

## FINANCE COMMITTEE

Tuesday, 21 January 2020

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 21 January 2020 at 1.45 pm

### Present

#### Members:

Jeremy Mayhew (Chairman)	Tim Levene
Deputy Jamie Ingham Clark (Deputy Chairman)	Oliver Lodge
Randall Anderson	Alderman Nicholas Lyons
Nicholas Bensted-Smith	Andrien Meyers
Deputy Roger Chadwick	Deputy Hugh Morris
John Fletcher	William Pimlott
Michael Hudson	James de Sausmarez
Deputy Wendy Hyde	John Scott
Deputy Clare James	Deputy Philip Woodhouse
Alderman Gregory Jones QC	Simon Duckworth (Ex-Officio Member)
Alderman Alastair King	

#### Officers:

John Cater	-
Simon Latham	- Town Clerk's Department
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Nicholas Gill	- City Surveyor's Department
Peter Young	- City Surveyor's Department
Sean Green	- Chamberlain's Department
Laura Yeo	- Chamberlain's Department
Sanjay Odedra	- Communications Team
Steven Reynolds	- Chamberlain's Department

#### 1. APOLOGIES

Apologies for absence were received from Rehana Ameer, Dominic Christian, Graeme Doshi-Smith, Gregory Lawrence, Paul Martinelli, Andrew McMurtrie, Deputy Robert Merrett, Susan Pearson, Deputy Henry Pollard, Ian Seaton, and Deputy James Thomson.

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

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – That the public minutes of the meeting held on 10<sup>th</sup> December 2019 be approved as an accurate record.

4. **FINANCE COMMITTEE'S FORWARD PLAN**

The Committee received a Report of the Chamberlain which set out the forward plan of the Committee.

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

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

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

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

6. **OPERATIONAL SERVICES BUDGET ESTIMATES AND HIGH-LEVEL SUMMARY BUSINESS PLAN 2020/21**

The Committee considered a Report of the Chamberlain concerning budget estimates and the high-level summary Business Plan.

The Chamberlain opened the discussion by remarking that officers had responded to a Member request to present details of the revenue budget alongside the high-level departmental business plans. For the first time, this Report brought both these aspects together. The Chairman welcomed the Report but asked that, after taking into account any one-off factors, next year's iteration includes more narrative about the underlying changes in the budget. The Deputy Chairman also encouraged officers to incorporate more narrative on the capital requirements.

A Member highlighted some of the feedback from the staff survey, namely, the 27% of respondents who believe that the Corporation handled change well, and the 24% of respondents who believe that the staff survey responses will be taken seriously. The Chamberlain responded that, whilst there was room for improvement, the context should be kept in mind; as thoughts turned to the Fundamental Review, morale, across the organisation had been dented. It was anticipated that with the FR process maturing alongside an increase to internal communications, morale and confidence across the workforce would improve. The Chamberlain asked Members to hold fire for now and review the feedback after the next survey in 2021.

In response to a Member asking about the rate of depreciation of the Old Bailey complex, the Chamberlain responded that this was directly due to the increased amount (£884,000) of net expenditure being allocated for repairs and maintenance.

A Member asked whether, given the Corporation's continued commitment to driving efficiencies, BHE should also be subject to efficiency targets. The Chairman responded that Members and officers should tread carefully given the charitable aims of BHE. There was scope, however, to look at whether efficiencies could be found in the CGU as part of the BHE Strategic Review, due to conclude in summer 2020.

The Chamberlain added that he was confident that the material one-offs will not recur to the same extent in FY 2020/21.

**RESOLVED** – That the Committee approved the following:

i) review and approve the Finance Committee operational services proposed revenue budget for 2020/21 of £70.270m as set out in table 1;

ii) note the approved capital and supplementary revenue projects budgets for 2020/21 (appendix 6);

iii) authorise the Chamberlain to revise these budgets to allow for any further implications arising from Corporate Projects, other reviews and changes to the Cyclical Works Programme;

iv) agree that minor amendments for 2019/20 and 2020/21 budgets arising during budget setting be delegated to the Chamberlain;

v) note the factors taken into consideration in compiling the Chamberlain's Department's Business Plan, including efficiency measures; and

vi) approve, subject to the incorporation of any changes sought by this Committee, the final high-level summary Business Plan of the Chamberlain's Department for 2020/21 detailed in appendix 7.

## 7. **Q3 QUARTERLY BUDGET MONITORING**

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

Members noted the realignment of the Property Investment Income budgets and asked that they be kept regularly abreast of the impact of this realignment, particularly given the uncertain outlook, post-Brexit, for the commercial real estate sector over the medium term.

A Member emphasised that, whilst an increase to the frequency of property disposals would provide a perhaps logical and welcome benefit to the Corporation's financial position in the short term, this would, in addition, adversely impact the overall level of rental income in the longer term; this should be kept in mind when the Property Investment Income budget was being considered again in the future.

Highlighting the Barbican Centre's adverse variance (£1.4m), the Chairman assured Members that he and fellow Members of the Efficiency & Performance Sub-Committee had recently emphasised the importance to the Managing Director of the Barbican Centre and his senior team of getting the Centre's finances in good order before financial year end and, indeed, over the medium term.

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

8. **PROVISION FOR BAD AND DOUBTFUL DEBTS - PROPOSED METHODOLOGY 2019/20**

The Committee received a Report of the Chamberlain concerning the provision provided for bad and doubtful debts.

**RESOLVED** – That the Committee approved the following:

The Corporation to adopt the proposed approach (as outlined below) by which debt will be analysed and provisions determined for the year ending 31st March 2020, namely:

- review aged debt report at 31st March with debtor balances analysed into aged brackets;
- examine debt identified as bad or doubtful by Comptrollers;
- evaluate significant debts on individual customer basis;
- make 100% provision for debts, relating to former tenants that are not in a formal repayment; and
- apply a provision matrix for remaining debt with varying percentages based on historical loss rates adjusted for current knowledge, and for City Fund debt only also adjusted to reflect relevant future economic factors.

9. **RISK MANAGEMENT - TOP RISKS**

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

Officers reassured Members that the Information Security Risk would be the subject of a thorough discussion at the next meeting of the Digital Services Sub-Committee on 24<sup>th</sup> January.

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

10. **CITY PROCUREMENT QUARTERLY PROGRESS REPORT - QUARTER 3 2019-2020**

The Committee received a Report of the Chamberlain concerning the work of City Procurement, including key performance indicators and areas of progress.

Whilst highlighting the positive direction of travel with efforts to reduce waivers, the Commercial Director noted that further improvement was required; a thorough discussion would take place at the next meeting of the Procurement Sub-Committee (6<sup>th</sup> February). The Chairman, whilst acknowledging that the waiver process may need to be reviewed to assist officers, encouraged the Procurement team to remain tough, particularly when faced with non-compliant waivers, of which there remained too many.

In response to Members highlighting the Barbican Centre's high number of non-compliant waivers, both the Commercial Director and the Chairman of the Procurement Sub-Committee confirmed that the Managing Director of the Barbican Centre was working with Procurement to reduce this number, and would be attending a meeting of the Sub-Committee to outline the Barbican's actions in this area.

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

#### 11. **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 informed Members that he had asked the Central Grants Unit to look at the practicalities of the Corporation making a £15,000 donation, via Finance Committee's International Disaster Fund, to support efforts to respond to the recent Australian bushfires. This sum would be in addition to the Hospitality Working Party's recent agreement to host a fundraising dinner for the Australian High Commission in March (estimated cost: £15,000), it was also suggested that formal confirmation of the proposed donation would be announced at the Dinner.

A Member pointed out that if the £15,000 was donated, without further calls on the Fund, £35,000 would be left over by the financial year end. The Chairman suggested that if any monies were left unallocated by 31<sup>st</sup> March these should be carried forward into FY 2020/21.

Separately, the Chairman informed Members that he had been approached by officers to approve the allocation of up to £400,002 from the 2019 City Fund Finance Committee Contingency Fund to facilitate a leaseback arrangement for Wood Street police station. This sum would cover additional rent payable of £66,667 per calendar month for a period of up to 6 months from 10th December 2020, should the need arise.

Members endorsed the Chairman's proposal that the sum shall be carried forward to the 2020 financial year and ringfenced for draw-down for this specific purpose during the 2020/21 and 2021/22 financial years as appropriate. Any unspent funds will not be added back to the general Finance Contingency Fund.

**RESOLVED** – that the Committee notes the report

**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 Order 41(b). The decision related to the International Disaster Fund donation to the Red Cross to support the Rohingya people.

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

a) **Annual On-Street Parking Accounts 2018/19 and Related Funding of Highway Improvements and Schemes**

The Committee received a Report of the Chamberlain concerning the Annual On-Street Parking Accounts 2018/19.

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

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

There were no questions.

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

There were no urgent items.

**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 10<sup>th</sup> December 2019 were approved as an accurate record.

**17. 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.

**RESOLVED** – That the Committee notes the Report

**18. CITY FUND ESTATE - ANNUAL UPDATE & STRATEGY FOR 2020**

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

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

19. **CITY'S ESTATE - ANNUAL UPDATE AND STRATEGY FOR 2020**  
The Committee received a Report of the City Surveyor concerning the City's Estate.  
  
**RESOLVED** – That the Committee notes the report.
20. **STRATEGIC PROPERTY ESTATE (CITY FUND & CITY'S ESTATE) - ANNUAL UPDATE & STRATEGY FOR 2020**  
The Committee received a Report of the City Surveyor concerning the Strategic Property Estate (SPE).  
  
**RESOLVED** – That the Committee notes the report.
21. **BRIDGE HOUSE ESTATES - ANNUAL UPDATE AND STRATEGY FOR 2020**  
The Committee received a Report of the City Surveyor concerning the Bridge House Estates.  
  
**RESOLVED** – That the Committee notes the report.
22. **CITY'S ESTATE: THE GRAFTON SITE - DEVELOPMENT AGREEMENT SURRENDER OF EXISTING LEASES AND GRANT OF NEW 250 YEAR GROUND LEASE**  
The Committee considered a Report of the City Surveyor concerning the Grafton Site.
23. **BRIDGE HOUSE ESTATES: RENNIE GARDEN, BLACKFRIARS ROAD SE1 - RENOVATION WORKS**  
The Committee received a Report of the City Surveyor concerning Rennie Garden.
24. **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.
25. **CONTINGENCIES - NON-PUBLIC APPENDIX**
26. **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.

**27. 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**

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Chairman

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