaining prior to any requests that may be made to this meeting			531,000

2018/19 General Contingency – City Fund

Date	Description	Responsible Officer	Allocation £	Balance £
	2018/19 Provision			800,000
	2017/18 Provision brought forward to fund allocations agreed in previous years			60,000
	Total Provision			860,000
17 Feb 2015 and 19 Jan 2016	Funding of £142,000 and an additional sum of £80,000 towards an ongoing appeal regarding Greater London Authority Roads (transferred £84,000 in 2014/15, £20,000 in 2015/16, £23,000 in 2016/17 and £35,000 in 2017/18)	C&CS/CS	60,000	
6 April 2018	Funding of £80,000 towards a building fire survey and cost of interim Fire Safety Advisor at the Central Criminal Court	TC	80,000	
8 May 2018	Funding of £185,000 towards an item only for Members attention	TC	185,000	
8 May 2018	Joint funding of £18,477 towards the immediate work of restoring the priority works within the Gresham Music Collection	TC	19,000	
24 July 2018	Funding of £111,000 towards additional posts within Town Clerk's Committee and Member Services	TC	111,000	
24 July 2018	Total funding of £150,000 towards the CoL IT strategy (split £38,000 City Fund, £18,000 City's Cash and £4,000 Bridge House Estates)	CHB	38,000	
24 July 2018	Total funding of £90,000 towards the CoLP IT strategy	CHB	90,000	
	Total allocations agreed to date			583,000
	Balance remaining prior to any requests that may be made to this meeting			277,000

2018/19 General Contingency – Bridge House Estates

Date	Description	Responsible Officer	Allocation £	Balance £
24 July 2018	2018/19 Provision	CHB	4,000	50,000
	2017/18 Provision brought forward to fund allocations agreed in previous years			
	Total Provision			50,000
	Total funding of £150,000 towards the CoL IT strategy (split £38,000 City Fund, £18,000 City's Cash and £4,000 Bridge House Estates)			
	Total allocations agreed to date			4,000
Balance remaining prior to any requests that may be made to this meeting		46,000		

2018/19 National & International Disasters Contingency – City's Cash

Date	Description	Responsible Officer	Allocation £	Balance £
04 October 2018	2018/19 Provision	TC	40,000	100,000
	DEC Indonesia and Tsunami Appeal			
	Total allocations agreed to date			40,000
	Balance remaining prior to any requests that may be made to this meeting			60,000

Key to Responsible Officers:

CS – City Surveyor

TC – Town Clerk

C&CS – Comptroller and City Solicitor

OS – Director of Open Spaces

CHB – The Chamberlain

M&CP – Director of Markets and Consumer Protection

MH&OB – Executive Director Mansion House and Old Bailey

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Committee:	Date:
Policy and Resources Committee – For Decision	4 October 2018
Establishment Committee – For Information	22 October 2018
Procurement Sub-Committee – For Information	7 November 2018
Finance Committee – For Information	13 November 2018
Subject:	Public
Living Wage Accreditation – Potential enhancements	
Report of:	For Decision
The Chamberlain	
Report Author	
Chris Bell, Commercial Director, Chamberlain’s	

Summary

The City Corporation has been committed to the principle of Living Wage since 2012 and is an accredited member of the Living Wage Foundation since 2014. From April 2016 we have been fully compliant in line with the license for direct staff, temporary workers, contractors and supplier staff. The accreditation covers three main strands of committed support:

1. Commitment to pay our own staff and apprentices in line with the London Living Wage.
2. Commitment to pay suppliers’ staff in line with the Living Wage Foundation accreditation terms and conditions.
3. Promote the adoption of the Living Wage accreditation by City Businesses.

We have a well established and strong working relationship with the Living Wage Foundation as an early adopter of the standard and this has been illustrated by the Living Wage Awards being held at Guildhall earlier this year and the Barbican Centre being the location for the live announcement of the new rate this coming November.

There is now an opportunity to explore whether steps could be taken to build on this already strong commitment, including in those areas, such as the use of contract workers, where the existing Living Wage Foundation licence conditions could be further strengthened.

This report considers the possible enhancements below: *detailed in paragraph 9 of the main report*):

- i. **An enhanced Commitment to current Live Wage Policy – Mandate the Living Wage to be paid to all workers delivering two or more hours work.**
- ii. **Potential for an advanced Live Wage Accreditation being obtained – Consult with the Living Wage Foundation to develop a higher level of accreditation and be an exemplar of a Living Wage organisation.**
- iii. **Backdating Living Wage payments - Explore budgetary and operational implications regarding the potential to backdate Living Wage Payments to supplier employees to when the new rate is announced in November each**

- year (currently get their salary uplifted on 1st April each year but not backdated).*
- iv. **Auditing Compliance for Low Value Contracts** - *To introduce an audit of low value contracts below £10k to ensure compliance with the proposed revised Living Wage policy after twelve months and thereafter as a regular part of the audit cycle.*
 - v. **Funding and Promotion of the Living Wage** - *Consider sponsorship of the Living Wage Foundation or add to our existing level of support to them via other channels within the City Corporation. This strand is also the subject of a more detailed paper being presented by EDO at this committee.*

As well as these possible enhancements the report considers other items related to audit and risk, the financial treatment related to the policy and lastly, our current and future commitment to the Living Wage Foundation.

The findings in each of these areas are presented after consultation with the Living Wage Foundation, Economic Development, Communications team, Comptrollers, Finance, Audit and Human Resources as well as Members that have expressed an interest in the policy. There are recommendations to enhance our commitments beyond the Living Wage accreditation requirements which we already meet.

Recommendations

Members of **Policy and Resources** are asked to:

1. Agree to enhance our commitment through the mandating of payment of the Living Wage to all contracted supplier staff delivering two hours or more work for the City Corporation.
2. Give the go ahead to commence discussions with the Living Wage Foundation on the Corporation being an early adopter of their 'in-development' enhanced accreditation standard.
3. Decide which option the Corporation should take with regards the backdating of Living Wage payments from:
 - a. Continue to uplift Living Wage payments at 1st April each year in line with our existing policy and the Living Wage Foundation license.OR
 - b. Approve a change to our existing policy and mandate the back dating of the payments of Living Wage to affected staff to the date of the announcement each year (*typically November*) from Financial year 2019/2020 onwards:
 - i. For our own staff and apprentices with £150k additional costs per annum.
 - ii. For both our own staff and suppliers' staff with £400k additional costs per annum (*£250k suppliers, £150k direct staff*).
4. If Policy and Resources approve resolution 3b in part or whole, then the committee must decide how to deliver the backdating of Living Wage payments from the options below:

- a. At the start of each new financial year, provide a back payment of Living Wage to the staff and suppliers in lieu of monies owed for an uplift effective from the date of the annual announcement.
- OR
- b. Immediately uplift payments effective the first month after the annual announcement (December).
5. Agree that an annual paper is received to the committee on the impact, progress and outcomes achieved by this enhanced policy.

Members of **Establishment** Committee are asked to:

- Note the report.

Members of **Procurement Sub** Committee are asked to:

- Note the report.

Members of **Finance** Committee are asked to:

- Note the report.

Main Report

Background

1. Finance and Policy and Resources Committees in October 2014 approved that the City of London Corporation would become an accredited member of the Living Wage Foundation and commit to a phased implementation of paying all contracted supplier staff the Living Wage and London Living Wage where appropriate. This built on the decision at Court of Common Council in July 2012 to pay all direct and temporary staff the Living Wage as part of our pay and rewards policy.
2. At the same Committees in May 2015, this commitment was further strengthened with a decision to mandate the payment of Living Wage and London Living Wage to all existing and new external service providers in line with the Living Wage Foundation licence with immediate effect, making it a pass/fail criterion in our procurement selection procedures for all new contracts in line with the Living Wage Foundation's accreditation criteria.
3. The accreditation covers three main strands of committed support:
 1. Commitment to pay our own staff and apprentices in line with the London Living Wage.
 2. Commitment to pay suppliers' staff in line with the Living Wage Foundation accreditation terms and conditions.
 3. Promote the adoption of the Living Wage accreditation by City Businesses.

Current Position

4. Since April 2016, the City Corporation has been compliant with the requirements of the Living Wage Foundation's accreditation and has contractual terms with all suppliers covered under the LWF Licence to pay the Living Wage salary levels including annual uplifts.
5. We have a well-established and strong working relationship with the Living Wage Foundation as an early adopter of the standard and this has been illustrated by the Living Wage Awards being held at Guildhall earlier this year and the Barbican Centre being the location for the live announcement of the new rate this coming November.
6. The only area that the Corporation has not yet been able to shift fully to be compliant is a small number of supported living contracts managed by DCCS, this is because the selection of care home is an individual carer's choice and the Corporation can only promote Living Wage Facilities with no powers to mandate it.

Recent Event

7. A recent incident showed there were still occasions when low value contracts involving non-corporate contractors/suppliers can be hired for below London Living Wage levels without City Procurement, departments or Members being aware. This risk is specific to the existing Living Wage terms of only applying to contracts where suppliers employ contracted staff who work two or more hours in any given day in the week for eight or more consecutive weeks in a year on behalf of the City of London Corporation.
8. Incidents such as this do have a reputational risk to the City Corporation, despite our adherence to the terms of the Living Wage accreditation, which could lead to negative coverage in future if similar instances arise.

Review of Living Wage Accreditation

9. The Chairman of Policy and Resources Committee and the Chamberlain commissioned the Commercial Director to review the existing terms and consider a range of enhancements that would strengthen the City Corporation's already strong commitment to the Living Wage, meet Member expectations and mitigate any potential reputational risks.
10. The Commercial Director has consulted in recent months with the Living Wage Foundation, Economic Development, Communications team, Comptrollers, Finance, Audit and Human Resources as well as with the Member who alerted us to the recent incident.
11. The existing Living Wage Foundation terms were developed with early adopters of the Living Wage and labelled as a practical level of intervention that was negotiated across industries. The aim of the Foundation is to ensure all 'regular workers' receive the wage, but the terms were put in place as firms could not control certain workers such as vending machine stockers, couriers, leaflet

droppers and other transactional workers that are called upon for one-off pieces of work.

12. The following measures have been considered as part of this review, with commentary on the findings and recommendations as follows:

- i. **An enhanced commitment to current Live Wage policy** – Strengthen our policy by paying Living Wage rates for any person contracted to deliver two hours or more work for the Corporation in any contract.
 - **Findings** – The Living Wage Foundation confirmed they are currently developing an enhanced Accreditation level and would welcome the Corporation working with them as an early adopter. This would also ensure we are not at risk of another situation arising like the recent case.
 - **Recommendation**
The City Corporation approves the enhancement to our Living Wage Policy by making the Living Wage applicable to all contracted supplier staff delivering two or more hours work.

- ii. **Potential for an advanced Live Wage Accreditation being obtained** - Explore the City Corporation being the forerunner of a Living Wage Plus (or Gold standard accreditation).
 - **Findings** – The Living Wage Foundation are currently developing additional accreditation levels and are at present exploring ‘place’ based accreditations for Towns, Cities or Regions as well as an enhanced level for existing accreditation holders. They are positive about working with the City Corporation to be an early adopter for an enhanced standard.
 - **Recommendation**
explore with the Living Wage Foundation the City Corporation being an early adopter of their ‘in-development’ enhanced accreditation standard.

- iii. **Backdating Living Wage payments** - Explore budgetary and operational implications regarding the potential to backdate Living Wage Payments to supplier employees and staff to when the new rate is announced in November each year. Currently affected staff get their salary uplifted on 1st April each year in line with the guidance on Living Wage accreditation, but not backdated. This also allows for the increase announced in November to be built into budget plans for the subsequent year.
 - **Findings** – The current policy of applying the increase announced in the autumn from the following April is consistent with the LWF guidance that “*the uplift should happen within six months of the annual announcement*”. Bringing forward the payment to the announcement date (either at that point or through a back payment) would nonetheless benefit recipients of the Living Wage. But in considering this proposal, Members should be aware that the City Corporation would not as a rule backdate payments or provide additional in-year budget resources in this way. The full year impact would be of the order of £400k. And it would in practice be difficult to establish that

relevant suppliers passed on the increase to their staff at the appropriate point and there would be a reliance on contracted suppliers being willing to negotiate and vary such new terms into existing contracts.

Finally, any decision to backdate supplier payments would clearly need to be reflected in payments to our own staff. This would mainly affect, apprentices and staff engaged as casuals. The Living Wage is announced in November each year, without forewarning to employers of what the new rates will be. The advice provided to employers by the Foundation with regard to the implementation of new rates when they are announced (to the effect that the new rates should be paid to all employees by 1 May the following year, or some six months after their announcement) therefore reflects the way the National Minimum Wage (NMW) is managed by the Government. While the new NMW rates are effective from 1 April each year, they are announced some months in advance of this, which allows employers to build provision for them into their budgets. For Living Wage employers, this may be of some importance, as the Living Wage has in recent years increased in excess of inflation or wage increases, and the rate of increase has in itself been steadily increasing - in 2015 the London Living Wage increased by 2.73%, in 2016 by 3.72% and in 2017 by 4.62%. It is not expected that these rates of increase will diminish in the near future.

Given that there is no forewarning of the rate of increase of the Living Wage each year, it would be impossible to give a precise figure for costs to the City of London which would arise from any decision to backdate increases in Living Wage payments to the date of announcement of the new Living Wage, but in 2017/18 implementation of the new rates with effect from 1 November would have added approximately £150k (*this has been considered as part of the projected £400k p.a. costs*) to the direct staff pay bill, of which much the largest part would have been incurred in the casual payroll. **Recommendation** – for Members to decide if the Corporation policy should be revised with regards implementation date of the living wage payments.

- iv. **Auditing Compliance for Low Value Contracts** - Explore the implications of introducing an annual audit on a sample of the low value contracts to ensure the Living Wage payments have been paid actual employees, this was felt as the most appropriate intervention to support compliance and we agreed it was impractical to govern all small contracts from the corporate centre.
- **Findings** – Given the potential introduction of an enhanced level of Living Wage, low value contracts (below £10k in value) would need to include a commitment to pay supplier staff. This would create a risk on ensuring compliance as such procurements are not managed by City Procurement. The introduction of a regular audit to spot check 20% of the transactions of such a nature would be a proportionate intervention to support this initiative.

- **Recommendation** – To introduce an audit of low value contracts below £10k to ensure compliance with the proposed revised Living Wage policy after twelve months and thereafter as a regular part of the Corporate audit cycle. This will help to ensure staff involved receive the commensurate salary.
- v. **Funding and Promotion of the Living Wage** – Consider sponsorship of the Living Wage Foundation or support them via other channels within the City Corporation i.e. Economic Development.
- **Findings** – The Living Wage Foundation has several initiatives that City Bridge Trust, Economic Development and Chamberlain’s are already partnering on. The City Bridge Trust is a Living Wage Friendly Funder and a Living Wage Friendly Funder Champion amongst its prospective and existing grantees. A member of the City Bridge Trust team sits on the National Steering Committee of Living Wage Friendly Funders, and regularly champions the benefits to external organisations.

Although it is not a requirement of the Living Wage Foundation accreditation, the City of London pays all its Interns, work experience placements over two weeks and Apprentices the London Living Wage as a minimum. This was recognised as an outstanding contribution in an independent responsible business review undertaken 2017.

The Economic Development Office has a strong portfolio of responsible business support for financial and professional services. As part of this work, the department is currently scoping the possibility of running a campaign to demonstrate the commercial and societal benefits of paying the London Living Wage with a proposal coming to Members later in the year. This would support the Living Wage Foundation to target a key sector and would improve the lives of those within the sector’s reach. Finally, the Chamberlain’s Department recently sponsored and hosted the Live Wage Champion Awards at Guildhall on the 6 June 2018.

- **Recommendation** – No further additional intervention required as relevant departments such as City Bridge Trust, Chamberlain’s, Human Resources and Economic Development consider Living Wage as part of their annual business planning and regularly promote and sponsor Living Wage initiatives at present.

Additional risk reviewed

13.. The Commercial Director also reviewed potential current risks around third-party users of the Corporation’s assets that are not directly contracted via City Procurement i.e. the banqueting list of contractors. Living Wage compliance is in fact part of their agreed terms in offering services within our assets when contracted externally. Monitoring of this compliance is managed directly by the lead department.

Corporate and Strategic Implications

The proposed recommendations are aligned to the Corporate Plan theme of Supporting a Thriving Community, they deliver against the targeted outcome of *'Businesses are trusted and socially and environmentally responsible'*. Living Wage is a component part of the Corporation's Responsible Procurement Strategy and is consistent with the aims of the emerging Responsible Business Strategy.

Conclusion

14. The City Corporation has been committed as an accredited member of the Living Wage Foundation since 2012 and from 2016 have been fully compliant in line with the license for direct staff, temporary workers, contractors and supplier staff. This report considers a range of opportunities to build on this already strong commitment, as part of the City Corporation's wider commitment to its Responsible Business Strategy.

Background Papers

- ***Living Wage – Funding and Amendments to Procurement Policy – Policy and Resources and Finance Committees, May 15.***
- ***Living Wage Employer Accreditation Licence – Policy and Resources Committee, October 14.***
- ***London Living Wage – Policy and Resources, Establishment and Finance Committees, July 2012***

Report Author

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Committee(s): Police Committee – <i>for information</i> Finance Committee – <i>for information</i> Policy & Resources Committee – <i>for decision</i> Establishment Committee – <i>for decision</i> Court of Common Council – <i>for decision</i>	Date: 1 November 2018 13 November 2018 15 November 2018 3 December 2018 6 December 2018
Subject: Review of the City of London Police Authority – Resourcing & Governance Arrangements	Public
Report of: Town Clerk & Chief Executive	For Decision/ For Information
Report author: Caroline Al-Beyerty, Deputy Chamberlain, and Alex Orme, Policy Manager (Police Authority)	

Summary

The report outlines proposals to enhance the Police Authority function within the City of London Corporation (City Corporation) in line with its responsibilities as the Police Authority for the City of London Police Force (City Police). The current Police Authority structure is based on a historic resourcing model and does not mirror the evolving staffing structures in the Police and Crime Commissioner Offices (OPCC) and although outside the PCC arrangements, the City Corporation has undertaken to mirror other Local Policing Bodies governance arrangements in its oversight of the City Police.

Staffing arrangements in PCC offices have been researched (Appendix 1) and it is now recommended that there is a need for the Police Authority to adjust the current staffing model. Many of the PCC Offices now have professional support built into their core team whereas the Corporation’s Police Authority continues to have a small core team that has access to the Corporations’ professional services who, while providing these functions, tend to do so on an ad hoc basis. There is therefore a need to formalise these support arrangements, it is suggested through developing service level agreements.

There is a specific need to enhance the Police Authority finance function provided by the Chamberlain’s Department to resource the Authority’s strategic finance responsibilities, including development of the Medium-Term Financial Plan and to strengthen the oversight and scrutiny of the Force’s financial performance. It is also proposed that the Corporation increase the number of staff within the Police Authority core team to meet the new appeals process and current Independent Custody Visitor (ICV) requirements.

The report, therefore, seeks approval of funding for three FTE posts at a total cost of up to £250,000. These additional posts, coupled with the development of service level agreements, will allow the Police Authority to strengthen its governance arrangements in areas identified for enhancement including strategic leadership, community engagement and performance management.

Finally, further work needs to be undertaken to establish the full cost of providing the Police Authority function for comparative benchmarking and Value for Money purposes.

Recommendation(s)

Members are asked to:

For Policy & Resources and Establishment Committee:

- Approve the creation of two FTE finance posts, including a Grade I post, at a cost of up to 195,000 and one FTE Town Clerk's post at a cost of up to £55,000 to strengthen the capacity and capability of the Police Authority;

For Court of Common Council:

- Approve a base budget uplift to the Police Authority within City Fund of up to £250,000 with effect from 2019/20 to be considered as part of the annual budget setting and medium-term financial planning process; and the creation of a Grade I post in the Chamberlain's Department.

For all Committees:

- Note the intention to introduce service level agreements between the Police Authority and the Corporation's professional support services; and
- Note the improvement to the governance arrangements that will enhance the Police Authority's oversight and scrutiny function including greater strategic leadership and community engagement and better performance management arrangements.
- Note the intention to establish the full cost of the Police Authority function for benchmarking and Value for Money purposes.
- Note, if approved, posts will be recruited to and will be a cost pressure on the Chamberlain's and Town Clerk's 2018/19 budgets. If required, a funding request may be made to Finance Committee for contingency funding late in the financial year.

Introduction

1. The City of London Corporation's Police Authority plays a vital role in the governance of policing within the Square Mile, overseeing spending of £132 million in 2018/19. The Police Authority is expected to ensure that City of London Police delivers efficient and effective policing for the public. The 1996 Police Act, legislation set out the roles and responsibilities of Police Authorities. The City of London acts as one of the 'checks and balances' in a two-part system of shared responsibilities with the City of London's Police Commissioner.
2. The proposals in this report seek to minimise duplication of expenditure on City Police functions, whilst achieving consistency with the statutory obligations imposed on both the City Corporation and City Police to discharge separate responsibilities in their respective capacities as Police Authority and police force.

Indeed, there are significant opportunities for greater collaboration between the respective finance teams of the City Corporation and the City Police whilst achieving consistency with the need to respect and ensure the operational autonomy of the Commissioner. These proposals are, therefore, likely to be complemented in due course by a reorganisation of the City Police finance team in light of reviews commissioned by the City Police Commissioner.

3. The City Corporation is anomalous in retaining a Police Authority in the form of the Court of Common Council, acting through the Police Committee and other relevant Committees to which the Common Council has delegated its general functions of superintendence. This anomaly is sustained by a standing agreement between the City Corporation and the Home Secretary, first negotiated prior to the passage of the Police and Magistrates' Courts Act 1994, that the Common Council would undertake to mirror national governance arrangements in its oversight of the City Police.
4. Further to guidance from Home Office and CIPFA, the role of the City Corporation's police authority finance team is primarily about the challenge, assurance, scrutiny and strategic overview of City Police budgets. Within this framework, the team would focus, on behalf of the police authority, on scrutinising financial information, budget planning and accounting processes, intervening and supporting colleagues in the City Police where appropriate to ensure compliance with City Corporation best practice, as well as the expectations of our external auditors.
5. The legislation envisages that the Police Authority and Police Force would have two separate Chief Finance Officers (CFOs). In order to achieve efficiencies, some PCCs and Forces have decided to appoint the same individual to carry out both roles, albeit with processes in place to avoid conflicts of interest for postholders; it is important to note that, further to the guidance, such arrangements can only be put in place with the consent of the Chief Constable (i.e. the Commissioner).
6. While it is important to note that the enhanced police authority finance function is not responsible for the day-to-day management of Police budgets, which lies within the purview of the Commissioner, it will be necessary for the respective finance teams to work very closely together, underpinned by a culture of mutual collaboration and mutual openness. Nowhere will this be more important than in setting the medium-term financial plan for the City Police, for which the police authority is responsible.
7. Finally, it is important to note the other Committees that have a role in the governance of the Police Authority on behalf of the Court of Common Council. These are the Establishment Committee which is responsible for personnel (staffing) and establishment matters for civilian staff and the Finance Committee which ensures that the City of London Corporation achieves value for money in all its activities and provides careful stewardship of the City Corporation's funds and the Audit & Risk Committee.

Main Report

Resourcing the Police Authority – current capacity and capability

8. The Police Authority's roles and responsibilities changed significantly with the introduction of Police and Crime Commissioners in October 2012 (Police Reform and Social Responsibility Act 2011). At that time, the Corporation increased the staffing complement slightly to reflect the new legislation but did not undertake a comprehensive capacity and capability review to take into account:
 - a) the significant changes in role and responsibilities; and
 - b) the Corporation's need to mirror the arrangements in other Policing areas as a result of an undertaking given first given prior to the passage of the Police and Magistrates' Act 1994.
9. The resourcing (staffing) levels remain significantly lower than those in the newly created Offices of Police and Crime Commissioners (the OPCCs) across the country. An analysis of staff numbers (see Appendix 1) shows a significant difference in the number of core staff employed. Our Police Authority FTE posts are 2.15 FTE (consisting of the Policy Manager (Police Authority), Policy Officer and 0.15 FTE for an ICV Scheme Manager (Compliance)) compared to an average of 14.4 FTE posts (for the nine smallest of the 43 OPCC's). The average OPCC budget is £1.12 million compared to £200k for the Police Authority core team.
10. The increase in size in the PCC offices is largely due to a growth in their communications and engagement, commissioning and administrative support functions. Our Police Authority does have access to the City of London Corporation's professional support services to provide many of these functions. However, this is on an ad-hoc basis even though the Police Authority should be using a similar amount of professional support as many of the OPCCs. The table in Appendix 2 sets out who within the Corporation provides the standard OPCC functions for the Police Authority.
11. Through our service commissioner role, we have been able to meet some of the shortfall in capacity by using the Corporation's professional support services. However, given the complexity of the City Corporation's obligations it is now proposed to strengthen these arrangements through a combination of dedicated extra staffing and the introduction of service level agreements with our professional support services. This will enhance the oversight and scrutiny of the Force by the Police Authority.
12. Whilst, the research was able to establish the direct costs of the core team it was unable to determine the full cost of running the Police Authority function because it was difficult to identify the cost and time commitment from the service providers across the wider Corporation. Hence, there is no comparative financial analysis provided in this report. Therefore, the Police Authority needs to work with the Chamberlain's to establish the full cost of providing the Police Authority function for comparative benchmarking and VFM purposes.

Core team capacity

13. As the Police Authority is part of the City of London Corporation, it has the benefit of being able to access the Corporation's professional support services (Finance, HR, Communications, legal, etc.). This means that the core team can remain small and use these services instead of having these posts built into the core team (like other OPCCs). However, there is a requirement to enhance capacity within the core team to meet the new complaints reviews arrangements (which is a statutory function transferring to PCCs and Authorities early in 2019), assist the ICV Manager and to help support the growing day-to-day demands of running a Police Authority. The proposed requirement is one FTE post (Grade D), identified in white in the organogram in appendix 3.

Service support – professional advice, guidance and support for the Police Authority and Police Committee

14. The Corporation's professional support services provide advice, guidance and support for the Police Authority and Police Committee, but this tends to be on an ad hoc basis. There is therefore a need to formalise these arrangements through a service level agreement approach that ensures that there is a written agreement between the professional support service and the Police Authority. The agreement will provide service standards, expectations and will state the minimum level of service required to meet the business needs.

Police Authority Finance – Oversight & Scrutiny

15. There is a need to further enhance the Police Authority finance function to enable the Authority to lead more effectively on the Police Medium Term Financial Plan, to strengthen the Police Authority's ability to challenge and scrutinise City Police Budgets, enable greater assurance and provide Member's with a clear strategic overview. Therefore, to increase the capacity of the Police Authority to enhance the financial oversight & scrutiny of the Force, it is proposed that two FTE posts (1x Grade I; 1 x Grade G) in the Chamberlain's Department are required - identified in white in the organogram in appendix 3.

Review of the current governance arrangements

16. Alongside a look at resourcing, the Town Clerk's Department also undertook a review of the Police Authority's current governance arrangements and identified potential areas for improvement (using the HMIC Police Authority Inspection Methodology 2010 – effectiveness measures) and has identified the following areas where improvements could be made:

- Police Committee taking a greater strategic lead in shaping the policing plan;
- The Corporation developing arrangements for capturing community concerns and needs, and using this to inform police priority setting; and
- Improving the information provided to Police Authority/Police Committee to enable it to scrutinise police performance effectively

Financial Implications

17. The total cost of the proposed new staff would be up to £250,000. This includes on-costs of 32% calculated at the top of the pay scale and a Market Forces Supplement for the Grade I finance position.
18. It is proposed that this sum be included in the 2019/20 budget as part of the annual medium-term financial planning process, funded from City Fund.
19. If approved, the posts will be recruited to immediately and Members are asked to note that this will be a cost pressure on both the Chamberlain's and the Town Clerk's 2018/19 budgets. If required, a funding request may be made to Finance Committee for contingency funding late in the financial year.

Conclusion

20. The current Police Authority staffing model is based on a historic resourcing model and to ensure the City Corporation discharges its duties as a Police Authority there is a need to strengthen the capacity and capability of the Police Authority to mirror other PCC Offices and to reflect the changes in the policing world. The current governance arrangements - when measured against HMIC Police Authority effectiveness measures – require strengthening to ensure the Police Authority can continue to robustly and effectively support and challenge the Force.

Appendices

- Appendix 1 – Cost Comparison of OPCCs
- Appendix 2 – Standard OPCC Functions/Corporation Officers
- Appendix 3 – Proposed Police Authority Organogram

Background Papers

None

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Committee(s): Finance Committee – For decision	Date(s): 13/11/20118
Subject: Incentivising Efficient Demand Management – Legal Services Charging	Public
Report of: The Chamberlain	For Decision
Report author: Philip Gregory, Deputy Director, Financial Services	

Summary

Following the decision at your February 2018 meeting approving the creation of an internal trading account for Comptrollers & City Solicitors (C&CS) legal services, work has been carried out by the Chamberlain's and C&CS departments to progress this proposal.

This report provides an update on the implementation work to date, as well as highlighting a number of practical issues that have arisen which has led to the recommendation for this change to be implemented on 1 April 2019.

Recommendations

Members are asked to:

- Note the progress made in moving to an internal trading account model for C&CS legal services.
- Agree to progress under option 2 of this report, which recommends implementing the internal trading account for legal services from 2019/20.

Main Report

Background

1. At your February 2018, you considered a paper on Corporate Services: Incentivising Efficient Demand Management, which discussed the option to introduce internal charging for corporate services as a mechanism to manage demand and ensure value for money.
2. The report established several criteria to assess which corporate services could benefit from such a mechanism without adding a disproportionate administrative burden to the charging service or its clients. The legal advice provided by the Comptrollers and City Solicitors (C&CS) department met this criterion, and it was agreed that the service would pilot a move to an internal charging model.

3. Since this decision there has been a delay in progressing this work due to the focus on producing and auditing the City Fund Statement of Accounts within the earlier statutory deadlines and providing additional support to the City of London Police finance function, details of which were discussed in your July Committee.
4. Work has now been carried out to understand the feasibility and implications of introducing a trading account and the options to be considered when this new approach is introduced.

Current Position

5. Work between the Chamberlain's and C&CS departments has progressed the implementation of the new charging model. This work has included:
 - Agreement on the charging methodology – this includes agreeing the scope of activities that will fall under the new model and an assessment of the new requirements that will fall out of this change.
 - Calculation of charging rates – based on the required level of recovery, rates have been calculated based on assumed levels of activity, profiled against levels of staff.
 - Budget allocations – based on activity analysis available a high-level estimate of budget allocations to services has been made.
6. Whilst positive progress has been made, the above work has highlighted issues that will impact on when the new charging model can be effectively and efficiently implemented. These issues are focused around:
 - The capability of the current legal case management system to support internal charging.
 - Complications arising from implementing mid-year.

Legal Service Case Management System

7. The C&CS department currently operates a dated case management system which includes time recording functionality enabling staff to allocate their time to legal cases. This supports the current allocation of C&CS costs to departments as part of the overhead reallocation process i.e. recharging.
8. The initial assessment in February of C&CS suitability for internal charging had assumed the case management system functionality would facilitate the implementation. Further analysis of the charging system requirements has flagged the following issues:
 - The departmental charging information currently captured is at a high level e.g. Assistant Director grouping, which has been sufficient for C&CS's recharging purposes by committee but lacks the functionality to inform detailed charging to departments to business unit level.

- There is limited capability to produce detailed management reports for Service Managers to understand, challenge and amend their use of legal services. Such information can only be produced on an ad-hoc basis, adding significantly to the administrative burden of the model.
- Resolving the technical issues above to make the current system fit for purpose is technically difficult and would require significant time and resources not currently available. The C&CS department are in the process of procuring a replacement case management system which is due to be implemented by April 2019. This new system will not only bring the functionality required to support detailed recharging but will also bring a host of other benefits that will meet C&CS business requirements which will enable it to operate in a more efficient and effective way. Any investment in the existing system would be costly, time consuming, provide a very short term and limited improvement in functionality and risks delaying implementation of the new system. It should be noted that the current case management system is not capable of meeting the C&CS business requirements, so any investment would be a sunk cost once the new system is in place.

Implementation mid year

9. It was originally envisaged that implementation of a trading account would occur during 2018/19, with budgets realigned across services and retrospective charges applied for activity prior to implementation. There are several issues which make this approach problematic including:
 - As outlined above the information currently held does not have enough detail to enable charging to the required business unit level. In order to retrospectively charge, a manual exercise will need to be carried out to obtain the correct level of information which would also need to be input into the current system to enable charging going forward.
 - The aim of this change is to ensure efficient use of this service by introducing a direct cost to users. However, commissioning decisions to date have been made without this incentive which could leave Chief Officers bearing costs in their local risk budgets that they did not fully understand.
 - Due to the delays outlined above, there has been little communication about this change to enable a change in behaviour. A longer lead in time would allow officers to review how they use this service before incurring costs.
10. Resolution of the issues outlined above within the current financial year would require significant resource which is currently not budgeted for and would divert officers away from implementing a modern fully integrated legal case management system which will deliver the functionality required to operate a

trading account and a fully electronic working solution for the service along with other significant business benefits.

Options

11. The options available are:

Option 1 – Implement in the current year with retrospective charges.

As outlined above, to achieve this option would require investment in the outgoing system to give the minimum functionality required to enable a trading account to operate. It is estimated that this would cost £90k which is made up of interim staff to carry out a manual data cleansing exercise to capture the required level of information and the cost of upgrading the current system to meet the requirements of this specific task. As this cost is not budgeted for a request to Finance Committee contingency would be made for this funding.

This would also mean key staff diverting their attention away from bringing in the new fully functional case management system, making it likely that its implementation would be delayed. Any investment would be short term as the existing system with an upgrade would still not meet the business requirements of the C&CS department and will not provide any operational benefits. This option does not address the issues raised above on a mid-year implementation.

Option 2 – Implement charging from 1 April 2019

A new case management system is due to be implemented by 1 April 2019 which provides a good opportunity for purpose-built system and process to be developed to enable the efficient operation of the charging model. This will also allow time for communication to Chief Officers to take place and filter through to departments so future instructions can bear costs in mind.

The new system will also facilitate a new way of working for legal services so the introduction of charging at this point will align with the wider change of how the new system functionality will change how client departments engage this service. The budget for the implementation of a new system has already been approved so this option does not create any additional costs. Officer resource has been aligned to enable this change and there are currently no issues in the progress of this project.

Proposals

12. It is recommended that option 2 be agreed. Following a detailed analysis of this change, it is clear that the current case management system will not enable an effective implementation. With the procurement of a new case management system already underway, an attempt to make the current system fit for purpose would be a costly short-term fix and would risk the successful implementation of the new system, which will yield benefits beyond that of installing the new

charging model. Option 2 also provides time for this change to be communicated and for services to reflect on their use of legal services.

Corporate & Strategic Implications

13. The Corporate Plan states that as an organisation we need to be relevant, responsible, reliable and radical.
14. This proposal aims to ensure we take a responsible approach in utilising our resources in the most effective way as well as being open to new ways of working.

Implications

15. Agreement with the recommended option will not require any additional resources as a budget for the new system has already been agreed.

Conclusion

16. Following agreement at your Committee to introduce internal charging for legal services, work has been carried out to understand the impact of this change. This has highlighted that the current case management system in its current form is not capable of supporting this change. In addition to this, the option to implement mid-year creates some added complications.
17. The procurement of a new case management system is already underway whose specification includes the required functionality to support internal charging. The timeline for the new system to go-live is the start of the new financial year.
18. The introduction of the new charging model at this point will mean the system functionality will be in place to support this change as well as avoiding the complication of a mid-year implementation. It will also align with the overall change in how the C&CS department will operate with the introduction of this new technology which will see services commissioning legal work in a new way.

Appendices

- None

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Committee(s):	Dates(s):
Finance	13 th November 2018
Planning & Transportation	20 th November 2018
Streets and Walkways Sub	4 th December 2018
Court of Common Council	6 th December 2018
Subject: Annual On-Street Parking Accounts 2017/18 and Related Funding of Highway Improvements and Schemes	Public
Report of: Chamberlain	For Information
Report author: Simon Owen, Chamberlain's Department	

Summary

The City of London in common with other London authorities is required to report to the Mayor for London on action taken in respect of any deficit or surplus in its On-Street Parking Account for a particular financial year.

The purpose of this report is to inform Members that:

- the surplus arising from on-street parking activities in 2017/18 was £14.523m;
- a total of £4.664m, was applied in 2017/18 to fund approved projects; and
- the surplus remaining on the On-Street Parking Reserve at 31st March 2018 was £29.980m, which will be wholly allocated towards the funding of various highway improvements and other projects over the medium term.

Recommendation

Members are asked to:

- Note the contents of this report for their information before submission to the Mayor for London.

Main Report

Background

1. Section 55(3A) of the Road Traffic Regulation Act 1984 (as amended), requires the City of London in common with other London authorities (i.e. other London Borough Councils and Transport for London), to report to the Mayor for London on action taken in respect of any deficit or surplus in their On-Street Parking Account for a particular financial year.

2. Legislation provides that any surplus not applied in the financial year may be carried forward. If it is not to be carried forward, it may be applied by the City for one or more of the following purposes:
- a) making good to the City Fund any deficit charged to that Fund in the 4 years immediately preceding the financial year in question;
 - b) meeting all or any part of the cost of the provision and maintenance by the City of off-street parking accommodation whether in the open or under cover;
 - c) the making to other local authorities, or to other persons, of contributions towards the cost of the provision and maintenance by them, in the area of the local authority or elsewhere, of off-street parking accommodation whether in the open or under cover;
 - d) if it appears to the City that the provision in the City of further off-street parking accommodation is for the time being unnecessary or undesirable, for the following purposes, namely:
 - meeting costs incurred, whether by the City or by some other person, in the provision or operation of, or of facilities for, public passenger transport services;
 - the purposes of a highway or road improvement project in the City;
 - meeting the costs incurred by the City in respect of the maintenance of roads at the public expense; and
 - for an “environmental improvement” in the City.
 - e) meeting all or any part of the cost of the doing by the City in its area of anything which facilitates the implementation of the Mayor’s Transport Strategy, being specified in that strategy as a purpose for which a surplus can be applied; and
 - f) making contributions to other authorities, i.e. the other London Borough Councils and Transport for London, towards the cost of their doing things upon which the City in its area could incur expenditure upon under (a)-(e) above.
3. In the various tables of this report, figures in brackets indicate expenditure, reductions in income or increased expenditure.

2017/18 Outturn

4. The overall financial position for the On-Street Parking Reserve in 2017/18 is summarised below:

	£m
Surplus Balance brought forward at 1st April 2017	20.121
Surplus arising during 2017/18	14.523
Expenditure financed during the year	(4.664)
Funds remaining at 31st March 2018, wholly allocated towards funding future projects	29.980

5. Total expenditure of £4.664m in 2017/18 was financed from the On-Street Parking Reserve, covering the following approved projects:

Revenue/SRP Expenditure:	£000
Highway resurfacing, maintenance & enhancements	(2,241)
Concessionary fares & taxi card scheme	(493)
Bank Junction experimental safety scheme	(443)
Off-Street car parking costs funded from reserves	(225)
Special needs transport	(78)
Minorities car park structural building report	(45)
HVM security team	(32)
Temple Area traffic review	(31)
Dominant House footbridge repairs	(24)
Barbican Podium waterproofing	(14)
Beech Street tunnel	(6)
Cleansing / planting maintenance / other	(2)
Total Revenue/SRP Expenditure	(3,634)
Capital Expenditure:	
Street Lighting project	(720)
Aldgate	(257)
Beech Gardens Barbican Podium waterproofing	(48)
Milton Court highway works S278	(5)
Total Capital Expenditure	(1,030)
Total Expenditure Funded in 2017/18	(4,644)

6. The surplus on the On-Street Parking Reserve brought forward from 2016/17 was £20.121m. After expenditure of £4.644m funded in 2017/18, a surplus balance of £9.859m was carried forward to future years to give a closing balance at 31st March 2018 of £29.980m.
7. Currently total expenditure of some £81.364m is planned over the medium term from 2018/19 until 2022/23 (as detailed in Table 1), by which time it is anticipated that the existing surplus plus those estimated for future years will be fully utilised.
8. The total programme covers numerous major capital schemes including funding towards the Street Lighting project; HVM security bollards; Thames Court footbridge; Barbican Podium waterproofing & Highwalk remedial works; repairs to Holborn Viaduct & Snow Hill pipe subways; Temple Area traffic review; London Wall car park waterproofing, joint replacement & concrete repairs; Dominant House footbridge repairs; and Bank Junction permanent safety scheme.
9. The programme also covers ongoing funding of future revenue projects, the main ones being highway resurfacing, enhancements & road maintenance projects; concessionary fares & taxi cards; contributions to the costs of Off-Street car parks; Bank Junction experimental safety scheme; Minorities car park structural building report; and special needs transport. The progression

of each individual scheme is, of course, subject to the City's normal evaluation criteria and Standing Orders.

10. A forecast summary of income and expenditure arising on the On-Street Parking Account and the corresponding contribution from or to the On-Street Parking surplus, over the medium-term financial planning period, is shown below:

Table 1 On-Street Parking Account Reserve Projections 2017/18 to 2022/23	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	Actual £m	Forecast £m	Forecast £m	Forecast £m	Forecast £m	Forecast £m	£m
Income	21.0	16.9	15.5	14.6	13.9	13.4	95.3
Expenditure (Note 1)	(6.5)	(4.2)	(4.6)	(4.6)	(4.7)	(4.8)	(29.4)
Net Surplus arising in year	14.5	12.7	10.9	10.0	9.2	8.6	65.9
Capital, SRP and Revenue Commitments	(4.6)	(20.6)	(26.7)	(16.0)	(9.3)	(8.8)	(86.0)
Net in year contribution (from)/ to surplus	9.9	(7.9)	(15.8)	(6.0)	(0.1)	(0.2)	(20.1)
(Deficit)/ Surplus cfwd at 1 st April	20.1	30.0	22.1	6.3	0.3	0.2	
(Deficit) / Surplus cfwd at 31st March	30.0	22.1	6.3	0.3	0.2	0.0	

Note 1: On-Street operating expenditure relates to direct staffing costs, repair & maintenance of pay & display machines, Indigo contractor costs, fees & services (covering cash collection, pay by phone, postage & legal), IT software costs for enforcement systems, provision for bad debts for on-street income and central support recharges.

11. A noticeable increase in income has been generated since 2017/18 due to the Bank Junction Experimental Safety Scheme, that has since been made permanent following agreement at Court of Common Council on 13th September 2018. Depending upon future motorist's compliance, these forecast future income streams may need refining.

Conclusion

12. So that we can meet our requirements under the Road Traffic Regulation Act 1984 (as amended), we ask that the Court of Common Council notes the contents of this report, which would then be submitted to the Mayor of London.

Background Papers

13. Road Traffic Regulations Act 1984; Road Traffic Act 1991; GLA Act 1999 sect 282.
14. Final Accounts 2017/18.

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Committee(s):	Date:
Finance Committee – For decision	13 November 2018
Subject: Business Rate Uncollectable Debt & Write-Off Review	Public
Report of: Chamberlain	For Decision
Report author: Phil Black – Head of Revenues	

Summary

The National Non-Domestic Rates (NNDR) is a statutory debt collected in accordance with legislation. The primary legislation is the Local Government Finance Act 1988 and its associated regulations. This report provides an outline of the process and the various recovery options currently employed by the City.

The City Corporation's collection rate is the 2nd highest in London, so our collection procedures are highly effective. All reasonable recovery action is taken before debts are passed for write off. Although there is no 'problem to fix', enhancements could be considered to maximise collection rates and this report recommends that the City instructs a specialist third-party company to review debts deemed uncollectable.

The review discovered a slight delay in the creation of new accounts which has now been addressed through a change in procedures and it also highlighted the significant delays that are inherent in the company liquidation process. The report requests approval for writing off insolvency debt 24 months after a company is put into liquidation/administration rather than at the end of what is often a lengthy process.

The report also requests an increase in the Write-Off authorisation level for all debt types from £5,000 to £20,000.

Recommendations

Members are asked to:

- note the contents of the report.
- approve increased write-off authorisation limits for all debt types from £5,000 to £20,000
- agree to a change in process to allow cases in liquidation to be written off 24 months after the commencement of the process
- agree to the use of a third-party company to review debt before write off.

Main Report

Background

1. National Non-Domestic Rates is a statutory debt enacted by the Local Government Finance Act 1988 and its subsequent amendments. The primary legislation is supported by various regulations, primarily the NNDR (Collection and Enforcement) (Local Lists) Regulations SI 1058/1989. A demand notice is issued once the Billing Authority is advised of a new liability. The regulations provide that the rates are paid in instalments. Failure to pay the instalment by the due date results in a reminder notice being issued; any sums not paid within seven days of issue are then required to pay the full rate for the financial year within a further seven days. At this stage the right to pay by instalments is lost. If the business rates are not paid in full a complaint is made to the Magistrate's Court and the debtor (ratepayer) is summonsed to court on a date (not less than 14 days from the date of the notice) to explain why the debt and any reasonable costs incurred in obtaining the summons have not been paid.
2. A Liability Order is issued if the ratepayer has no satisfactory defence against its issue. Once a Liability Order is obtained a debtor can pay the debt in full, failing which the Billing Authority recovers the debt by engaging the services of Enforcement Agents (EA). If the EA cannot enforce the debt they can take control of the debtors' goods. If the EA is unsuccessful in collecting the debt, then the City can initiate bankruptcy or winding up proceedings against the individual or company respectively. Warrants of Committal may also be issued where the debtor is an individual.
3. There is the option in respect of National Non-Domestic Rates to pursue unpaid rates through a court of competent jurisdiction without applying for a Liability Order. This is a high court process and incurs much higher costs than the £0.50 court costs in the Magistrate's Court using the Liability Order process.

Provision for Uncollectible Debts

4. All amounts submitted to Finance Committee for write off have previously been provided for as uncollectable in accordance with guidelines agreed with the City Corporation's external auditors and instructions issued by central government for the accounting of the non-domestic rate. The amounts submitted are included in a previous year's provision for bad debts in the annual outturn contribution form (NNDR3).
5. The elements attributable to additional amounts levied by the City of London as a premium and under the Crossrail business rate supplement are borne wholly from the proceeds of the premium and supplement and are detailed on the relevant write-off reports.

Current Position

6. The debts reviewed in this report are for the years 2016-17 and 2017-18. In these years the cumulative net collectible debit was £2,044,345,000 of which

£2,032,358,000 was collected in those years giving an average collection rate of 99.4%. In 2017/18 the City had the 2nd highest collection rate in London. The uncollected debits are the subject of this review.

7. Liability Orders were obtained in the period under review for 1380 cases totalling £29,939,962.39. Of this debt £7,383,812 (430 cases) was passed to the Enforcement Agents. The Enforcement Agents succeeded in collecting £4,335,116 amounting to a success rate of 59%, Cases spend an average of 98 days with the Enforcement Agents before being returned whether collected in whole, in part or not at all.
8. There is a statutory provision for the use of Enforcement Agents in recovering unpaid NNDR. The agents make direct contact with the debtors with a view to collecting the debt on behalf of the City as soon as possible. The Tribunals Court and Enforcement Act 2007 and its associated regulations govern the activities including any fees and charges of the Enforcement Agents. The City Revenues Team has real-time access to the performance data of the agents with the ability to monitor and approve activity and performance.
9. Following the return of unsuccessful cases by the Enforcement Agents, they are considered for winding up or bankruptcy proceedings. Case files are prepared, including case history and a file is provided to the Comptroller & City Solicitor (C &CS) to commence proceedings by issuing a statutory demand. During the period under review the City Corporation initiated six winding - up petitions of which two were wound up by the City. The other four were wound up by other creditors.
10. Cases where insolvency proceedings have been started by external parties are also investigated and Proof of Debt prepared prior to submitting claims in any insolvency proceedings. In these cases, companies had either ceased to trade and subsequently been struck off the Register of Companies and dissolved (67 cases), or the ratepayers concerned are bankrupt (3 cases) or absconded (6 cases). There were also 38 liquidations and seven administrations advised to the City by other organisations. The debts are submitted to Committee for write-off authorisation where they exceed £5,000 or the Head of Revenues where the debt is less than £5,000. All the write offs took account of dividend payments received after the realisation of any assets by the insolvent organisations.
11. The amounts submitted and approved for write off over the period under review amounts to £2,555,118 and comprises debts that have arisen over several financial years. All available recovery procedures had been taken to recover these sums, without success.

Options

12. As stated above, the debts written off have proved to be irrecoverable after exhaustive checks have been made. The companies are dissolved or in liquidation, the ratepayer is bankrupt or absconded.
13. As an additional step the City could instruct a specialist third-party company to review debts deemed uncollectable. This involves appraising assets, Director

profiling and assessing the chances of successful recovery. As a result of this review a trial will be carried out and evaluated to see if this process results in additional business rates being recovered. Initial enquiries suggest that this process could be carried out at no cost to the City, with the private sector organisation recovering their costs from any cases they decide to pursue. The use of this type of third-party specialist prior to writing off a debt is now a common step with many London boroughs.

14. The City could also consider utilising a third party to provide data on the relative financial health of organisations operating in the City. This could provide the City with an early warning system should the organisation or company appear to be heading into difficulties. It is not proposed to utilise this option at present as it is felt that the statutory recovery process outlined in section 1 limits the actions that the City can take and dictates the timescale. This is an option that will be kept under review and could be considered again in the future.

Lessons Learned

15. The review has highlighted that in some cases there was a slight time lag between when a new liability is notified to the City and when it is created on the system. This was due to details being agreed with all interested parties before a liability was created. This can lead to a delay in a bill being sent and whilst there was no evidence that this has impacted on collection, new processes have been implemented to create the account and issue a bill based on information received from one party.
16. The review also highlighted that there was often a significant delay between a company being placed into liquidation and the liquidation being completed. The City has approximately £1million of debt dating back to 2007 which is all still subject to the liquidation process. This report proposes that debt is written off 24 months after the City is notified of the liquidation and providing the business rate liability has ended. This will give a more accurate view of the collectable debit and avoid the lengthy delay that is often inherent in the liquidation process. These cases will continue to be passed to Committee under the current write off process. Any dividends eventually received once the liquidation process is concluded can be written back onto the system when they are received.
17. There was no indication from the review that where a company was placed into liquidation or was subject to bankruptcy that the City had failed to properly pursue payment. In all cases where a liquidation or bankruptcy had occurred there was no additional action that could have been taken which would have resulted in full payment. The City had lodged the appropriate claim as a creditor and these cases continued to be monitored to ensure the City's interests were represented.

Write Off Authorisation Levels

18. It is recommended that the current write off procedures are updated to authorise the Head of Revenues on behalf of the Chamberlain to write off any debts below £20,000. The current limit is £5,000.

19. The increase in write off level will reduce the number of cases that Committee Members are currently required to review and allow greater focus on higher value debts.

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Committee: Finance Committee	Date: 13 November 2018
Subject: Report of Action Taken - Public Decision taken under Urgency since the last meeting of the Committee	Public
Report of: Town Clerk	For Information
Report author: John Cater, Town Clerk's Department	

Summary

This report advises Members of urgent 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 No. 41(a) relative to a donation of £40,000 to DEC for their Indonesian tsunami appeal

Recommendation

Members are asked to note the report.

Main report

Background

In late September, a deadly earthquake struck Indonesia and triggered a tsunami, which surged inland, destroying almost everything in its wake. Hundreds of people lost their lives and thousands of families were left in desperate need of food, water, shelter and medical treatment. The DEC subsequently launched a public appeal.

Action Taken

1. The Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee, gave approval to a donation of £40,000 from the International Disasters Fund to support the Disasters Emergency Committee in providing humanitarian support to communities affected by the Indonesian earthquake and Tsunami.

Contact:

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

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