



Finance Committee

Date: TUESDAY, 10 SEPTEMBER 2019

Time: 1.45 pm

Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

Members:

Jeremy Mayhew (Chairman)	Andrew McMurtrie
Deputy Jamie Ingham Clark (Deputy Chairman)	Deputy Robert Merrett
Rehana Ameer	Andrien Meyers
Randall Anderson	Deputy Hugh Morris
Nicholas Bensted-Smith	Benjamin Murphy
Chris Boden	Alderman Sir Andrew Parmley
Deputy Roger Chadwick	Susan Pearson
Dominic Christian	William Pimlott
John Fletcher	Deputy Henry Pollard
Michael Hudson	James de Sausmarez
Deputy Wendy Hyde	John Scott
Deputy Clare James	Ian Seaton
Alderman Gregory Jones QC	Graeme Doshi-Smith
Alderman Alastair King	Sir Michael Snyder
Gregory Lawrence	Deputy James Thomson
Tim Levene	Deputy Philip Woodhouse
Oliver Lodge	Deputy Catherine McGuinness (Ex- Officio Member)
Alderman Nicholas Lyons	Simon Duckworth (Ex-Officio Member)
Paul Martinelli	Deputy Tom Sleight (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 23rd July 2019.
For Decision
(Pages 1 - 8)
4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**
Report of the Town Clerk.
For Information
(Pages 9 - 10)
5. **FINANCE COMMITTEE'S FORWARD PLAN**
Report of the Chamberlain.
For Information
(Pages 11 - 12)
6. **2018-19 CITY FUND AND PENSION FUND FINANCIAL STATEMENTS - AUDIT COMPLETION**
Report of the Chamberlain.
For Information
(Pages 13 - 14)
7. **CITY RE LIMITED - PERFORMANCE MONITORING**
Report of the Chamberlain.
For Information
(Pages 15 - 18)
8. **IT DIVISION - MEMBER UPDATE**
Report of the Chamberlain.
For Information
(Pages 19 - 26)
9. **RISK MANAGEMENT - TOP RISKS**
Report of the Chamberlain.
For Information
(Pages 27 - 28)
10. **CENTRAL CONTINGENCIES**
Report of the Chamberlain.
For Information
(Pages 29 - 34)

11. **BRIDGE HOUSE ESTATES - ANNUAL REPORT AND FINANCIAL STATEMENTS - REQUEST FOR DELEGATED APPROVAL**
Report of the Town Clerk.

For Decision
(Pages 35 - 36)

12. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Report of the Town Clerk.

For Information
(Pages 37 - 38)

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

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

15. **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

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

To agree the non-public minutes of the meeting held on 23rd July 2019.

For Decision
(Pages 39 - 42)

17. **PROVISION FOR BAD DEBTS**

Report of the Chamberlain.

For Information
(Pages 43 - 48)

18. **ACTION FRAUD**

The Commercial Director (Chamberlain) to be heard.

For Information

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

Report of the Town Clerk.

For Information
(Pages 49 - 54)

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

21. **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, 23 July 2019

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 23 July 2019 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)
Deputy Jamie Ingham Clark (Deputy Chairman)
Randall Anderson
Michael Hudson
Deputy Wendy Hyde
Deputy Clare James
Alderman Gregory Jones QC
Alderman Alastair King
Tim Levene
Alderman Nicholas Lyons
Paul Martinelli

Andrew McMurtrie
Andrien Meyers
Deputy Hugh Morris
Benjamin Murphy
Deputy Henry Pollard
James de Sausmarez
John Scott
Ian Seaton
Deputy Catherine McGuinness (Ex-Officio Member)
Simon Duckworth (Ex-Officio Member)

Officers:

John Cater - Town Clerk's Department
Caroline Al-Beyerty - Chamberlain's Department
Paul Wilkinson - City Surveyor
Christopher Bell - Chamberlain's Department
Philip Gregory - Chamberlain's Department
Michael Cogher - Comptroller and City Solicitor
David Farnsworth - Town Clerk's
Sean Green - Chamberlain's Department

1. APOLOGIES

Apologies for absence were received from Rehana Ameer, Nicholas Bensted-Smith, Deputy Roger Chadwick, Dominic Christian, John Fletcher, Oliver Lodge, Deputy Robert Merrett, Alderman Sir Andrew Parmley, Susan Pearson, Graeme Doshi-Smith, Sir Michael Snyder, Deputy James Thomson and Deputy Philip Woodhouse.

The Chairman, on behalf of the Committee, expressed his best wishes to the Chamberlain for a speedy recovery.

The Chairman welcomed Andrien Meyers to the Committee.

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 of the meeting held on 18th June 2019 be approved as an accurate record.

4. **OUTSTANDING PUBLIC ACTIONS**

The Committee considered 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. **FINANCE COMMITTEE - WORK PROGRAMME 2019 AND 2020**

The Committee received a Report of the Chamberlain concerning the Committee's work programme for the remainder of 2019 and early 2020.

The Interim Chamberlain highlighted potential changes during September and October; she would follow up with the Chairman after today's meeting to discuss the status of the October meeting.

The Chairman pointed out that October meetings in previous years had tended to have been postponed due to the lack of Committee business during that month.

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 recent meetings of the Committee's Sub-Committees.

RESOLVED – that the Committee noted the report.

7. **AMENDMENT TO CORPORATE ASSET SUB-COMMITTEE'S TERMS OF REFERENCE**

The Committee received a Report of the Town Clerk concerning an amendment to the Corporate Asset (Finance) Sub-Committee's Terms of Reference.

Members welcomed the amendment; the Deputy Chairman clarified that, broadly, "physical" security relating to buildings and people would be scrutinised by CASC and data security (digital and paperwork) would be overseen by the Digital Services Sub-Committee.

RESOLVED – that the Committee approved the following wording be added to the Terms of Reference for the Corporate Asset Sub-Committee:

“... to provide strategic oversight for security issues across the Corporation’s operational property estate; with the objectives of managing security risk; encouraging consistent best practice across the Estate; and, in conjunction with the Establishment Committee, fostering a culture of Members and officers taking their responsibilities to keeping themselves and the buildings they occupy secure.”

8. **DRAFT 2018-19 CITY FUND AND PENSION FUND FINANCIAL STATEMENT**

The Committee received a Report of the Chamberlain concerning the 2018-19 City Fund and Pension Fund.

The Chamberlain provided a brief overview of the Report and referred to the discussion at the recent meeting of the Audit and Risk Management Committee; they advised that BDO’s current guidance on the McCloud judgement was for the Corporation to make provision for any liability that could arise in its pension scheme due to McCloud.

The Chairman thanked officers for their annual briefing on this topic to Members the previous day. He requested that, in future, a briefing note was circulated before that session, so Members came in more prepared with questions.

The Chamberlain asked that, given the extended absence of Peter Kane, the second recommendation in the Report be amended to the following: ... “Delegate to the Deputy Chamberlain, in consultation with the Chairman...”

The Chairman added that Members will be made fully aware if any material changes arise before final sign off by BDO at the end of July.

RESOLVED – that the Committee approved the following:

- the 2018-19 City Fund and Pension Fund Statement of Accounts; and
- Delegate to the Deputy Chamberlain, in consultation with the Chairman and Deputy Chairman of Finance Committee, approval of any material changes to the statement of accounts required before the signing of the audit opinion by BDO – which is expected by the end of July

9. **DRAFT BRIDGE HOUSE ESTATES ANNUAL REPORT AND FINANCIAL STATEMENTS**

The Chairman confirmed that this paper had been withdrawn. The Interim Chamberlain explained that this was due to internal issues with our auditors, BDO; she assured Members that BDO had indicated that they were very impressed by the quality of the accounts.

As a solution, the respective Chairmen and Deputy Chairmen of both the Finance Committee and the Audit and Risk Management Committee propose inviting Finance Members to attend the September ARM Committee meeting on the 24th September at 2pm as “speaking observers” for the item on the BHE

Annual Report. ARM members alone would then vote on whether or not to recommend approval of the Report, and the Chairman and Deputy Chairman of Finance Committee would be expected, having taken on board the comments from FC Members, to approve the Paper under delegated authority procedures shortly thereafter.

The Town Clerk would issue an invitation to Members after today's meeting.

10. PROVISIONAL OUTTURN 2018-19

The Committee received a Report of the Chamberlain concerning the Provisional Outturn for FY 2018/19.

Members expressed their concern with the Barbican Centre's outturn; the Chamberlain indicated that the large variance (circa £3m) was due to both the absence of high profile, "blockbuster" shows over the past year, compared with recent times, and a significant carry forward from FY 2017/18. In response, Members pointed out that the Barbican was a successful commercial operator which had delivered a good track record over the past decade; it should therefore not be unreasonable to examine whether a reduction in subsidies from the centre would be justified. The Chairman added that a topic of discussion at the recent Resource Allocation Sub-Committee Away Day was around the future funding levels for our cultural programmes in general – this would be further explored as the Fundamental Review progressed.

Members again stressed that there needs to be greater clarity presented in the figures between the original approved budget and subsequent in-year-changes; the original budget should be tracked throughout the year. It was also incumbent on Chief Officers to try to minimise carry forwards.

The Chamberlain confirmed that the McCloud revision was not included in the outturn due to the publication date of the Report. The Provision will, however, be in the final accounts following advice from BDO, as per the discussion during ITEM 8.

RESOLVED – that the Committee noted the Report.

**11. CAPITAL AND SUPPLEMENTARY REVENUE PROJECTS - 2018/19
OUTTURN AND PRUDENTIAL INDICATORS**

The Committee received a Report of the Chamberlain concerning the capital and supplementary revenue projects.

RESOLVED – that the Committee noted the Report.

**12. MAJOR WORKS MAINTENANCE FORECASTING AND GAP FUNDING -
OPERATIONAL PROPERTY PORTFOLIO**

The Committee received a Report of the City Surveyor concerning the major works maintenance forecasting and gap funding.

The Chairman highlighted that the "heavy lifting" in this area was picked up by the Corporate Asset Sub-Committee, with Finance Committee providing a high-

level scrutiny role. The Deputy Chairman confirmed that CASC had recently received a trend analysis paper concerning the operational portfolio “bow wave”.

RESOLVED – that the Committee noted the Report.

13. **INITIATION & IMPLEMENTATION OF CHARITIES REVIEW**

The Committee received a Report of the Chief Grants Officer & Director of City Bridge Trust (CBT).

In response to a request to set out a financial envelope for the cost of the Review, the Chief Grants Officer responded that the cost would be between £100,000 – £150,000; Members approved that envelope.

A Member asked the Chief Grants Officer to confirm which charities were in scope, as there were “lots of random ones” and we should “seek alignment with the corporate plan”. The Chairman asked that, outside of the usual discussions at the Finance Grants Oversight and Performance Sub-Committee, Ian Seaton be kept updated and effectively made Finance Committee’s point man on this specific area.

RESOLVED – that the Committee approved the following:

- that a comprehensive Charities Review should be undertaken and implemented: led by the CGO and overseen by an appropriate cross-departmental officer working group, with Members being regularly updated and their input sought at relevant committees/charity boards during the course of the Review; and
- to delegate authority to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee, to take the decision as to the allocation of resources for the Review through a request by the CGO to the Finance Committee Contingency Fund held within City’s Cash.

14. **REVENUE BUDGET MONITORING TO JUNE 2019**

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

RESOLVED – that the Committee noted the Report.

15. **CHAMBERLAIN'S DEPARTMENT RISK MANAGEMENT - QUARTERLY REPORT**

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

Turning to the Police Funding risk, the Chamberlain confirmed that, in the immediate term, the deficit for 2018/19 was offset by a combination of savings, the Business Rate Premium allocation, and a draw-down on reserves; the Chairman responded that clearly, as a way to meet future deficits, this was

unsustainable; he assured Members that officers were committed to getting the Police's Medium-Term Financial Plan (MTFP) back on track. The Chamberlain confirmed that a Report providing detailed plans would be submitted to Committees for the autumn cycle.

RESOLVED – that the Committee noted the report.

16. **CENTRAL CONTINGENCIES 2019/20**

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.

RESOLVED – that the Committee noted the report.

17. **REPORT OF ACTION TAKEN - PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY/URGENCY PROCEDURES SINCE THE LAST MEETING OF THE COMMITTEE**

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 Capital Funding.

RESOLVED – that the Committee noted the report.

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

There were no questions.

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

There were no urgent items.

20. **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.

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

The non-public minutes of the meeting held on 18th June 2019 were approved as an accurate record.

22. **OUTSTANDING NON-PUBLIC ACTIONS**

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

23. **NON-PUBLIC REPORT OF THE WORK OF THE SUB-COMMITTEES**

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.

24. **BUSINESS TRAVEL & ACCOMMODATION SERVICES PROCUREMENT STAGE 2 AWARD**
The Committee considered a Report of the Chamberlain concerning the award of the Business Travel and Accommodation Services contract.
25. **IT SERVICE 2020 CONTRACT - SOURCING**
The Committee considered a Report of the Chamberlain concerning the IT Service 2020 Contract.
26. **BRIDGE HOUSE ESTATES STRATEGIC REVIEW - UPDATE TWO**
The Committee received a Report of the Town Clerk concerning the Bridge House Estates Strategic Review.
27. **REPORT OF ACTION TAKEN - NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY/URGENCY PROCEDURES SINCE THE LAST MEETING OF THE COMMITTEE**
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.
28. **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.
29. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
The Committee considered an item of urgent business relating to borrowing.

The meeting ended at 3.30 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	23 rd July 2019	<p><u>ITEM 9: DRAFT BRIDGE HOUSE ESTATES ANNUAL REPORT AND FINANCIAL STATEMENTS</u></p> <p>The Chairman confirmed that this paper had been withdrawn. The Interim Chamberlain explained that this was due to internal issues with our auditors, BDO; she assured Members that BDO had indicated that they were very impressed by the quality of the accounts.</p> <p>As a solution, the respective Chairmen and Deputy Chairmen of both the Finance Committee and the Audit and Risk Management Committee propose inviting Finance Members to attend the September ARM Committee meeting on the 24th September at 2pm as “speaking observers” for the item on the BHE Accounts. ARM members alone would then vote on whether or not to recommend approval of the accounts, and the Chairman and Deputy Chairman of Finance Committee would be expected, having taken on board the comments from FC Members, to approve the accounts shortly thereafter.</p> <p>The Town Clerk would issue an invitation to Members after today’s meeting</p>	Chamberlain/Town Clerk	July/September 2019	Invitation circulated by Town Clerk on 24/07.

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Finance Committee – Work Programme 2019 and 2020

Meeting:	September	October	November	December	January	Feb	March	April	May
BUDGET SETTING PROCESS & MEDIUM-TERM FINANCIAL PLANNING					Provisional Financial settlement for Local Government and Police	City Fund Budget Report and Medium-Term Financial Strategy			
EFFECTIVE FINANCIAL MANAGEMENT ARRANGEMENTS FOR THE CITY CORPORATION	Irrecoverable Non-Domestic Rates	Capital Outturn Report	Q2 Quarterly Monitoring Report		Q3 Quarterly Budget monitoring				Interest Rates on Internal Loan requests - update and review
FINANCIAL STATEMENTS	City Fund and Pension Fund – Audit Completion Report		City's Cash Financial Statements City's Cash Trust Funds and Sundry Trust Funds Annual Reports and Financial Statements						
FINANCE COMMITTEE AS A SERVICE COMMITTEE	Finance Committee Revenue Outturn Central Contingencies Risk Management – Monthly Report IT Division Q Update	Central Contingencies Chamberlain's Department Risk Management - Quarterly Report Financial Services Division Quarterly Update	Central Contingencies Chamberlain's Risk Management Monthly Report Chamberlain's Key Work Streams and Business Plan Update City Procurement Q Update 2020 IT Services Programme	Central Contingencies Risk Management Monthly Report IT Division Q Update	Proposed Revenue and Capital Budgets for Finance Committee Operations Central Contingencies Chamberlain's Department Risk Management - Quarterly Report Financial Services Division Quarterly Update	Central Contingencies Risk Management Monthly Report City Procurement Q Update	Central Contingencies Risk Management Monthly Report IT Division Q Update	Central Contingencies Risk Management - Quarterly Report Financial Services Division Quarterly Update	Central Contingencies Risk Management Monthly Report City Procurement Q Update CHB Business Plan – End of Year Update

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<p>Committee(s): Finance Committee – For information Audit and Risk Management Committee – For Information</p>	<p>Date(s): 10/09/2018 24/09/2018</p>
<p>Subject: 2018-19 City Fund and Pension Fund Financial Statements – Audit Completion Report</p>	<p>Public</p>
<p>Report of: The Chamberlin</p>	<p>For Information</p>
<p>Report author: Philip Gregory, Deputy Chamberlain (Acting)</p>	

Summary

The draft City Fund and Pension Fund statement of accounts were presented to both Committees during the July committee cycle. These statements have now been finalised following completion of the external audit conducted by BDO. The finalised statements were published on the City Corporation website on 31 July, meeting the statutory publication deadline.

The audit completion reports for the City Fund and Pension Fund can be found in Appendices 1 and 2 respectively, which set out the results of audit testing, changes made to the accounts and audit recommendations.

Recommendation

Members are asked to note the report.

Main Report

Background

1. The Audit and Accounts Regulations 2015 required the City Corporation to submit the draft City Fund and Pension Fund statement of accounts by 31 May, with the audited publication of these statements by 31 July.

Current Position

2. The audit and publication of the City Fund and Pension Fund statements of accounts was completed by 31 July. An unqualified opinion was given to the statements. The audit completion reports can be found in Appendices 1 and 2 respectively.
3. There was one recommendation made as part of the Pension Fund audit related to the bank reconciliation process as set out in page 19 of Appendix 2. This issue has been addressed by the relevant team as set out in the management response, also found on page 19.
4. No audit recommendations were made for the City Fund.

Conclusion

5. The City Fund and Pension Fund accounts submitted, audited and published in line with the statutory deadlines. Work will now focus on addressing the Pension Fund audit recommendation and reviewing our processes aimed at producing the statements in the most efficient way.

Appendices

Appendix 1 – CoL City Fund Audit Completion Report

Appendix 2 – CoL Pension Fund Audit Completion Report

Background Papers

2018-19 Audited City Fund and Pension Fund Statement of Accounts – available on the City of London website (<https://www.cityoflondon.gov.uk/about-the-city/budgets-and-spending/Pages/default.aspx>)

Philip Gregory

Deputy Chamberlain (Acting)

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Committee	Dated:
Finance	10 September 2019
Subject: City Re Limited – Performance Monitoring	Public
Report of: The Chamberlain	For Information
Report author: Kate Limna – Chamberlain’s Department	

Summary

The City established a Reinsurance Captive Insurance Company (the Captive), City Re Limited, on 24 December 2010, a separate legal structure which allows the City to share in the risks and benefits of insuring its property portfolio, whilst controlling the financial exposure.

This report provides information on the claims experience and Underwriting Profit and Loss Account for the eighth accounting period of the Captive, from 1 April 2018 to 31 March 2019. For the first time since inception, the Captive made a loss of £165,174 and that the Board of City Re Limited declared that no dividend will be paid in relation to the 2018/19 financial year.

The City Corporation has provided an additional injection of share capital of £250,000 so that the Captive can meet the solvency ratios required by the Guernsey Financial Services Commission in order to carry out its business.

The report also provides information on the governance arrangements for the Captive and of various matters discussed at the Board meetings on 26 June and 25 July, including the adoption of the accounts, and the receipt of the auditors’ Management and Governance Letter and Compliance Reports.

The auditors’ Management and Governance Letter and the signed, audited Directors’ Report and Financial Statements are attached to this report.

Recommendation

Members are asked to note this report.

Main Report

Background

1. The Finance Committee, at its meeting on 26 October 2010, approved the principle of establishing a Reinsurance Captive Insurance Company (the Captive) and, on 24 December 2010, such an entity, City Re Limited, was created, based in Guernsey, where the optimum managerial and administrative expertise is located to operate such a company. The City provide share capital of £500,000.
2. The Captive provides a separate legal structure which allows the City to share in the risks and benefits of insuring its property portfolio, whilst controlling the financial exposure. Effectively, the Captive allows the City to participate in its own insurance placement and to capture underwriting profits with a known capped downside financial risk.

3. Since it was established in 2010 and until 2017, the City Captive has received £1.664 million per annum as the reinsurance premium from the main insurers. When the property insurance was tendered in 2016 it was on the basis that the minimum reinsurance premium payable to the City Captive would be £2.04m and that it would be fixed as a percentage (44.6%) of the annual underlying premium going forward. For the policy year December 2017- December 2018, the reinsurance premium was £2.30m and for the current policy year it received some £2.58m.

Main Characteristics of the Captive

4. The main elements of the Captive are set out below:
 - The City Captive covers the first £250,000 of each and every property claim, effectively leaving the main insurers, RSA and Aviva, to cover any greater losses.
 - From the insuring period (25 December to 24 December) for 2018/19 the City Captive received an initial reinsurance premium of approximately £2.58m (2017/18: £2.30m), against which payments are drawn down.
 - The maximum payable (downside) by the City Captive is limited to £250,000 per annum above the reinsurance premium received from RSA and Aviva i.e. for the 2018/19 insurance period this will be £2.83m i.e. £2.58m plus £250,000 (2017/18: £2.55m).
 - The Captive does not cover any terrorism risk which continues to be covered by RSA and Aviva and re-insured with Pool Re.

Financial Performance for period 1 April 2018 to 31 March 2019

5. At your September 2018 meeting, a report was submitted to your Committee on the performance of City Re Ltd for the year ended 31 March 2018 and advised that the Board had declared a dividend of £248,161 in respect of the 2017/18 financial year. However, before the dividend was released it became clear that the claims position had deteriorated to such an extent that the Board agreed at its meeting on the 18th December to postpone the payment of the dividend and to review the position at its next meeting in March 2019. At the March 2019 Board meeting the directors agreed that the dividend should continue to be withheld.
6. The Corporation's Directors on the City Re Board are the Chairman of the Finance Committee and the Chamberlain. At the Board meeting held on 26 June 2019 (via a conference call), the draft financial statements for the eighth trading period (to 31 March 2019) of the Captive were discussed along with the level of IBNR ('Incurred But Not Reported' loss reserve). The IBNR covers any claims which fall within the period to 31 March 2019 but which have not yet been reported to the insurer.
7. The Board were advised that the external auditors (Moore Stephens) had raised queries and suggested amendments to the accounts based on additional claims information that was received after the end of the financial year, but which related to claims that occurred before the end of the financial year. They required the financial statements to be amended to reflect an additional claims provision of some £271,325, bringing the outstanding loss reserve to some £2.766m.
8. Annually the Directors consider whether to release the IBNR by the close of the following accounting period. At the Board meeting the Directors discussed in detail

the level of the IBNR and whether the consistent, prudent but not excessive reserves policy of City Re Ltd remained appropriate. Last year for 2017/18, having reviewed the historical and current data the Directors agreed to reduce the IBNR from £250,000 to £125,000. Following discussions regarding the claims and the accounts, and recognising that setting the IBNR at zero would not be acceptable to the auditors, the Board agreed that for 2018/19 the IBNR should be set at £125,000 and be reconsidered at the next meeting.

9. The amendments required to the financial statements meant that the regulatory solvency margins would not be met. Under the Guernsey Insurance Business (Solvency) Rules 2015, and in order for the Captive to be able to carry out its business there are two solvency ratios that must be met - the Prescribed Capital Requirement (PCR) and the Minimum Capital Requirement (MCR). Specifically, with the increase in the claims provision it is the PCR that would not be met.
10. The Board reviewed a number of scenarios setting out the level of additional capital that would be required depending on the level of IBNR (ranging between £125,000 and £250,000) and how this would affect the solvency ratios for the Captive. The Board agreed that in order to keep the IBNR at £125,000 and to provide a safety margin for the solvency ratio, that an additional capital injection of £250,000 would need to be provided by the City Corporation.
11. In July 2019 a report to the Finance Committee was prepared under Urgency Procedures seeking additional share capital of £250,000 to be met from the Finance Committee's City's Cash contingency for 2019/20. This was approved and reported back to the Finance Committee at its meeting on 23 July 2019.
12. The Board reconvened on 25 July with the Corporate Treasurer acting as the alternate Director for the Chamberlain, to review the financial statements for the year ended 31 March 2019.
13. For the accounting period ending 31 March 2019, City Re Limited retained a loss of £165,174 (2017/18: a profit of £248,161) and the Board of Directors declared that no dividend should be paid in respect of the 2018/19 financial year. The Board noted that the financial statements included a "Subsequent Events" note (note 15) that advised that "*the Board of Directors have requested the shareholders of the Company to increase the paid share capital to £750,000 and to remit the sum of £250,000 to rectify the current position which was received on 18 July 2019.*" The financial statements were duly signed and agreed with the auditors and filed with the Guernsey Financial Services Commission by the statutory deadline of 31 July.
14. When the Captive was set up the City Corporation provided share capital of £500,000 and it was always recognised that there would be "good periods" and not so "good periods". Since its inception, the City Corporation has received dividends totalling some £3.03m and whilst at the present time it is experiencing a "not so good period," it has generated considerable funds for the City which it would not otherwise have received. The table below sets out the dividends received in each financial year since inception.

Year	Dividend
2017/18	£0
2016/17	£161,341
2015/16	£140,984
2014/15	£830,013
2013/14	£92,569
2012/13	£810,883
15 months to 31/03/12	£997,747
	£3,033,537

Auditor's Management and Governance Letter and Company Compliance

15. Moore Stephens's have issued their Management and Governance Letter which stated that there were no material issues arising during the course of their audit that required being brought to the attention of the Board
16. As in previous years the audited Directors' Report and Financial Statements will be made available as a distinct item on the City of London Corporation's website following this Finance Committee Meeting.
17. In addition, the Board received a Compliance Monitoring Report from Active Compliance Services Limited showing an overall rating of "satisfactory", which is the highest rating available.

Conclusion

18. The Directors of City Re Limited have not declared a dividend for the 2018/19 financial year. Following the receipt of additional claims information that was received after the end of the financial year, but which relates to claims that occurred before the end of the financial year, the financial statements were amended to reflect an additional claims provision of £271,325, bringing the outstanding loss reserve to some £2.766m. This in turn affected the solvency ratios that the Captive needed to meet in order to carry out its business. The City Corporation has therefore provided an additional £250,000 of share capital.

Appendices

- Appendix – Auditors' Management and Governance Letter and Financial Statements to 31 March 2019

Background Papers

July 2019: Urgency (Non Public): City Re Ltd – Request for Additional Share Capital reported to Finance Cttee 23/-7/2019

Kate Limna

Corporate Treasurer

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Committee(s)	Date(s):
Finance Committee – For Information	10 th September 2019
Subject: IT Division – Member Update	Public
Report of: The Chamberlain	For Information
Report author: Sean Green, IT Director	

Summary

This report updates Members on the work of the IT Division and the key areas of progress for the previous quarter:

- The 2020 Sourcing tender was issued (closing date 19th August 2019) for putting in place a new IT contract to replace the current contract for IT Services that we have with Agilisys which ends on 31st August 2020;
- City of London Police (CoLP) IT Modernisation Programme has begun;
- New resilient Telephony has been implemented for CoLP project due to finish in September 2019;
- Current 2019/2020 Q1 service performance achieved for both City of London Corporation (CoL) and the City of London Police;
- Good progress being made on Digital Adoption for the City of London Corporation;
- Investment in IT Division staff development to enhance team skills and agility in readiness for the Fundamental Review.

Recommendation(s)

Members are asked to:

Note the progress report on key strategic improvement projects and IT Service performance.

Main Report

Background

1. The IT Division provides services to the City of London Corporation, City of London Police and London Councils. Five main functions are provided from the in-house IT team:
 - IT Finance and Performance Management
 - Change and Engagement Management
 - Projects and Programmes Management
 - IT Operations and Service Management
 - Police IT Services.

This report updates on progress on two critical programmes, business as usual service performance, the rate of adoption of digital ways of working and the professional development of the staff working in the IT Division in readiness for the Fundamental Review.

2020 Sourcing Programme

2. The contract for IT Services currently provided to CoL, CoLP and London Councils ends on 31st August 2020. Significant work has occurred since October 2018 to scope requirements and develop a tender that was issued on a Crown Commercial Services Framework in June 2020. The tender closed on 19th August with 4 responses.
3. Tenders are now being evaluated with Members involved in the presentations from suppliers tendering on 9th September and the Chairman of the Digital Services Sub-Committee involved in Moderation scoring. The recommendations from the Tender will go to Summit on 26th September and will then be presented to several Member Committees finishing with a recommendation for sign off at the Court of Common Council on the 5th December.
4. The transition to the new contract starts from 1st February 2020.

CoLP IT Modernisation Programme

5. Having completed a review of the current and future technology requirements for the City of London Police a technology roadmap was developed with a costed programme of investment. Approximately half of the required investment was agreed for 19/20.
6. The IT Modernisation programme of work which has now started will be completed in June 2020. The programme includes in scope:
 - Implementing Microsoft 365 products;
 - Moving to Windows 10;
 - Implementing a national police login platform/identity for easier information access and sharing across forces;
 - Replacing CoLP tablets and laptops;
 - Moving the CoLP intranet to the latest version of SharePoint online;
 - Implementing a new security network for CoLP.
7. The programme is not just a technical implementation it is a significant programme of change called the 'National Enabling Programme' and aims to deliver significant efficiencies in the ways of working for Police forces when implemented.

CoLP New Telephony

8. The Telephony for the City of London Police was aged, and line contracts had come to an end forcing a major move to new Telephony circuits. Over the last 12 months we have implemented new circuits, moved over 400 numbers to new circuits and implemented a new voicemail solution for recording internal numbers.

9. In addition, the CoLP Telephony infrastructure now benefits from greater resilience moving from an on-premise from 3 sites to a hosted solution which reduces risks and support costs.
10. The project is due to complete in September 2019 when we have migrated the last two sites (Wood St and Cockhill) to the new solution. At this point we will have removed the location constraint and staff will be able to login into any handset at any of the CoLP sites.

IT Service Performance (Also see Appendix A and B attached for more details)

11. The P1 and P2 incidents for CoL and CoLP are summarised in the table below.
12. Average satisfaction for April 19, May 19 and June 19 was +73 (anything with a score above + 50 being viewed as good).

IT Service Performance (new KPI)	Fixing Issues												
	P1 incidents fixed within 2hrs (98%)						P2 incidents fixed within 6hrs (98%)						
		Apr-19		May-19		Jun-19		Apr-19		May-19		Jun-19	
CoL	5	100%	4	100%	7	100%	CoL	3	100%	0	100%	2	100%
CoLP	1	100%	0	100%	2	100%	CoLP	5	100%	1	100%	1	100%

Digital Adoption

13. The City of London Corporation have focussed our Corporate digital adoption on the use of Office 365 products and the roll out of a Customer Relationship Management system (CRM) for the Innovation and Growth team, Remembrancer Events team and the Corporate Contact Centre. The benefits of the CRM capability introduced includes:
 - a. Better knowledge and insight into our strategic contacts;
 - b. More automation in contacting strategic contacts with a clean GDPR compliant contact database;
 - c. More automation and efficiency in setting up events;
 - d. Integrated online forms for use of contact centre staff and customers for example a form has been implemented which has integration to automatically create work requests in the Veolia street cleaning waste management system. This is a very comprehensive solution covering all areas of the service. It is going live on 5th September.
14. Take up of new ways of working is progressing well. With regular training and communications campaigns with staff, we are can see increasing using of Skype for business for remote contact/conferences and SharePoint/Teams for managing one version of documents and collaboration on information both internally and externally. An illustration of the changes in ways of working is that since September 2018 we are sending half the amount of emails with 1000 staff

now regularly using Skype and almost 800 SharePoint/Teams sites in regular use (an increase of 30% from the position in January 2019).

IT Staff Development

15. IT Staff professional development has been enhanced using an internationally recognised tool called Skills Framework for the Information Age (SFIA). SFIA is a framework that provides a consistent and clear understanding of IT professional capability for the purposes of resource planning, career development and organisational improvement. It is made up of a questionnaire that allows our staff to assess their current skills for their current role and any aspirational roles. This then supports a focussed development plan.

16. In addition, the department has taken out corporate membership of the British Computer Society which enable IT staff to keep their skills up to date through continuous professional development programmes.

Sean Green

IT Director

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Appendix A – Details of CoL P1 and P2 Incidents April-June 2019

Appendix B – Details of CoLP P1 and P2 Incidents April-June 2019

Appendix A - CoL P1 and P2 Incidents

Month	P1 or P2	Reference	Duration	System	Impact	Resolution
April 2019	P1	F0533121	0:01	Epilog	System unavailable	Server restart
April 2019	P1	F0534605	15:16	Corporate Website	None	Source website address blocked
April 2019	P1	F0535812	0:27	Epilog	System unavailable	Services restarted
April 2019	P1	F0537351	2:50	London Councils Network	Network Slow	Scripts disabled that caused this
April 2019	P1	F0528869	0:50	Corporate Website	Website unavailable	No intervention
April 2019	P2	F0539059	0:15	Corporate Website	Source site blocked	Source website blocked
April 2019	P2	F0540194	0:15	ETL (Data Loading)	None	None
April 2019	P2	F0543560	18:31	SharePoint and One Drive	Systems slow	TBC from Microsoft
May 2019	P1	F0555115	20:23	Network Services	Service unavailable	BT repaired broken fibre
May 2019	P1	F0550596	00:06	Public Network at Libraries	Service unavailable	Service resumed without intervention
May 2019	P1	F0547551	00:01	Epilog	Service unavailable	Limited impact service immediately restarted
May 2019	P1	F0547395	01:20	Air Conditioning Failure	No impact to live systems	Air Conditioning units repaired
June 2019	P1	F0558859 F0560116 F0561209 F0562048 F0564804	No impact	Corporate Website hacking attempts	None	Source websites (IPs identified and blocked)

Month	P1 or P2	Reference	Duration	System	Impact	Resolution
June 2019	P1	F0561654	01:16	Internet, Outlook, Network Drives	Multiple Services	Faulty UPS (Power supply) in IT Communications room bypassed
June 2019	P1	F0564172	00:34	Departmental ARCGIS	Departmental ARCGIS was unavailable	Database restarted
June 2019	P2	F0564692	00:26	Pubnet	No service at Barbican or Shoe lane libraries	Third party server failure, server replaced by the supplier
June 2019	P2	F0568906	04:58	Pubnet	No service at Artizan Library	TBC

Appendix B – CoLP P1 and P2 Incidents

Month	P1 or P2	Ref	Duration	System	Impact	Resolution
Apr-19	P2	F0066799	00:25	GYE Network	Users were unable to login	RoC (Network Support) investigated, but issue resolved itself
Apr-19	P2	F0067468	03:05	Holmes	Users are not able to connect to Holmes	System Change was reversed
Apr-19	P2	F0068006	01:39	Telephony	Telephony was unavailable for some users when dialling external numbers. Number range: 020 7601 2000 to 2999, 020 7164 8000 to 8299 and 020 7601 6000 to 6999	Daisy (Telecoms support) resolved issue
Apr-19	P1	F0068117	19:42	Internet, External email, PSN hosted services	Internet, External email and PSN services were unavailable	Remediation work by 3rd party Vodafone
Apr-19	P2	F0068173	16:31	Public folders	Public folders were unavailable	Air conditioning was restored to bring the temperature down and the server was restarted
Apr-19	P2	F0068461	02:35	Internet	Internet was unavailable to some users	The Barracuda was restarted

Month	P1 or P2	Ref	Duration	System	Impact	Resolution
May 19	P2	F0069454	02:49	Network outage	4th Floor GYE network outage	UPS was reset to restore power
Jun-19	P1	F0071741	00:20	CCTV	CCTV cameras were unavailable in the Control Centre via IMS/DRS and Synectics	Unknown
Jun-19	P1	F0071954	04:16	External Email	External outgoing and incoming mail service were unavailable	The supplier issued a temporary 30-day licence
Jun-19	P2	F0072064	02:34	HR Origin Self Service/DMS	HR Self Service is running slowly or displaying an error	Services were restarted by the 3rd party Capita

Committee(s)	Dated:
Finance Committee – For Information	10/09/2019
Subject: Chamberlain’s Department Risk Management – Monthly Report	Public
Report of: Chamberlain	For Information
Report author: Matt Lock, Chamberlain’s Department	

Summary

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

There is currently one RED risk on the Corporate Risk Register within the responsibility of Chamberlain’s Department, there are none on the departmental risk register:

- **CR23 – Police Funding**

The Chamberlain’s Senior Leadership Team continues to monitor closely the progress being made to mitigate this risk, working with the Town Clerk and City of London Police colleagues.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

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

Current Position

2. This report provides an update on the current RED risks that exist in relation to the operations of the Chamberlain’s department and, therefore, Finance Committee.
3. There is currently one RED risk on the Corporate Risk Register for which the Chamberlain’s Department is responsible and none on the departmental Risk Register.

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

4. An updated medium-term financial projection for the Police was shared at the July RASC away day, along with options to eliminate the deficits to create a sustainable medium-term settlement. It was proposed that the increase in resource allocation be limited to the extent of the approved growth bid of 67 roles (£5.4m in 20/21) with the remaining aspects of the identified deficits to be resolved within the existing resource base of the City of London Police. The October RASC session will give a further steer on the options, having considered the wider Corporation budgetary position, to enable subsequent Committee decisions to be made. The Spending Review outcome for the Police may now be announced in September, which will help with planning.

Conclusion

5. Members are asked to note the actions taken by Chamberlain's Department to manage the Police Funding risk.

Appendices

- none

Background Papers

Monthly Reports to Finance Committee: Finance Committee Risk
Report to Finance Committee 23 July 2019: Finance Committee Risk – Quarterly Report

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Committee: Finance Committee	Date: 10 September 2019
Subject: Central Contingencies 2019/20	Public
Report of: Chamberlain	For Information
Report author: Philip Gregory, Deputy Chamberlain (Acting)	

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 for 2019/20 are set out in the table below. At the time of preparing this report there are no requests for funding elsewhere on the agenda.

2019/20 Contingencies – Uncommitted Balances and requests at 20 August 2019				
	City's Cash £'000	City Fund £'000	Bridge House Estates £'000	Total £'000
General Contingencies	686	636	50	1,400
National and International Disasters	100	0	0	100
Uncommitted Balances	786	636	50	1,500
Requests for contingency allocations	0	0	0	0
Balances pending approval	786	636	50	1,500

4. The sums which the Committee has previously allocated from the 2019/20 contingencies are listed in Appendix 1.

Conclusion

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

Appendices

- Appendix 1 – Allocations from 2019/20 contingencies

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2019/20 General Contingency – City’s Cash

Date	Description	Responsible Officer	Allocation £	Balance £
	2019/20 Provision			950,000
	2019/20 Provision brought forward to fund allocations agreed in previous years			50,000
	Total Provision			1,000,000
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, £1,000 in 2017/18 and £34,000 in 2018/19)	TC	25,000	
27 Nov 2018 and 22 Jan 2018 (Urgency)	Funding of £230k which comprises £130k towards securing a short-term bank loan facility (Rothschild £60k and Solicitors £70k) and £100k for Solicitors for the private placement of debt raising requirement	CHB	25,000	
10 July 2019 (Urgency)	A cash injection of £250,000 in the form of share capital into City RE Limited to ensure the Prescribed Capital Requirement is met	CHB	250,000	
20 August 2019 (Urgency)	Funding of £28,000 to be split between City Fund and City's Cash, to support the commercial negotiations with Citigen for an initial period of two months	CS	14,000	
	Total allocations agreed to date			314,000
	Balance remaining prior to any requests that may be made to this meeting			686,000

2019/20 National & International Disasters Contingency – City’s Cash

Date	Description	Responsible Officer	Allocation £	Balance £
	2019/20 Provision			100,000
	2018/19 Provision brought forward to fund allocations agreed in previous years			0
	Total Provision			100,000
	Total allocations agreed to date			0
	Balance remaining prior to any requests that may be made to this meeting			100,000

2019/20 General Contingency – City Fund

Date	Description	Responsible Officer	Allocation £	Balance £
	2019/20 Provision			800,000
	2018/19 Provision brought forward to fund allocations agreed in previous years			15,000
	Total Provision			815,000
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, £35,000 in 2017/18 and £45,000 in 2018/19)	C&CS/CS	15,000	
19 Feb 2019	Funding of £300,000 towards an ongoing appeal regarding Greater London Authority Roads equally split from the 2018/19 and 2019/20 contingencies	C&CS/CS	150,000	
20 August 2019	Funding of £28,000 to be split between City Fund and City’s Cash, to support the commercial negotiations with Citigen for an initial period of two months	CS	14,000	
	Total allocations agreed to date			179,000
	Balance remaining prior to any requests that may be made to this meeting			636,000

2019/20 General Contingency – Bridge House Estates

Date	Description	Responsible Officer	Allocation £	Balance £
	2019/20 Provision			50,000
	2018/19 Provision brought forward to fund allocations agreed in previous years			0
	Total Provision			50,000
	Total allocations agreed to date			0
	Balance remaining prior to any requests that may be made to this meeting			50,000

Key to Responsible Officers:

CS – City Surveyor

TC – Town Clerk

C&CS – Comptroller and City Solicitor

CHB - Chamberlain

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Committee: Finance Committee – For Decision	Date: 10 September 2019
Subject: Bridge House Estates Annual Report and Financial Statements	Public
Report of: The Town Clerk	For Decision
Report author: John Cater (Senior Committee and Members Services Officer)	

Summary

At July’s meeting of the Finance Committee, the draft Bridge House Estates Annual Report and Financial Statements Paper was withdrawn due to delays with our auditors BDO.

Given the timings of the September meetings of both the Audit and Risk Management Committee (24th) and the Finance Committee (9th), it will not be possible for Finance Committee to authorise the signing of the Annual Report and Financial Statements until October.

As a solution, the respective Chairmen and Deputy Chairmen of both Finance Committee and Audit and Risk Management Committee (ARM) have issued an invitation to all Finance Committee members to attend the September ARM Committee meeting on the 24th at 2pm as “speaking observers” for the item on the BHE Annual Report. ARM members alone would then vote on whether or not to recommend approval of the Report, and the Chairman and Deputy Chairman of Finance Committee would be expected, having taken on board the comments from FC Members, to approve the Paper under delegated authority procedures shortly thereafter.

Recommendation

Members are asked to grant:

Delegated authority to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee to approve the Bridge House Estates Annual Report and Financial Statements after consideration at the Audit and Risk Management Committee meeting on the 24th September 2019.

John Cater

Senior Committee and Members Services Officer

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Committee: Finance Committee	Date: 10 September 2019
Subject: Report of Action Taken – Public Decisions taken under Delegated Authority/Urgency procedures 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 and/or delegated public 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 No. 41(a) and 41(b).

Recommendation

Members are asked to note the report.

Main report

Subject: Initiation & Implementation of Charities Review

Background

In July 2019, Policy and Resources Committee, General Purposes Committee and Finance Committee agreed that a review of the City charities be undertaken and implemented.

It was agreed that the level of funding required would be delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee, through a request by the CGO to the 2019/20 Finance Committee Contingency Fund held within City’s Cash. At Finance committee, members approved a funding envelope of between £100-150k.

The potential outcomes of the Review will be:

- a. A charities portfolio that has been fully reviewed to ensure regulatory compliance;
- b. A charities portfolio that is drawing on good practice at governance and managerial levels;
- c. A charities portfolio which has been rationalised to ensure exceedingly small, dormant or inactive charities are closed down or merged;
- d. A charities portfolio which is efficient in its management and governance, making the most of any potential operational economies of scale;
- e. A charities portfolio which is effective in delivery: making the most of strategic connections; quantifying and communicating its impact;
- f. Implementation of systems which adequately support the on-going effective administration of the charities, individually and collectively (including maintaining a central database of cross-departmental records and historic data).

£125,000 is requested, which will fund the following resources for the 6/7 months remaining of financial year 2019/20.

Table 1

Role	Activities	Budget for Sep 19 – Mar 20
Charity Accountant (from 01.09.2019 – 31.03.2019)	This role will assess and implement a range of tasks relating to the financial operation of each charity from reviews of regulatory reports, creation of standard year-end templates & supporting accounting treatment for the rationalisation and/or mergers of inactive charities.	49,000
Project Manager (from 23/09/2019 – 31/03/2020)	To assess the scope for streamlining charities, in consultation with expert officers within the City Corporation, in order to create greater efficiencies and effectiveness and to make recommendations to the CGO in relation to opportunities to consolidate activity.	15,000
Legal Support (01/10/2019 - 31/03/2019)	This will fund the internal legal support from Comptrollers and any external legal advice required to undertake the Charities review. The legal team will undertake any necessary research to support the review process, engaging with officers, the Charity Commission and charity trustees, as required.	50,000
Infrastructure	Provision of 3 laptops & other office equipment.	1,000
Contingency		5,000
Total		125,000

Members will be updated on progress made and next steps during the life of this project. Funding requirements for 2020/21 for work to be undertaken after the initial 6-7 months, will be built into budget requests for that year. This will cover the anticipated life-span of this project, being 18 months in length.

RESOLVED – That approval was given to:

That the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee approve the following:

An allocation of £125,000, sourced from the 2019/20 Finance Committee Contingency Fund, to fund the resources (in table 1) for the 6/7 months remaining of financial year 2019/20.

Contact:

John Cater

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

020 7332 1407

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