

## **FINANCE COMMITTEE**

**Tuesday, 22 January 2019**

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 22 January 2019 at 1.45 pm

### **Present**

#### **Members:**

Jeremy Mayhew (Chairman)	Deputy Wendy Hyde
Deputy Jamie Ingham Clark (Deputy Chairman)	Alderman Alastair King
Randall Anderson	Paul Martinelli
Dominic Christian	Deputy Hugh Morris
Sophie Anne Fernandes	Susan Pearson
Christopher Hayward	Ian Seaton
Christopher Hill	James Tumbridge
Michael Hudson	Deputy Philip Woodhouse

#### **Officers:**

John Cater	-
Simon Latham	- Town Clerk's Department
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Philip Gregory	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
Sean Green	- Chamberlain's Department
Ola Obadara	-

### **1. APOLOGIES**

Apologies for absence were received from Nick Bensted-Smith, John Fletcher, Deputy Tom Hoffman, Alderman Robert Howard, Deputy Clare James, Oliver Lodge, Deputy Robert Merrett, Alderman Sir Andrew Parmley, Deputy Henry Pollard and Deputy James Thomson.

The Chairman expressed his thanks to Alderman Matthew Richardson for his contribution to the Committee. Alderman Richardson will be standing down from the Corporation at the end of January.

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

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – That the public minutes held on 11<sup>th</sup> December 2018 be approved as an accurate record, subject to the following amendment -

Deputy Hugh Morris asked for the Minutes to reflect that he submitted his apologies for his absence on 11<sup>th</sup> December.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

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

A Member asked officers to ensure that the information security risk encompassed all forms of information, hitherto, the focus had been on keeping data stored on local drives and shared via email safe; it was important, however, to keep other materials, including hardcopy paper reports, secure. The Member asked officers to ensure that the relevant Committees and Sub-Committees were taking responsibility for this. The Deputy Chairman pointed out that the Digital Services Sub-Committee had overarching responsibility for the information security risk. He proposed that the DSSC review its Terms of Reference with a view to proposing changes in due course.

Turning to the internal charging pilot, the Chairman reemphasised that the software needed to be adaptable for other departments.

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

5. **CHAMBERLAIN'S FORWARD PLAN**

The Committee received a Report of the Chamberlain concerning the Committee's forward plan.

**RESOLVED** – That the Committee noted the Report

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

The Committee considered a report of the Town Clerk which advised Members of the key discussions which had taken place during a recent meeting of the Procurement Sub-Committee.

The Chair of the Procurement Sub-Committee highlighted a report that updated Members on City Procurement's plan to improve 10-day payment performance, which mainly related to the payment of invoices from small and medium sized enterprises (SMEs). Since the action plan was produced City Procurement has seen a positive impact with 10-day payment performance increasing from 84% in October to 91% in November.

With most of the action plan now completed, and the move from calendar days to working days for 10-day invoice payments, there has been a significant improvement in the figures and having exceeded the 85% target in November, the expectation is that this will be repeated each month for the remainder of the current financial year. Compared to other Local Authorities within Greater

London, the City Corporation appears to be leading the way, not only in terms of paying SMEs within 10 days, but also with regard to paying all suppliers within 30 days. A further update will be provided in the spring.

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

**7. RISK MANAGEMENT - TOP RISKS**

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

Officers pointed out that, for the foreseeable future the Corporation is in a robust position vis-à-vis procurement post Brexit. In the event of a transition period being agreed, the OJEU rules and portal would continue to be extant until 31<sup>st</sup> December 2020. If there were no deal, the rules would remain consistent in the medium-term, but an alternative portal would be established (this was currently being worked on by the Cabinet Office), essentially under both scenarios, it would remain business-as-usual.

The longer-term impacts were less clear, and officers would continue to monitor any Government discussions around future proposals for changing OJEU procedures. It was also likely that supply chains would face disruption and the availability of construction workers would come under pressure; the degree of this disruption remains, for now, unknown; in mitigation, the Chairman pointed to the recent elimination of the £65 fee for EU workers to register in the UK as an encouraging indication of the Government's ambition to support business.

A Member raised concerns that Billingsgate Market had received EU grant funding and queried what would happen after Brexit; the Deputy Chamberlain responded that this was a one-off grant, but it would be remiss not to consider whether the Corporation needed to financially support Billingsgate after Brexit. The Chairman stressed that officers needed to ensure that nothing falls through the cracks when EU grant funding is withdrawn after Brexit.

The Deputy Chairman indicated that a full discussion of the information security risk would take place at the 4<sup>th</sup> February meeting of the Digital Services Sub-Committee.

**RESOLVED** – That the Committee notes 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.

On the general theme of the Corporation's contingencies, the Chairman was of the view that in the absence of any evidence that contingencies have ever been exhausted, there would be no need to increase them. Overspends, in contrast to unforeseeable events, were separate, and should be considered on a case-by-case basis.

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

9. **Q3 BUDGET MONITORING**

The Committee received a Report of the Chamberlain concerning budget monitoring for Q3.

The Chairman reported to Members that a great deal of work had taken place, and was ongoing, to ensure the Police's adverse variance for 2018/19 was being mitigated, albeit "we were still not out of the woods". It was also important to recognise that concerns had been raised about the 18/19 financial outlook for the Barbican and certain areas within the City Surveyor's Department (CSD).

Both the Managing Director of the Barbican and the City Surveyor would present their updated efficiency plans to Members of the Efficiency and Performance Sub-Committee before the August recess; for the latter, the Chairman stressed that, although good financial management was vital, it was incumbent on Members to recognise the acute requirements CSD will have with regards strengthening project management, and the significant extra funding this will require in the 2020s. The Deputy Chairman added that CSD's Project Management Academy would be launched on 1<sup>st</sup> April; it was anticipated that this would produce a step change in both training and spreading good practice among Corporation staff (both within CSD and other departments), more widely, he emphasised his support for the City Surveyor, and stressed that some areas, including the Investment Property Group, had produced a stellar performance across Q1-Q3.

**RESOLVED** – that the Committee notes the Report

10. **PROVISIONAL LOCAL GOVERNMENT FINANCE AND POLICE FINANCE SETTLEMENTS**

The Committee received a Report of the Chamberlain concerning the provisional local Government Finance and Police Finance settlements.

The Chamberlain reported that the draft police settlement recently announced by the Home Office was more generous than anticipated.

For the local government settlement, he added that 2019/20 will be the final year of the multi-year agreement where Government agreed to a four-year funding deal in return for publishing a corresponding efficiency plan. There remains a great deal of uncertainty regarding Local Government funding after March 2020. Members expressed concern about arrangements after this period; clearly, political sentiment was moving against more funding for London at the expense of other areas in England and Wales, and the Corporation, with

the Policy and Resources Committee at the vanguard, would need to work with the Boroughs in defending London's interests in this new environment.

It was also particularly concerning that deprivation indicators were potentially going to be diluted in the future funding formula; if this came to fruition, it would have a significant impact on neighbouring boroughs, with a knock-on impact for the City an inevitable result.

The Chamberlain added that given the wider political direction, officers had kept the mid-term forecasts (when factoring in the settlement) deliberately prudent.

**RESOLVED** – that the Committee noted the Report

11. **POLICE ICT COMPANY GUARANTEE EXTENSION**

The Committee considered a Report of the Chamberlain concerning the Police ICT Company.

**RESOLVED** – that the Committee agreed the increased guarantee provided to the Police ICT Company from £25,000 to £27,653.00.

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

The Committee considered a report of the Town Clerk which provided information of the action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Orders 41(a) and 41(b). The decision related to a donation of £30,000 from the International Disasters Fund to Save the Children UK's Indonesian Tsunami Appeal

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

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

Questions were raised as follows -

or

There were no questions.

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

There were three items of urgent business.

1. Officers submitted a late Report of the Chamberlain concerning council tax discounts and the premium for empty properties.

A Member expressed his concerns with the proposal to levy a premium on long-term empty property; he pointed to other local authorities which had pursued a similar policy in recent years - the experience of which had not been wholly flawless. He proposed that a grace period should be available where officers were able to exercise their judgement on a case by case basis, taking

into account situations where residents had suffered unforeseen circumstances and were left in a vulnerable position.

Officers responded that there were provisions for exemptions in certain exceptional circumstances, including when probate and social care were factors. They added that currently, there were no uninhabitable properties in the City.

The Chairman proposed a vote to decide on the paper. Members decided to approve the Report in full.

The Committee approved the following:

- The current 100% discount awarded to unoccupied and unfurnished and uninhabitable dwellings is reduced to zero (0%) for the financial year 2019/20. This will result in additional income of between £50,000 and £60,000 per annum.
- A premium is levied on long-term empty property for 2019/20 at the maximum permitted level of 100%. The resulting charge will be 200% of the standard council tax. This will result in additional income of approximately £20,000 in a typical year.
- Having regard to the Government guidance issued, the Chamberlain be given the discretion, delegated to the Head of Revenues to reduce or waive the long-term empty premium charge in exceptional circumstances.

2. The Chairman confirmed that the March meeting of the Committee would be cancelled due to limited business that month.

3. Christopher Hill agreed to join the Efficiency and Performance Sub-Committee.

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15. **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.

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

The non-public minutes of the meeting held on 11<sup>th</sup> December were approved as an accurate record.

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

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

**18. 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.

**19. POLICE COMMITTEE RESOLUTION TO FINANCE COMMITTEE**

The Committee received a Resolution from the Police Committee concerning revenue budget monitoring.

**20. BORROWING - UPDATE**

The Committee considered a Report of the Chamberlain concerning borrowing.

**21. MAJOR CONSTRUCTION WORKS FRAMEWORKS – STAGE 2 AWARD**

The Committee considered a Report of the Chamberlain concerning the Major Construction Works Frameworks and the Minor Works Frameworks.

**22. MINOR WORKS FRAMEWORKS – STAGE 2 AWARD**

The Committee considered two Reports of the Chamberlain concerning the major construction works frameworks and the minor works frameworks.

**23. CITY'S ESTATE - ANNUAL UPDATE & STRATEGY FOR 2019**

The Committee received a Report of the City Surveyor concerning City's Estate.

**24. CITY FUND - ANNUAL UPDATE AND STRATEGY FOR 2019**

The Committee received a Report of the City Surveyor concerning City Fund.

**25. STRATEGIC PROPERTY ESTATE (CITY FUND & CITY'S ESTATE) - ANNUAL UPDATE & STRATEGY FOR 2019**

The Committee received a Report of the City Surveyor concerning the Strategic Property Estate.

**26. BRIDGE HOUSE ESTATES - ANNUAL UPDATE & STRATEGY FOR 2019**

The Committee received a Report of the City Surveyor concerning Bridge House Estates.

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

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

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

Members considered a non-public question relating to the work of the Committee

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

There were no items of urgent business.

**The meeting ended at 3.45 pm**

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Chairman

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