



## Finance Committee

**Date:** TUESDAY, 13 OCTOBER 2020

**Time:** 1.45 pm

**Venue:** VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

**Members:**

Jeremy Mayhew (Chairman)	Oliver Lodge
Deputy Jamie Ingham Clark (Deputy Chairman)	Alderman Nicholas Lyons
Munsur Ali	Paul Martinelli
Rehana Ameer	Andrew McMurtrie
Randall Anderson	Deputy Robert Merrett
Nicholas Bensted-Smith	Deputy Hugh Morris
Deputy Roger Chadwick	Benjamin Murphy
Dominic Christian	Susan Pearson, Cripplegate
Graeme Doshi-Smith	William Pimlott, Cripplegate
Alderman Sir Peter Estlin	James de Sausmarez
Alderman Prem Goyal	John Scott
Caroline Haines	Ian Seaton
Michael Hudson	Sir Michael Snyder
Deputy Wendy Hyde	Deputy James Thomson
Deputy Clare James	Mark Wheatley
Alderman Gregory Jones QC	Deputy Philip Woodhouse
Angus Knowles-Cutler	Deputy Catherine McGuinness, Policy and Resources Committee (Ex-Officio Member)
Gregory Lawrence	Sheriff Christopher Hayward, Policy and Resources Committee (Ex-Officio Member)
Tim Levene	Deputy Tom Sleigh, Investment Committee (Ex-Officio Member)

**Enquiries:** John Cater  
tel. no.: 020 7332 1407 / john.cater@cityoflondon.gov.uk

### Accessing the virtual public meeting

Members of the public can observe this virtual public meeting at the below link:

<https://youtu.be/mRi2dbBciGE>

This meeting will be a virtual meeting and therefore will not take place in a physical location following regulations made under Section 78 of the Coronavirus Act 2020. A recording of the public meeting will be available via the above link following the end of the public meeting for up to one municipal year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

**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 21<sup>st</sup> July 2020.

**For Decision**  
(Pages 1 - 10)
4. **FINANCE COMMITTEE'S FORWARD PLAN**  
Report of the Chamberlain.

**For Information**  
(Pages 11 - 12)
5. **APPOINTMENT OF A FINANCE COMMITTEE MEMBER TO THE PERFORMANCE AND RESOURCE MANAGEMENT (POLICE) COMMITTEE**  
Report of the Town Clerk.

**For Decision**  
(Pages 13 - 16)
6. **REPORT OF THE WORK OF THE SUB-COMMITTEES**  
Report of the Town Clerk.  
*To Follow.*
7. **RESETTING OF DEPARTMENTAL BUDGETS 2020/21**  
Report of the Chamberlain.

**For Information**
8. **DRAFT BHE ANNUAL REPORT & FINANCIAL STATEMENTS**

**For Decision**  
(Pages 17 - 28)

Report of the Chamberlain.

**For Decision**  
(Pages 29 - 34)

9. **Q2 BUDGET MONITORING**

Report of the Chamberlain.

*To Follow.*

**For Information**

10. **REVENUE OUTTURN 2019/20 - FINANCE COMMITTEE OPERATIONAL SERVICES**

Joint Report of the Chamberlain, the Town Clerk, the City Surveyor and the Remembrancer.

**For Information**  
(Pages 35 - 48)

11. **CITY RE LIMITED - PERFORMANCE MONITORING**

Report of the Chamberlain.

**For Information**  
(Pages 49 - 54)

12. **FINANCIAL SERVICES DIVISION QUARTERLY UPDATE**

Report of the Chamberlain.

**For Information**  
(Pages 55 - 60)

13. **CHAMBERLAIN'S DEPARTMENT RISK MANAGEMENT - MONTHLY REPORT**

Report of the Chamberlain.

**For Information**  
(Pages 61 - 74)

14. **CENTRAL CONTINGENCIES**

Report of the Chamberlain.

*To be read in conjunction with item 22 (non-public appendix)*

**For Information**  
(Pages 75 - 76)

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

Report of the Town Clerk.

**For Information**  
(Pages 77 - 80)

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

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

18. **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**

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

To agree the non-public minutes of the meeting held on 21<sup>st</sup> July 2020.

**For Decision**  
(Pages 81 - 84)

20. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**

Report of the Town Clerk.

*To Follow.*

**For Information**

21. **MAJOR WORKS PROJECT MANAGEMENT FRAMEWORKS – STAGE 2 AWARD**

Report of the Chamberlain.

**For Decision**  
(Pages 85 - 94)

22. **CENTRAL CONTINGENCIES - NON-PUBLIC APPENDIX**

*To be read in conjunction with item 14.*

**For Information**  
(Pages 95 - 98)

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

Report of the Town Clerk.

**For Information**  
(Pages 99 - 106)

24. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
25. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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## FINANCE COMMITTEE

Tuesday, 21 July 2020

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

### Present

#### Members:

Munsur Ali	Alderman Nicholas Lyons
Rehana Ameer	Paul Martinelli
Randall Anderson	Jeremy Mayhew
Deputy Roger Chadwick	Andrew McMurtrie
Graeme Doshi-Smith	Deputy Robert Merrett
Alderman Sir Peter Estlin	Deputy Hugh Morris
Alderman Prem Goyal	Benjamin Murphy
Michael Hudson	Susan Pearson
Deputy Wendy Hyde	William Pimlott
Deputy Jamie Ingham Clark	James de Sausmarez
Deputy Clare James	Deputy James Thomson
Alderman Gregory Jones QC	Mark Wheatley
Angus Knowles-Cutler	Deputy Catherine McGuinness (Ex-Officio Member)
Oliver Lodge	Sheriff Christopher Hayward (Ex-Officio Member)

#### Officers:

John Cater	- Committee Clerk
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
Sean Green	- Chamberlain's Department
Dianne Merrifield	- Chamberlain's Department
Julie Mayer	- Town Clerk's Department
Chloe Rew	- Town Clerk's Department
James Rooke	- City Surveyor's Department
Julie Smith	- Chamberlain's Department
Devika Persaud	- Town Clerk's Department
Kate Limna	- Chamberlain's Department
Sanjay Odedra	- Communications Team

1. **APOLOGIES**

Apologies for absence were received from Nick Bensted-Smith, Caroline Haines, Gregory Lawrence, Tim Levene, Ian Seaton and Sir Michael Snyder.

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

There were no declarations of interest.

3. **ORDER OF THE COURT OF COMMON COUNCIL**

The Committee received the Order of the Court of Common Council from Thursday, 16<sup>th</sup> July 2020 appointing the Finance Committee for the 2020/21 civic year.

4. **ELECTION OF THE CHAIRMAN**

In accordance with Standing Order 29, Jeremy Mayhew was elected Chairman of the Finance Committee for the year ensuing.

The Chairman thanked Members for their continued support. Acknowledging the substantial challenges that now faced the Corporation, he urged Members, when they sit on other committees, to champion financial discipline and responsibility.

He expressed his thanks to Chris Boden, John Fletcher, Alderman King, Andrien Meyers, Henry Pollard, and Simon Duckworth, all of whom had left the Committee.

He welcomed Munsur Ali, Alderman Goyal, Caroline Haines, Angus Knowles-Cutler, Mark Wheatley and Chris Hayward, all of whom had joined the Committee for the year ensuing.

5. **ELECTION OF DEPUTY CHAIRMAN**

In accordance with Standing Order 30, Deputy Jamie Ingham Clark was elected Deputy Chairman of the Finance Committee for the year ensuing.

6. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – That the public minutes of the meeting held on 23<sup>rd</sup> June 2020 be approved as an accurate record.

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

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

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

8. **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.



9. **APPOINTMENT OF SUB-COMMITTEES AND REPRESENTATIVES ON OTHER COMMITTEES**

The Committee considered a Report of the Town Clerk concerning the appointment of the Committee's Sub Committees for the 2020/21 civic year, and to appoint representatives to several other City Corporation positions.

Given the previous uncertainty about the start of the 2020/21 civic year, the Committee undertook an informal re-appointment round at the 19th May Finance Committee meeting. This provided Members with the opportunity to express an interest in standing for/or to step down from any of the five Finance Sub-Committees.

As a result of that process, wholesale changes at today's meeting were not anticipated, and the Chairman asked Committee to retain the status quo from the May meeting and "roll over" the current respective memberships into the 2020/21 civic year.

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

Terms of Reference and Composition

- Members agreed the composition and Terms of Reference of the following Sub Committees:

Corporate Asset Sub Committee  
Digital Services Sub Committee  
Efficiency and Performance Sub Committee  
Finance Grants Oversight and Performance Sub Committee  
Procurement Sub-Committee

Appointments

- Members agreed to the following appointments as Chairman and Deputy Chairman of the respective Sub Committees:

*Corporate Asset Sub Committee*  
Jamie Ingham Clark (Chairman)  
James de Sausmarez (Deputy Chairman)

*Digital Services Sub Committee*  
Randall Anderson (Chairman)  
Alderman Sir Peter Estlin (Deputy Chairman)

*Finance Grants Oversight and Performance Sub Committee*  
Nick Bensted-Smith (Chairman)  
Philip Woodhouse (Deputy Chairman)

*Procurement Sub Committee*  
Hugh Morris (Chairman)  
Robert Merrett (Deputy Chairman)

In addition, Members noted that Jeremy Mayhew would serve as Chairman and Jamie Ingham Clark would serve as Deputy Chairman of the *Efficiency and Performance Sub Committee*.

• Members agreed to the following appointments of Members of the respective Sub Committees:

Corporate Asset Sub Committee

1. Chairman: Jamie Ingham Clark
2. Deputy Chairman: James de Sausmarez
3. Jeremy Mayhew
4. Dominic Christian
5. Rehana Ameer
6. Randall Anderson
7. Michael Hudson

Members also noted that the appointment of Members from the Property Investment Board and the Policy & Resource Committee would take place in due course.

Digital Services Sub Committee

1. Chairman: Randall Anderson
2. Deputy Chairman: Alderman Sir Peter Estlin
3. Jeremy Mayhew
4. Rehana Ameer
5. Roger Chadwick
6. Jamie Ingham Clark
7. Tim Levene
8. Hugh Morris
9. Ben Murphy

Members also noted a) the appointment of the Special Interest Area (SIA) Holder by the Police Committee will take place on 31<sup>st</sup> July 2020 and b) the potential for further appointments to be drawn from the wider Court of Common Council after the recess.

Efficiency and Performance Sub Committee

1. Chairman: Jeremy Mayhew
2. Deputy Chairman: Jamie Ingham Clark
3. Randall Anderson
4. Roger Chadwick
5. Dominic Christian
6. Alderman Sir Peter Estlin
7. Clare James

8. Oliver Lodge
9. Alderman Nicholas Lyons
10. Paul Martinelli
11. Hugh Morris
12. James de Sausmarez
13. Philip Woodhouse

#### Finance Grants Oversight & Performance Sub Committee

1. Chairman: Nick Bensted-Smith
2. Deputy Chairman: Philip Woodhouse
3. Jeremy Mayhew
4. Roger Chadwick
5. Jamie Ingham Clark
6. Paul Martinelli
7. Ian Seaton

Given the changes in membership to the Grand Committee after the Court of Common Council the previous week, Finance Grants Sub had been left with two vacancies, the Finance Committee therefore agreed to a reduction in the minimum number of Members on the Sub from nine to seven.

#### Procurement Sub Committee

1. Chairman: Hugh Morris
2. Deputy Chairman: Robert Merrett
3. Jeremy Mayhew
4. Randall Anderson
5. Roger Chadwick
6. Michael Hudson
7. Jamie Ingham Clark
8. Alderman Gregory Jones
9. Susan Pearson
10. William Pimlott
11. Philip Woodhouse

Appointments of Committee representatives to other Corporation positions

- Members agreed to the following appointments of representatives:

#### **Establishment Committee (1):**

Jeremy Mayhew

#### **Barbican Centre Board (1):**

Jeremy Mayhew

#### **Courts Sub (1):**

Jamie Ingham Clark

**Project Sub Committee (2):**

James de Sausmarez & Susan Pearson

**Streets and Walkways Sub Committee (1):**

Paul Martinelli

**Representative for informal consultations with the Court of Aldermen and the Policy and Resources Committee on Mayoralty and Shrievalty Allowances (1):**

Andrew McMurtrie

• Members also noted that the Chairman would be:

- A Member of the Mayoral Visits Advisory Committee and;

the Chairman and Deputy Chairman would be:

- Members of the Resource Allocation Sub Committee
- Finance Committee Representatives for informal consultations with the Court of Aldermen and the Policy and Resources Committee on Mayoralty and Shrievalty (in addition to Philip Woodhouse) and;

Ex-officio Members of:

- Policy and Resources Committee
- Investment Committee
- Audit and Risk Management Committee
- Hospitality Working Party (P&R) and;

the Chairman would be an ex-officio Member of the Public Relations and Economic Development Sub Committee.

Members also agreed that the Committee should continue to meet “every fourth week on Tuesdays” with the exception of recess periods.

**10. REVENUE BUDGET MONITORING TO JUNE 2020**

The Committee received a Report of the Chamberlain concerning the Corporation’s financial position and the impacts of COVID-19 on budgets since the last update (reported to the Committee in June).

The Chamberlain re-emphasised that whilst the annualised estimate of the financial impact had, since June, come down from £30M - £27.6M, Covid would continue to cause significant damage to the Corporation’s finances, both in the short and longer term.

The Chamberlain confirmed that, as per the Chairman’s request, an in-year re-budgeting exercise had begun, and would continue during the coming months, culminating in a new revised budget which would be submitted for Finance Committee Members’ consideration in October.

The re-budgeting exercise would look to both capture in-year savings and present an opportunity to get the finances on a “sustainable flight path” for the next 3-4 years. He added that, going forward, the Target Operating Model (TOM) would underpin budget proposals.

The Chamberlain informed Members that the results of the Government’s Spending Review would be announced by the Chancellor in the autumn. In addition, the Business Rates Review has been reactivated, with the call for evidence closing in mid-September. Due to Covid, the next Business Rates revaluation will now take place from 1<sup>st</sup> April 2023. The Chamberlain emphasised that the decisions taken on Business Rates will be key to the Corporation’s Medium-Term Financial Plans and longer-term forecasts; he will update Members in due course.

The Chairman thanked the Chamberlain for his remarks and reminded the Committee that, whilst Covid had wrought significant damage, the medium-term financial projections were looking fragile *before* Covid; it was, therefore, incumbent upon both Members and officers to scrutinise carefully current spending and accept that, in the case of any new, in-year capital bids, these would only be approved on the basis of rare, exceptional cases. The Deputy Chairman added that maintaining financial discipline had to be central to all decisions going forward.

The Chair of Policy & Resources welcomed the Chairman’s remarks; she stressed that the picture across local government was grave, and recovery would take a considerable amount of time. Several Members, whilst recognising that the City had a degree of greater flexibility compared to other local authorities, emphasised the need for prudence and responsibility as the primary drivers in the years ahead.

In response to a query around the Corporation’s decisions concerning the option of furloughing staff, the Chairman confirmed that the original decision was *not* to furlough; however, upon further review, the Establishment Committee subsequently took the decision to allow Departments to furlough staff if required.

The Chair of Policy & Resources added that the original decision around furloughing was not specifically a City policy, but a broader local authority approach.

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

**11. PROVISIONAL OUTTURN 2019-20**

The Committee received a Report of the Chamberlain concerning the provisional outturn for the 2019/20 Financial Year.

The Chamberlain informed Members that the 2019-20 provisional net expenditure outturn position of £183.7m represented a better than budgeted

position of £9.7m (comprising £6.9m City Fund and £4.5m Bridge House Estates and a £1.7m worse than budget position for City's Cash).

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

12. **CAPITAL AND SUPPLEMENTARY REVENUE PROJECT OUTTURN 2019/20 AND PRUDENTIAL INDICATORS**

The Committee received a Report of the Chamberlain concerning the 2019/20 outturn for capital and supplementary revenue projects (SRPs), and the Prudential Indicators for City Fund.

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

13. **RISK MANAGEMENT - TOP RISKS**

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

After introductory remarks from the Chamberlain, the Chairman informed Members that a proposal had been made by officers to merge the City of London Police risk item (CR23) with a broader Unsustainable Medium-Term Finances risk item (CR35); this had been rejected by the Audit & Risk Management (A&RM) Committee at its meeting on 14<sup>th</sup> July.

The Chamberlain added that the Information Security risk item (CR16) also went through a “Deep Dive” at A&RM last week, and steps to further mitigate this risk were endorsed by that committee.

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

14. **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.

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

15. **IT DIVISION - MEMBER UPDATE**

The Committee received a Report of the Chamberlain concerning the work of the IT Division.

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

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

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

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

There were no questions.

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

The following item of urgent business was raised –

New Report template

Given the clear need to re-emphasise the importance of financial discipline, the Chairman advised the Committee that he had been in discussions with officers about amending the Report template that came to Committees. Reports requesting funding were, on too many occasions, still being submitted without a clear narrative about the source of funding.

With the absence of a clear and upfront narrative, there is a significant risk that Members will give their approval for projects/programmes where there is an inherent source-of-funding issue.

As such, officers have drafted a new version of the Report template; the changes to the previous iteration are in the top box, namely, four new extra inserted lines below the Subject heading, and the insertion of a paragraph directly below the top box, outlining the expectations on Report authors.

The Chairman asked the Committee clerk to circulate the new template to Finance Committee members asking for views and feedback. The aim then was to roll out the new template for use by all Report authors.

19. **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.

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

The non-public minutes of the meeting held on 23<sup>rd</sup> June were approved as an accurate record.

21. **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 the non-public sessions at recent meetings of the Committee's Sub-Committees.

22. **POWER PURCHASE AGREEMENT (PPA) FOR OFFSITE RENEWABLE ELECTRICITY - PROCUREMENT STAGE 1A MID TENDER PROGRESS REPORT**

The Committee considered a Report of the Chamberlain and the City Surveyor concerning the procurement exercise to appoint a preferred supplier of a Power Purchase Agreement ("PPA") for offsite renewable electricity for the City of London Corporation.

23. **ADMITTED BODY STATUS FOR THE IT SERVICE CONTRACT SUPPLIER**  
The Committee received a joint Report of the Chamberlain and the Comptroller & City Solicitor concerning the IT Service Contract Supplier.
24. **PROVISION FOR BAD AND DOUBTFUL DEBTS AT 31ST MARCH 2020**  
The Committee received a Report of the Chamberlain concerning Bad and Doubtful debts.
25. **NON-PUBLIC APPENDIX TO ITEM 12 (CONTINGENCIES)**  
N/A
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**  
The Committee considered an item of urgent business relating to ITEM 10.

The meeting ended at 3.15 pm

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Chairman

Contact Officer: John Cater  
tel. no.: 020 7332 1407  
john.cater@cityoflondon.gov.uk



**Finance Committee – Work Programme 2020 and 2021**

Meeting:	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21
BUDGET SETTING PROCESS & MEDIUM-TERM FINANCIAL PLANNING					Budget Report and Medium-Term Financial Strategy  Revenue and Capital Budgets					
EFFECTIVE FINANCIAL MANAGEMENT ARRANGEMENTS FOR THE CITY CORPORATION	Q2 Budget monitoring  2020/21 Budget Resetting <b>Operational services outturn report 2019/20</b> <b>City Re Limited – Performance Monitoring</b>	<i>(Monthly Budget Monitoring)</i>	<i>(Monthly Budget Monitoring)</i>	Q3 Budget monitoring	Business Rates Update  Irrecoverable Non-Domestic Rates		Update of Finance Regulations	Interest Rates on Internal Loan Requests - Update and Review		Capital Outturn Report  Q1 Budget monitoring  Provisional outturn report
FINANCIAL STATEMENTS	Draft BHE Annual Report & Financial Statements	City Fund and Pension fund financial statements – Audit completion  City's Cash Financial Statements  City's Cash trust funds and sundry trust funds annual reports and financial statements			Pension Fund – Actuarial Valuation as at March 31 2020					Draft city fund and pension fund statement of accounts  Draft BHE Annual Report & Financial Statements
FINANCE COMMITTEE AS A SERVICE COMMITTEE	Central Contingencies Risk Management Monthly Report  FSD Quarterly Update Business plan update	Central Contingencies Risk Management – Quarterly Report  City Procurement Q Update	Central Contingencies Risk Management - Monthly Report  IT Division Q Update	Central Contingencies Risk Management Monthly Report  FSD Quarterly Update Business plan update	Central Contingencies Risk Management – Quarterly Report  City Procurement Q Update	Central Contingencies Risk Management - Monthly Report  IT Division Q Update	Central Contingencies Risk Management Monthly Report  FSD Quarterly Update Business plan update	Central Contingencies Risk Management – Quarterly Report  City Procurement Q Update	Central Contingencies Risk Management - Monthly Report  IT Division Q Update	Central Contingencies Risk Management Monthly Report  FSD Quarterly Update Business plan update

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<b>Committee(s):</b> Finance Committee	<b>Date(s):</b> 13 October 2020
<b>Subject:</b> Appointment of a Finance Committee Member to the Performance and Resource Management (Police) Committee	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Decision</b>
<b>Report author:</b> Alistair MacLellan	

## Summary

The City of London Police Authority Board has made provision for a Member of the City of London Corporation's Finance Committee to be co-opted on to the Board's Performance and Resource Management Committee. This report provides some background to the work of the Committee, its frequency of meetings, provides its terms of reference as an appendix, and invites the Finance Committee to put forward a candidate(s) for co-option.

## Recommendation(s)

Members are asked to identify a candidate, or candidates (noting there is one vacancy) for co-option on to the Performance and Resource Management (Police) Committee.

## Main Report

1. At its meeting on 29 July 2020, the City of London Police Authority Board included provision in the Board's Performance and Resource Management Committee's terms of reference for a Member of the City of London Corporation's Finance Committee to be co-opted on to that Committee.
2. The Performance and Resource Management (Police) Committee is tasked with monitoring the Policing Plan and Performance, and Finance, Asset Management, and Change with regards to the City of London Police. The Committee's terms of reference are set out at appendix 1.
3. Members are invited to identify candidate(s) they wish to put forward for co-option on to the Committee, noting that an individual with a demonstrable experience and skills set that allow them to contribute to the latter element of the Committee's work (Finance, Asset Management and Change) would be particularly welcome.
4. The Committee meets quarterly and next meets on 16 October 2020 (11.00am-1.00pm) and 11 November 2020 (1.45pm-3.45pm). Future dates will be advised in due course.

## **Appendices**

- Appendix – Performance and Resource Management (Police) Committee Composition and Terms of Reference

## **Background Papers**

- *City of London Police Authority Board and its Committees 2020/2021 – Report of the Town Clerk – 29 July 2020*

### **Alistair MacLellan**

Town Clerk's Department

T: 0207 332 1416

E: [alistair.maclellan@cityoflondon.gov.uk](mailto:alistair.maclellan@cityoflondon.gov.uk)

## **APPENDIX**

### **Performance and Resource Management (Police) Committee**

#### **Composition**

- Up to five Members of the Police Authority Board appointed by the Police Authority Board, in addition to the Chairman and Deputy Chairman;
- Two co-opted Members to be appointed by the Audit and Risk Management Committee; and
- Up to two co-opted Members to be appointed by the Police Authority Board.
- A co-opted Member to be appointed by the Finance Committee.

#### **Terms of Reference**

To be responsible for:

#### **Policing Plan and Performance**

- a. overseeing the monitoring of performance against the City of London Policing Plan and measure crime and harm reduction against appropriate benchmarks;
- b. monitoring government, policing bodies and other external agencies' policies and actions relating to police performance and advising the Police Authority Board or Commissioner as appropriate;
- c. Oversight of the delivery of the City of London Police Corporate Plan and Strategic Policing Requirement;
- d. Monitoring of HMICFRS reporting and implementation of recommendations, and other relevant reporting.
- e. Monitoring of Human Resources issues not covered by the Professional Standards and Integrity Committee.

#### **Finance, Asset Management and Change**

- f. overseeing the Force's resource management in order to maximise the efficient and effective use of resources to deliver its strategic priorities including monitoring against budget, scrutiny of proposed budgets, and the Medium Term Financial Plan;
- g. Scrutiny and recommendations around capital spend and programmes.
- h. Oversight of Force Commercial Projects;

- i. Oversight of Risk and Transform;
- j. Scrutiny of Police Accommodation strategy requirements.
- k. Scrutiny of internal audit reporting and implementation of recommendations.
- l. making recommendations to the Police Authority Board to change procedures, where necessary.
- m. any other matter referred to it by the Police Authority Board.

**Frequency of Meetings**

Quarterly

# Agenda Item 7

<p><b>Committee(s):</b>          Finance – For Decision          Court of Common Council – For Decision</p> <p>Barbican Centre Board – For Information          Community &amp; Children’s Service – For Information          Culture Heritage &amp; Libraries – For Information          Epping Forest &amp; Commons – For Information          Establishment Committee – For Information          Hampstead Heath, Highgate Wood &amp; Queens - For Information          Licensing – For Information          Open Spaces – For Information          Planning &amp; Transportation - For Information          Port Health – For Information</p>	<p><b>Date(s):</b>          13 October 2020          3 December 2020</p> <p>18 November 2020          6 November 2020          23 November 2020          16 November 2020          29<sup>th</sup> October 2020</p> <p>25 November 2020          14 October 2020          2 December 2020          27<sup>th</sup> October 2020          24<sup>th</sup> November 2020</p>
<p><b>Subject:</b>          Resetting of departmental Budgets 2020/21</p>	<p><b>Public</b></p>
<p><b>Report of:</b>          Chamberlain</p>	<p><b>For          Decision/Information</b></p>
<p><b>Report author:</b>          Julie Smith</p>	

## Summary

At Resource Allocation Sub Committee on 18<sup>th</sup> September 2020 Members considered and approved recommendations for budget adjustments of £15.6m , following a request at their July Committee for an in-year re-budgeting exercise to assist in repairing the damage to the City’s budgets arising from the COVID-19 pandemic. This was seen as a vital step in ensuring that we put our finances on a sustainable footing for the Medium Term.

Members of Finance Committee are asked to recommend to the Court of Common Council the budget adjustments outlined in this report totalling £15.2m to some departmental local risk budgets, (including a reduction of £400K to the original proposal to Resource Allocation Sub Committee for Open Spaces), to address the deficit in lost income due to the COVID-19 pandemic, and set realistic budgets that Chief officers can be held to this financial year (2020/21).

Members of the relevant Service Committees are asked to note the recommended budget adjustments which, subject to the agreement of the Court of Common Council in December, will be reflected in their detailed Revised Estimates 2020/21 and proposed Budget Estimates 2021/22 reports for their approval.

The mitigating steps leading up to the recommended budget adjustments include a thorough year end budget forecast exercise as at the end of July, informed by bi lateral meetings between the Chamberlain and Chief Officers, reaching a common understanding of the need for tight budgeting. This tight budgeting has resulted in

expenditure savings in local risk budgets of £21.3m, partially offsetting an income deficit of (£39.2m). This process was followed by Member lead bilaterals in September with those service areas most impacted by COVID.

The impact of COVID-19 stands at around (£28.4m) across all risks and funds of which (£17.9m) relates to Chief Officers local risk budgets. We are hopeful of recovering an estimated £13.6m from the Government's compensation for lost fees and charges of 75p in the pound net of associated expenditure reductions which will be used to offset the appropriate budget adjustments. The remaining City Fund COVID deficit would then need to be covered by scaling back the planned addition to the major projects reserve.

Further steps proposed are to maintain recruitment controls, including the use of Consultants, aligned to the roll out of the Target Operating Model (TOM) and continuing to press for further savings where possible to preserve the reserves position. Any residual COVID deficit will then be covered, in the case of City Fund, through an offsetting reduction in the Reserve.

## **Recommendation(s)**

Members of Finance Committee are asked to:

- Note the steps already taken by officers to reduce the financial impact of the COVID-19 pandemic.
- Recommend to the Court of Common the adjusted departmental budgets totalling £15.2m outlined in this report, including a reduction of £400K to the original proposal to Resource Allocation Sub Committee for Open Spaces explained at paragraph 9.
- .
- Approve proposals to continue working with departments to identify further savings where possible.
- Approve continuation of recruitment controls aligned to the TOM which may give further savings in the year.
- As Service Committee, note the increase in budget of £1,084K for the Remembrancer

Members of the following Service Committees are asked to note the recommended budget adjustments as outlined below: -

- Barbican Centre Board: Increase of £12,452K
- Community & Children's services: Increase of £184K for Director of Community & Children's Services
- Culture Heritage & Libraries Committee – Increase of £392K for Open Spaces (Monument).



- Establishment Committee: Increase of £420K for Comptroller & City Solicitor
- Licensing Committee: £156K for Markets & Consumer Protection
- Open Spaces/Epping Forest & Commons/Hampstead Heath, Highgate Wood & Queens Committees: Increase of £66K.
- Planning and Transportation: Increase of £310K for Director of Built Environment
- Port Health:
  - Increase of £301K for Markets & Consumer Protection
  - Reduction of £148K in respect of Open Spaces (City of London Cemetery) due to increase in forecast income

## **Main Report**

### **Background**

1. On 18<sup>th</sup> September 2020 Members of Resource Allocation Sub Committee considered and approved recommendations for budget adjustments totalling £15.6m following their instruction to officers at their meeting in July, to carry out a re-budgeting exercise in the Autumn to assist in repairing the unprecedented damage to the City's budgets arising from the COVID-19 pandemic. This was seen as a vital step in ensuring that we put our finances on a sustainable footing for the Medium Term.
2. The following mitigating actions have been undertaken: -
  - Restriction of carry forwards from 2019/20 to protect the reserves position;
  - Recruitment controls; requiring a business case to recruit agreed by the Town Clerk
  - A review of high value contracts with City Procurement to see where any possible savings could be achieved and on-going monitoring to ensure value for money
  - An in-depth departmental re-forecasting exercise undertaken as at the end of July, crystallising expenditure reductions to limit COVID impact;

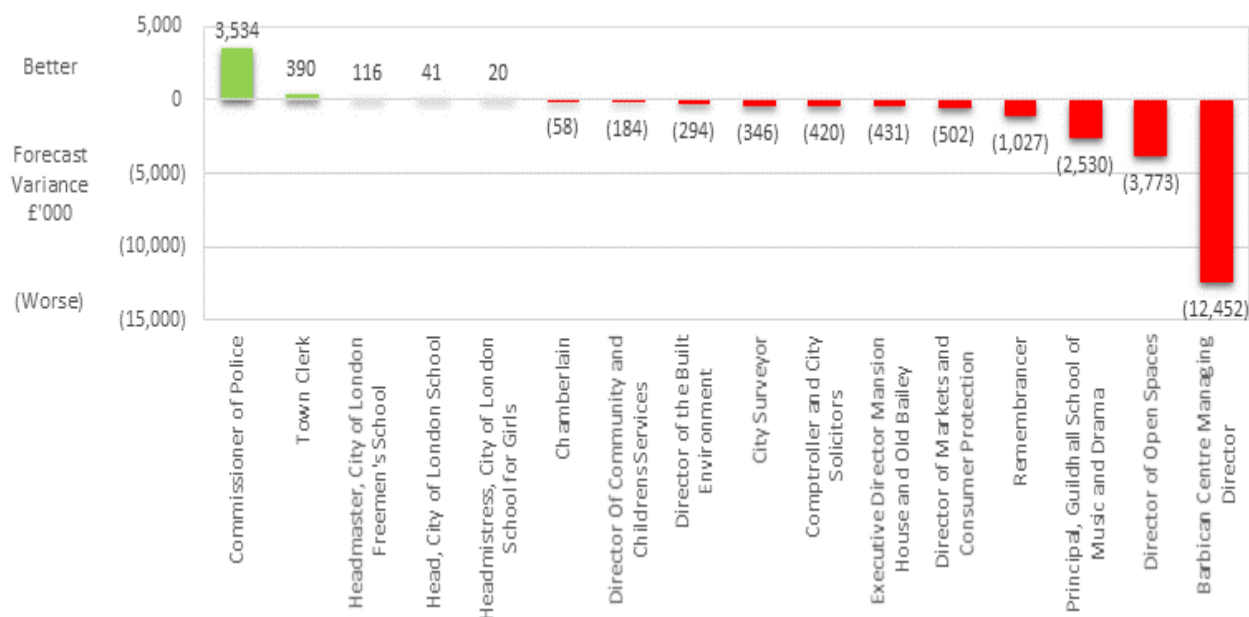
- Collaborative bilateral meetings between the Chamberlain and Chief Officers took place resulting in a common understanding of the need for continued tight budgeting;
- Member bilaterals (Chair/Deputy Chairman of RA Sub) with some Service Committee Chairmen and Chief Officers.
- A review of the Cyclical Works Programme (CWP) with the City Surveyor as unlikely to complete a significant amount of work in year due to suspension during the lockdown period; and
- Seeking government funding where possible through compensation on lost fees and charges of 75p in the pound on City Fund income.

### Current Position

3. Despite the mitigating actions being taken, we face, as a result of COVID-19, a major challenge to the health of our finances. The forecast deficit at the end of July currently stood at (£28.4m) across the funds before government compensation for income lost from fees and charges. The breakdown by fund across both central and local risk is (£16.8m) City Fund, (£7.0m) City's Cash and (£4.6m) Bridge House Estates.
4. For Chief officers' cash limited budgets, a year-end forecast over spend of (£17.9m) is forecast against a budget of (£247.9m) (7.2%).
5. The table below shows the high-level year end forecast position for Chief Officer's local risk budgets by fund:

£'000	Original budget 2020/21	Latest budget 202/21 (including carry forwards)	Forecast as at end of July	Variance
City Fund (CF) (excl. Police)	(72,503)	(74,668)	(87,919)	(13,251)
City's Cash (CC)	(43,679)	(43,967)	(48,206)	(4,239)
Bridge House Estates (BHE)	(6,186)	(6,186)	(8,741)	(2,555)
Guildhall Administration (GA)	(37,938)	(38,206)	(39,611)	(1,405)
<b>Total (excluding Police)</b>	<b>(160,306)</b>	<b>(163,027)</b>	<b>(184,477)</b>	<b>(21,450)</b>
Police	(84,884)	(84,884)	(81,350)	3,534
<b>Grand Total</b>	<b>(245,190)</b>	<b>(247,911)</b>	<b>(265,827)</b>	<b>(17,916)</b>

6. The forecast position comprises a reduction in income of (£39.2m) on an income budget of £294m, partially offset by an underspend of £21.3m on budgeted expenditure of (£542.1m); demonstrating the action taken by Chief Officers to reduce expenditure to limit the impact as far as possible of reductions in income.
7. Chief Officers' variances against net local risk budgets are shown in the chart below. The detailed breakdown by Chief Officer by Fund is shown at Appendix 1.



8. The most heavily impacted is the Barbican Centre; forecasting an overall overspend of (£12.5m) at year end. This comprises a shortfall of (£22.0m) on income due to the centre being closed, and limited activity being forecast for the remainder of the financial year due to social distancing measures. Expenditure has however, been reduced by £9.6m due to activity reductions and a hold on all non-essential expenditure. **It is proposed to reset the budget envelope from (£17,389) to (£29,841)**

9. Open Spaces is forecasting an overspend of (£3.7m) broken down as follows: -
  - (£3.1m) BHE due to income shortfalls relation to Tower Bridge. It is proposed that the Tower Bridge shortfall is covered by a reduction in transfer to BHE reserves at year end.
  - (£858k) City's Cash forecast income deficit on City's Cash. Following a Senior Member lead bilateral meeting with the Director of Open Spaces and the Chamberlain, and subsequent discussion at Resource Allocation Sub Committee on 18<sup>th</sup> September it, was concluded that there was scope to reduce expenditure and increase income further at Epping Forest. **it is therefore proposed to reduce the Open Spaces budget adjustment by £400K and reset the latest approved budget from (£11,852) to (£12,310) to cover the Monument income shortfall of £392K; the balance of £66K for income shortfalls at other Open Spaces** It is recognised that there is pressure on Epping Forest budgets which we will

continue to focus on, with an understanding this might lead to a year end overspend.

- £148k City Fund forecast under spend of £148K is due to additional income from the City of London Cemetery activity. **It is proposed to rest this budget from £564k to £712k to be utilised towards the additional costs to City Fund.**

10. GSMD is forecast to be (£2.5m) worse than budget reflecting lost income from short courses, letting student accommodation and space to external providers during summer term, removing bar and catering income and reduced fees from under-18 provision. Further losses may arise depending on the number of students returning for the new academic year. In addition, GSMD will incur additional costs for space, equipment and staffing to support socially distanced onsite as well as online teaching. The City is a joint funder with the Office for Students and there is an agreement not to reduce the City's contribution to continue to secure Higher Education Statistics Agency (HESA) Funding. It is anticipated that GSMD continue to call on their reserves; the same approach as for the City's Independent Schools (see paragraph 19).
11. Remembrancer has a forecast deficit due to loss in income of (£1.0m) due to no private event hire taking place at Guildhall since the start of the financial year. Three of the four most lucrative months in the year - May, June, September and November - will achieve nil or very nearly nil income. **It is proposed to reset the budget from £274k to (£810k) to cover the loss of income.**
12. The Director of Markets and Consumer Protection is forecasting an overspend of (£502k), mainly on City Fund activity (£457K) due to increased costs at the Ports in preparation for Brexit and loss of income at the Animal Reception Centre. The balance on City's Cash relates to lost income from car parking charges at Billingsgate and Smithfield Markets. **It is proposed to reset City Fund budget from (£2,240k) to (£2,697k) to cover the income deficit.**
13. Mansion House and Old Bailey forecast overspend of (£431K) includes recovery of an overspend of (£248K) from 2019/20. At the bilateral meeting with the Executive Director further expenditure savings were discussed, **therefore no budget reset is proposed at this time.**
14. The Comptroller and City Solicitor is forecasting an external income deficit of (£420K) due to a lack of property deals. **It is proposed to reset the budget from (£845k) to (£1,265k) to cover the income shortfall.**
15. The City Surveyor is forecasting a net overspend across the funds of (£346K), this includes a carry forward of (£320K) from 2019/20. **It is not proposed to reset the budget for 2020/21 at this time.**
16. The Director of the Built Environment (DBE) forecast an overspend of (£310K), mainly relates to a forecast income shortfall of (£2.5m), most significantly within off-street parking, traffic management, public conveniences, drains & sewers and building control services. However, expenditure reductions of some £2.3m through

reduction in highways repairs and maintenance, early removal of Automated public conveniences and contract savings have reduced the impact considerably. **It is proposed to reset the budget from (£20,243K) to (£20,553K) to cover the net deficit.**

17. The Director of Community and Children's services is forecasting an overspend of (£184K), the largest pressure is on rough sleepers and homelessness budget due to COVID-19, at an estimated cost of (£1.4m) until 31<sup>st</sup> March 2021. The majority of the extra costs are being absorbed by a current underspend on adults/older people social care. Income levels are estimated to be around 30% once services reopen. **It is proposed to reset the Director's budget from (£12,791K) to (£12,975K) to address the shortfall.**
18. The Chamberlain is forecasting a net overspend across the funds of (£58K). This is due to various additional essential unbudgeted expenditure, including additional staff resource for essential financial modelling work. There is also income loss in Freedom ceremonies due to the COVID 19 pandemic. **It is not proposed to reset the Chamberlain's budget at this time.**
19. The Independent Schools are managing within their reserves as shown by their breakeven position. No budget resets are therefore proposed.
20. The Town Clerks overall forecast position is a net underspend of £350K. However, this includes additional P&R income of £990k expected in relation to COVID related grants to reimburse expenditure for works undertaken by the Strategic COVID Group, which is offset by income shortfalls in Cultural Heritage. **It is not proposed, therefore, to reset the Town Clerk's budgets.**
21. The Commissioner of Police is currently forecasting an underspend of £3.5m. It is proposed to continue to monitor the Police position, recognising that any underspend will be directed to repayment of the Action Fraud loan to the City Corporation.

## **Proposals**

22. It is proposed that Finance Committee Members recommend to the Court of Council that local risk budgets are reset for the following departments as summarised in the table below: -

£'000

Department	From	To	(Increase) /Reduction	Fund
Barbican Centre	(17,389)	(29,841)	(12,452)	CF
Open Spaces	(11,852)	(12,310)	(458)	CC
Open Spaces	564	712	148	CF
Remembrancer	274	(810)	(1,084)	GA
Markets & Consumer Protection	(2,240)	(2,697)	(457)	CF
Comptroller & City Solicitor	(845)	(1,265)	(420)	GA
DBE	(20,243)	(20,553)	(310)	CF
Community & Children's services	(12,791)	(12,975)	(184)	CF
Total	(64,522)	(79,739)	(15,217)	

23. Where Chief Officers local risk budgets are not recommended for adjustment, but significant efforts have been made to mitigate the position/deliver savings, it is proposed discussions take place at year end regarding handling of any overspend positions.
24. Our current estimates indicate support from the Government for lost fees and charges on City Fund income could be in the region of £13.6m. The first claim from April until end of July was submitted at the end of September. The income recovered will be used to offset the appropriate budget adjustments proposed.
25. It is also proposed to continue with the current recruitment constraint, including the use of Consultants, aligned to the rollout of the Target Operating Model to secure further savings by the end of the financial year.
26. Further savings will also continue to be explored with departments to reduce the overall impact on the reserves position.
27. The budget in the Medium-Term Financial Plan (MTFP) for the CWP in 2020/21 is £22.8m. The latest forecast estimate for works anticipated to be completed is £10.7m. A report is being prepared by the City Surveyor outlining proposals for a revised annual programme from 2021/22.

### Financial Implications

28. The overall 2020/21 City Fund starting position would have added £27.3m to reserves to contribute to the future financing of the major projects.
29. The proposed COVID adjustments to Chief Officers local risk budgets total £15.2m (£14m City Fund and £1.2m City's Cash). The £14m City Fund adjustment can be

met by scaling back the addition to the major projects reserve to £13.3m. The City Cash adjustment of £1.2m can be funded but will impact the net asset position.

## **Conclusion**

30. Despite the mitigating actions being taken, we face, as a result of COVID-19, a major challenge to the health of our finances. Proposals to reset budgets for Chief Officers most impacted by loss of local risk income will provide realistic budgets for them to be held to.

## **Appendices**

- Appendix 1 – Chief Officers local risk end of year forecast at end of July 2020 by fund

## **Background Papers**

- Briefing 2 – Financial impact of COVID 19 – Finance Committee 19 May 2020
- Resetting of Budgets 2020/21 – Resource Allocation Sub Committee 18 September 2020.

## **Julie Smith**

Acting Deputy Director of Financial Services

T: 07714637088

E: [Julie.smith@cityoflondon.gov.uk](mailto:Julie.smith@cityoflondon.gov.uk)

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Chief Officer Cash Limited Budgets by Fund					
Original Budget £'000	Chief Officer	Full Year Forecast as at 31 July 2020			
		Latest Budget £'000	Forecast £'000	Variance Better / (Worse) £'000	%
	<b>City Fund</b>				
(1,755)	Chamberlain	(1,755)	(1,420)	335	19%
(5,117)	City Surveyor	(5,240)	(5,109)	131	2%
(11,168)	Director of Community and Children's Services	(12,791)	(12,975)	(184)	(1%)
(2,199)	Director of Markets and Consumer Protection	(2,240)	(2,697)	(457)	(20%)
564	Director of Open Spaces	564	712	148	26%
(20,196)	Director of the Built Environment	(20,243)	(20,553)	(310)	(2%)
(402)	Executive Director Mansion House and Old Bailey	(242)	(531)	(289)	(120%)
(17,165)	Managing Director, Barbican Centre	(17,389)	(29,841)	(12,452)	(72%)
(15,065)	Town Clerk	(15,332)	(15,504)	(172)	(1%)
<b>(72,503)</b>	<b>Total City Fund (excluding Police)</b>	<b>(74,668)</b>	<b>(87,919)</b>	<b>(13,251)</b>	<b>(18%)</b>
	<b>City's Cash</b>				0%
(99)	Chamberlain	(99)	(174)	(75)	(76%)
(16,228)	City Surveyor	(16,143)	(16,972)	(829)	(5%)
(1,052)	Director of Community and Children's Services	(1,122)	(1,122)	0	0%
(1,365)	Director of Markets and Consumer Protection	(1,668)	(1,713)	(45)	(3%)
(11,822)	Director of Open Spaces	(11,852)	(12,710)	(858)	(7%)
(3,334)	Executive Director Mansion House and Old Bailey	(3,246)	(3,388)	(142)	(4%)
(1,217)	Head, City of London Boy's School	(1,217)	(1,176)	41	3%
118	Headmaster, City of London Freeman's School	118	234	116	98%
(275)	Headmistress, City of London School for Girls	(275)	(255)	20	7%
(6,799)	Principal, Guildhall School of Music and Drama	(6,799)	(9,329)	(2,530)	(37%)
(1,391)	Remembrancer	(1,391)	(1,334)	57	4%
(215)	Town Clerk	(273)	(268)	5	2%
<b>(43,679)</b>	<b>Total City's Cash</b>	<b>(43,967)</b>	<b>(48,206)</b>	<b>(4,239)</b>	<b>(10%)</b>
	<b>Bridge House Estates</b>				0%
(45)	Chamberlain	(45)	(45)	0	0%
(2,703)	City Surveyor	(2,703)	(2,690)	13	0%
(243)	Director of Open Spaces	(243)	(3,306)	(3,063)	(1,260%)
(275)	Director of the Built Environment	(275)	(259)	16	6%
(2,920)	Town Clerk	(2,920)	(2,441)	479	16%
<b>(6,186)</b>	<b>Total Bridge House Estates</b>	<b>(6,186)</b>	<b>(8,741)</b>	<b>(2,555)</b>	<b>(41%)</b>
	<b>Guildhall Administration</b>				0%
(22,165)	Chamberlain	(22,358)	(22,676)	(318)	(1%)
(8,666)	City Surveyor	(8,686)	(8,347)	339	4%
(845)	Comptroller and City Solicitor	(845)	(1,265)	(420)	(50%)
274	Remembrancer	274	(810)	(1,084)	(395%)
(6,536)	Town Clerk	(6,591)	(6,513)	78	1%
<b>(37,938)</b>	<b>Total Guildhall Administration</b>	<b>(38,206)</b>	<b>(39,611)</b>	<b>(1,405)</b>	<b>(4%)</b>
<b>(160,306)</b>	<b>Grand Total (excluding Police)</b>	<b>(163,027)</b>	<b>(184,477)</b>	<b>(21,450)</b>	<b>(13%)</b>
(84,884)	Commissioner of Police (City Fund)	(84,884)	(81,350)	3,534	4%
<b>(245,190)</b>	<b>Grand Total</b>	<b>(247,911)</b>	<b>(265,827)</b>	<b>(17,916)</b>	<b>(7%)</b>

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<b>Committees:</b> Finance – For decision	<b>Dates:</b> 13 <sup>th</sup> October 2020
<b>Subject:</b> Bridge House Estates Annual Report and Financial Statements 2019/20	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For decision</b>
<b>Report author:</b> Karen Atkinson, Head of Charity and Social Investment Finance, Chamberlain’s Department	

## Summary

The Annual Report and Financial Statements for Bridge House Estates (BHE) for the year ended 31 March 2020 are attached at Annex 1 for approval. Members should note that the version included in your papers is not the designed version of the report for publication.

The audit work has been substantially completed and the Audit Panel has met, with positive feedback presented to the Chamberlain. BDO LLP is intending to issue an unqualified opinion with the inclusion of an ‘emphasis of matter’ paragraph on the uncertainty relating to property valuations as a result of Covid-19. This is uncontentious and matches judgements we have made on the valuations ourselves. Their report is attached at Annex 2.

The key points to highlight within the financial statements are:

- The funds of the charity are split between the permanent endowment fund (£984.2m), unrestricted income funds (£549.4m) and a restricted fund (£2.8m) with total funds (net assets) held being £1,536.4m – an increase of £41.7m or 2.8% on the previous year.
- The net surplus for the year of £47.1m includes gains on property investments of £80.2m, losses on financial investments of £16.0m and minor losses on social investments of £0.9m.
- Grant-making activities and associated spend reaching a record high for the charity at £33.7m, with £30.7m of this being new grant commitments.
- The transfer of £200m from unrestricted income funds to the grant-making designated fund for application under the agreed funding policy of the charity ‘Bridging Divides’, as approved by Court in March 2020.
- The inclusion of a revised reserves policy for the charity, also approved by Court in March 2020, stating the need to hold free reserves of £35m.
- The inclusion of increased disclosures relating to the ‘going concern’ status of the charity, as a result of uncertainties relating to the long-term impact of Covid-19. Specific disclosures reflect the uncertainty relating to property valuations as at 31 March 2020, which have led to the inclusion of the ‘emphasis of matter’ paragraph within the auditor’s opinion.

- The re-investment of £41m, including the purchase of 4 Chiswell Street in July 2019 within the property portfolio utilising disposal proceeds from previous years that had been held as short- term financial investments.

### **Recommendations:**

The Finance Committee are asked to:

- Approve the BHE Annual Report and Financial Statements for the year ended 31 March 2020 taking into account any observations from the Audit and Risk Committee; and
- Agree that the BHE Annual Report and Financial Statements for the year ended 31 March 2020 are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council, being the Trustee of BHE.

## Main Report

### Introduction

1. The 2019/20 Annual Report and Financial Statements for BHE for the year ended 31 March 2020 are presented for review.

The Charity Commission require charities to submit their annual report within 10 months of their financial year-end, however good practice expects submission earlier than this deadline. As a significant charity within the sector, BHE looks to demonstrate good governance in making available its annual report on a timely basis.

2. The Audit and Remuneration Committee reviewed the BHE Annual Report at their meeting on 1<sup>st</sup> October 2020. Questions raised have been discussed with the Chairman of this Committee and responded to satisfactorily.
3. Approval of each year's annual report and financial statements has been delegated by the Court of Common Council to the Finance Committee.

### Audit Opinion

4. BDO LLP intend to issue an unqualified audit opinion. It will however reference within their opinion an "Emphasis of Matter" given the uncertainty relating to the valuation of investment properties as at the year-end date. The external valuers are required to take into account the conditions that existed as at this date, and therefore the valuations of the BHE investment properties have been reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global, which contains mandatory rules, best practice guidance and related commentary for all RICS members undertaking asset valuations. This is uncontentious, matching judgements we have made on the valuations ourselves. Their report, including recommendations, is attached at Annex 2 for information.
5. Full disclosure of this issue is made within the accounting policies of the charity (pages 41-42), noting that the absence of significant transactional evidence and the macro-economic effect of Covid-19 at that time was a cause for uncertainty. Subsequent to the valuation date, transactional evidence has become available in respect of Central London properties, however this does not impact upon the valuation as at 31<sup>st</sup> March 2020.

### Statement of Financial Activities

6. Income for the year came to £46.6m, an increase of £3.5m (8.1%) on the previous year.
7. Restricted grant income of £1.8m was received in the final month of the year (2018/19: £0.2m). This represents donations by various funders towards the

London Community Response Fund (LCRF), a restricted trust that was swiftly established within BHE to support the response to the Coronavirus pandemic.

8. Income from charitable activities consists of the combined income derived from visitor admissions, retail and events at Tower Bridge. With 2019 being the 125th Anniversary of Tower Bridge, the first 11 months of the year produced record levels of income. However, the visitor attraction had to close as a result of the pandemic in March 2020, which impacted on the full year results. Total income across the year was £6.7m (2018/19: £6.8m).
9. Investment income is principally driven by the rental income earned from the property portfolio held by the charity, which is currently all held within the endowment fund. Property income totalled £34.6m, an increase of £3.1m against the previous year (2018/19: £31.5m). This included a surrender payment of £3.1m following a tenant exiting their lease 2 years ahead of the lease end date. The majority of the charity's financial investments are held on a pooled basis, the income equivalent of which forms part of the movement in the value of assets within the balance sheet. Income arising from financial investments held on a non-pooled basis is reported within the statement of financial activities, at £2.5m (2018/19: £2.8m). Interest earned from social investments and treasury deposits held makes up the balance of investment income, at £0.8m (2018/19: £0.8m).
10. Other income of £0.2m includes fees received by City Bridge Trust (CBT) to undertake grant administrative services on behalf of other organisations, with the prior year amount of £1.0m being higher due to a one-off receipt by BHE relating to access to land.
11. Expenditure totalled £62.8m, an increase of £9.7m on the prior year (£53.1m), driven by increased grant-making activities. The majority of expenditure was unrestricted with the exception of £0.2m (2018/19: nil) of grants against a funded programme and £0.6m (2018/19: £0.6m) costs attributable to the maintenance of the capital value of the endowment.
12. Expenditure on raising funds increased slightly to £15.3m (2018/19: £15.1m). There were minor changes in the amounts expended on some of the activities relating to raising income, which comprise the costs of managing the charity's investment portfolio and fees attributable to financial investments held. Expenditure relating to the Tower Bridge tourism operations is now reported within charitable activities, matching the disclosure of income earned.
13. Spend on charitable activities increased by £9.3m in the year, to £46.4m (2018/19: £37.1m). Spend on maintaining the five Thames bridges totalled £6.5m, against £6.6m in the previous year. Work on several major refurbishments has progressed, notably that of Blackfriars Bridge and London Bridge, however delays were experienced in the year in being able to gain access as a result of other projects taking place in the vicinity of both bridges. Planned expenditure will now take place in the coming months. Expenditure on the tourism activities at Tower Bridge reduced slightly against

the previous year to £6.2m (2018/19: £6.4m). Grant-making activities and related spend achieved a record high for the charity at £33.7m (2018/19: £24.1m), with £30.7m of this amount being new grant commitments (2018/19: £21.9m). Additional funds were allocated by the charity to grant-making activities in the year, enabling this increased level of support in response to the needs of London's Communities.

14. Other expenditure covers the net costs of the pension scheme for the staff of the City Corporation that work on behalf of the charity.
15. Net gains on investment properties and financial investments totalled £63.3m (2018/19: £108.6m), split between gains on investment properties £80.2m, unrealised losses on financial investments £16.0m, and an unrealised loss on social investments of £0.9m.

### Balance Sheet

16. The Balance Sheet presents the increase in total funds held by the charity of £41.7m, resulting in a year-end total of £1,536.4m. This has been driven by the gains noted above. Total funds held comprise:
  - a. the permanent endowment fund at £984.2m, held in perpetuity to generate sufficient returns to support the five river bridges, with any income surplus above that required for the charity's principal object to be utilised by CBT in line with their approved funding policy;
  - b. the unrestricted income fund at £549.4m, being net of the pension deficit of £18.9m. An element of the unrestricted income fund has been designated for agreed purposes, as noted in section 15 below; and
  - c. a restricted fund of £2.8m held at the year-end, being donations received from various funders, alongside an initial £1m contribution by BHE, towards the LCRF - a restricted trust that was established within BHE to support the response to the Coronavirus pandemic.
17. Designated funds consist of unrestricted income funds which the Trustee has decided to set aside for specific purposes over the short to medium term. These total £440.7m (2018/19: £183.5m), with key funds being:
  - a. Bridges Repair Fund - representing the funds required to maintain the five bridges for the next five years, being the higher of the average annual cost over the 50-year plan or the next five years forecast activity. In 2019/20 £13.4m was transferred to this fund with £41.7m now set aside to cover costs planned over the next five years (2018/19: £34.0m);
  - b. Bridges replacement fund - this is based upon the present value of estimated future costs, adjusted for forecast increases in construction costs. The balance held within the bridges replacement fund has increased by £53.9m to £158.5m (2018/19: £104.6m) following a review in-year of expected replacement dates of each bridge;
  - c. Grant-making fund - representing the annual income surplus to that required for the primary object of the charity (to maintain and support the five bridges) and which may be applied for future funding activities undertaken by CBT in accordance with the Bridging Divides strategy.

As approved by Court, an additional £200m was transferred to this designated fund in 2019/20 bringing the total ring-fenced for this purpose to £219.2m (2018/19: £22.4m); and

- d. Social Investment fund – the balance represents the amount available to finance social investments, which includes the original £20m allocation alongside the net returns generated to date over the life of this fund.

- 18. Deducting the designated funds from the total unrestricted income funds results a remaining balance of £108.7m, being the free reserves of the charity. During the year, the Trustee approved a revision to the BHE reserves policy, recommending that free reserves of £35m be held as at 31 March 2020. The actual amount held as at the year-end, was £73.7m above the stated policy, with the Trustee being mindful to the as yet unknown long-term impacts of the Covid-19 pandemic on investments held.

#### Audit Progress, Opinion and Emphasis of Matter

- 19. BDO's audit work is substantially complete, with the exception of final reviews prior to sign-off. It is anticipated that the audit will be concluded satisfactorily to enable BDO to issue an unqualified opinion with the inclusion of an emphasis of matter paragraph in relation to the material valuation uncertainty relating to investment property valuations, as stated within paragraphs 3-4 of this report.

- 20. The review by the Audit Panel has also concluded satisfactorily with no concerns raised.

#### Conclusion

- 21. The Chairman and Deputy Chairman of the Finance Committee are requested to approve and sign the financial statements on behalf of the Court of Common Council, following the recommendation of the Audit and Risk Committee.
- 22. The Charity Commission require charities to submit their annual report within 10 months of their financial year-end, however good practice expects charities to submit earlier than this deadline. A designed version of this report will be made available online and submitted to the Charity Commission. The final management report from BDO on its audit will be presented to the Court of Common Council for information.

#### **Contact:**

Karen Atkinson, Head of Charity and Social Investment Finance

T: 020 7332 1395

E: [karen.atkinson@cityoflondon.gov.uk](mailto:karen.atkinson@cityoflondon.gov.uk)

Annex 1: Annual Report and Financial Statements for Bridge House Estates

Annex 2: BDO's Report to the Audit & Risk Management Committee



# Agenda Item 10

<b>Committee:</b> Finance Committee	<b>Date:</b> 13 October 2020
<b>Subject:</b> Revenue Outturn 2019/20 – Finance Committee Operational Services	<b>Public</b>
<b>Report of:</b> The Chamberlain The Town Clerk The City Surveyor The Remembrancer The Executive Director of Mansion House and Old Bailey Director of Community and Children’s Services	<b>For information</b>
<b>Report author:</b> Steven Reynolds, Group Accountant, Chamberlain’s Department	

## Summary

This report compares the revenue outturn for the services overseen by your Committee in 2019/20 with the final budget for the year. It also details the carry forward requests which have now been approved.

Overall total net expenditure on the operational services overseen by your Committee was £65.223m, whereas the total final budget was £68.779m, representing an underspend of £3.556m as set out below.

Summary comparison of 2019-20 Revenue Outturn with Final Budget				
	Original Budget	Final Budget	Revenue Outturn	Variation Better / (Worse)
	£000	£000	£000	£000
<b>Direct Net Expenditure</b>				
The Chamberlain	(36,691)	(38,373)	(37,056)	1,317
The Town Clerk	(460)	(462)	(515)	(53)
The City Surveyor (excl. Cyclical Works Programme)	(13,083)	(16,020)	(15,707)	313
The Remembrancer	163	154	802	648
The Executive Director Mansion House and Old Bailey	(2,103)	(2,265)	(2,087)	178
Director of Community and Children's Services	(48)	(59)	(47)	12
Cyclical Works Programme	(4,326)	(3,851)	(2,965)	886
<b>Total Direct Net Expenditure</b>	<b>(56,548)</b>	<b>(60,876)</b>	<b>(57,575)</b>	<b>3,301</b>
<b>Capital and Support Services</b>	<b>(7,829)</b>	<b>(7,903)</b>	<b>(7,648)</b>	<b>255</b>
<b>Total Net Expenditure</b>	<b>(64,377)</b>	<b>(68,779)</b>	<b>(65,223)</b>	<b>3,556</b>

Expenditure and unfavourable variances are presented in brackets.

The 2019/20 final budget totals net expenditure of £68.779m, which is an increase of £4.402m (6.8%), compared with the original budget of £64.377m. The increase is analysed at Appendix 1, which shows the main variations relate to:

- carry forwards and funding allocations agreed by RASC £2.294m;
- additional Supplementary Revenue Projects and Transformation Fund budgets of £1.778m;
- Court approved uplifts of £0.663m for inflation and pay; and
- increases in insurance premiums of £0.105m which are recharged to property owning departments/service committees; partly offset by:
- changes in the timing of the cyclical repairs and maintenance programme amounting to £0.475m.

The overall outturn underspend of £3.556m comprises variations across several services which are detailed in paragraphs 2 to 5 in this report. The main variations are:

- Chamberlain's - decreased net expenditure of £1.317m – mainly due to £578k of additional income arising from the NNDR Cost of Collection allowance, inspection fees and higher court costs recovery, £357k due to slippage on IT project work, £418k of savings arising from staff vacancies, lower consultant fees and reduced charges from 3<sup>rd</sup> party providers and a £70k saving due to CIPFA's decision not to progress the CIPFA Fraud Hub;
- City Surveyor - decreased net expenditure of £0.313m – mainly due to a £287k rates rebate for Aldermanbury;
- Remembrancer – increased net income of £0.648m – mainly due to higher than budgeted income from letting rooms at the Guildhall complex of £492k and a £50k saving against the furniture and equipment budget;
- Executive Director Mansion House and Old Bailey - decreased net expenditure of £0.178m – mainly due to the higher than budgeted recovery of costs from Her Majesty's Courts and Tribunals Services of £361k partly offset by additional staff costs of £128k due to temporary staff covering vacant posts and additional security required at Central Criminal Court to cover high profile cases; and
- Cyclical Works Programme – decreased net expenditure of £0.886k – largely due to a reduction of £550k on Guildhall repairs and maintenance due to access issues which are now to be completed in 2020/21, rephasing of works at Mansion House £457k, partly offset by an overspend of £114k at Central Criminal Court where additional asbestos related works had to be undertaken.

Agreed carry forward requests amount to £0.347m and are detailed at Appendix 2. These mainly relate to IT, Human Resource and Payroll work and other transformation projects across the City.

Appendix 3 provides a detailed comparison of the local risk outturn against the final budget for each Chief Officer and broken down by Division of Service and includes explanation of significant variations.

## Recommendations

Members are asked to note the:

- revenue outturn for 2019/20 showing an overall favourable variance to final budget of £3.556m; and
- approved carry forwards of local and central risk underspends of £0.347m to 2020/21.

## Main Report

### Budget Position for 2019/20

1. The 2019/20 original budget for the services overseen by your Committee was £64.377m. This has subsequently been increased to a final budget of £68.779m. The increase of £4.402m is summarised below and by Chief Officer at Appendix 1.

Summary of Movements from 2019-20 Original Budget to 2019-20 Final Budget	Net £000
<b>Original Budget 2019/20</b>	<b>(64,377)</b>
Approved carry forwards from 2018/19 and funding allocations agreed by RASC	(2,294)
Supplementary Revenue Projects and Transformation Fund budgets	(1,778)
Court approved uplifts for inflation and pay	(663)
Net adjustment for increased insurance premiums and increase business rate for Guildhall Complex	(105)
Net movement in support services and capital charges	(37)
Changes in the timing of cyclical repairs and maintenance works programme	475
<b>Final Budget 2019/20</b>	<b>(68,779)</b>

Expenditure and unfavourable variances are presented in brackets.

### Revenue Outturn for 2019/20

2. Actual net expenditure for the operational services overseen by your Committee totalled £65.223m, a favourable variance of £3.556m compared to the final budget of £68.779m. A summary comparison with the final budget is shown below.

<b>Summary comparison of 2019-20 Revenue Outturn with Final Budget</b>				
	<b>Final Budget</b>	<b>Revenue Outturn</b>	<b>Variation Better / (Worse)</b>	<b>Notes at para.</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Local Risk</b>				
The Chamberlain	(24,825)	(23,744)	1,081	3i
The Town Clerk	(40)	(43)	(3)	
The City Surveyor (excl. Cyclical Works Programme)	(9,785)	(9,776)	9	
The Remembrancer	340	948	608	3ii
The Executive Director Mansion House & Old Bailey	(1,424)	(1,697)	(273)	3iii
<b>Total Local Risk</b>	<b>(35,734)</b>	<b>(34,312)</b>	<b>1,422</b>	
<b>Central Risk</b>				
The Chamberlain	(13,548)	(13,312)	236	4i
The Town Clerk	(422)	(472)	(50)	4ii
The City Surveyor	(6,235)	(5,931)	304	4iii
The Remembrancer	(186)	(146)	40	
The Executive Director Mansion House & Old Bailey	(841)	(390)	451	4iv
Director of Community and Children's Services	(59)	(47)	12	
<b>Total Central Risk</b>	<b>(21,291)</b>	<b>(20,298)</b>	<b>993</b>	
<b>Cyclical Works Programme</b>	<b>(3,851)</b>	<b>(2,965)</b>	<b>886</b>	5
<b>Capital and Support Services</b>	<b>(7,903)</b>	<b>(7,648)</b>	<b>255</b>	
<b>Committee Total</b>	<b>(68,779)</b>	<b>(65,223)</b>	<b>3,556</b>	

Expenditure and unfavourable variances are presented in brackets.

### 3. The main local risk variations comprise:

#### i. Chamberlain £1,081,000 underspend

- an underspend across IT services of £357,000 largely due to various project delays due to resource availability, internal approval to agree work and delays in recruiting staff to vacant posts. The areas affected include ERP review, CRM – Strategic Engagement Module, Database Rationalisation, PSN Compliance and Cloud migrations.
- a reduction in employee costs of £231,000 due mainly to staff vacancies in Financial Service Division £130,000 and £102,000 in Chamberlain's Business Support.
- £137,000 underspend across City Procurement largely due to staff vacancies held intentionally to balance off an expected reduction in income which did not occur, and some vacancies held to meet fundamental review savings.
- £164,000 underspend in Internal Audit, being savings of £47,000 on the provision of internal audit services from third parties, £70,000 saving as CIPFA decided not to progress the CIPFA Counter Fraud Hub, and the recharge of staff time spent on Housing Fraud to HRA of £55,000.
- £195,000 underspend in Cost of Collection being additional income of £77,000 from the Greater London Authority towards maximising business rates and additional income of £92,000 from recovery of council tax and national non-domestic rates court costs.

ii. **Remembrancer £608,000 underspend**

- additional income of £492,000 due to higher than budgeted income from letting rooms in the Guildhall complex; and
- minor underspends across several supplies and services headings totalling £122,000, including £50,000 against furniture and equipment where due to the lack of high-profile events during the year additional equipment and furniture hire was not required.

iii. **Executive Director Mansion House and Old Bailey £273,000 overspend**

- overspend of £160,000 on energy costs at Central Criminal Court, largely due to a number of unanticipated backdated invoices totalling £75k and the inefficiency of the current heating system;
- overspend of £128,000 due to temporary staff covering vacant posts and additional security staff required to cover high profile cases at the Central Criminal Court;
- an overspend of £84,000 on City Surveyor's security costs at Mansion House, which occurred due to a change in security contract following the re-tender of the corporate contract and additional onsite requirements; partly offset by
- higher than budgeted recovery of costs from Her Majesty's Courts and Tribunals Services of £120,000 due to an overall overspend against the budget in 2019/20 for the Central Criminal Court.

4. The main central risk variations comprise:

i. **Chamberlain £236,000 underspend**

- additional income of £310,000 received from the National non-domestic rates cost of collection allowance;
- £199,000 underspend on the Transformation Fund for the Power Purchase Agreement which was delayed due to the original tender exercise being cancelled, and E-invoicing where the contractor hired to develop and deliver a strategy left after two months and the recruitment of a replacement was delayed;
- the cost of the Council Tax Reduction scheme being £73,000 less than budgeted due to a lower number of claimants than expected;
- additional premises insurance premium commission of £204,000; partly offset by
- an increase in insurance premiums of £213,000 due to changes in the property portfolio and valuations; and
- the dividend from City RE, the City's wholly owned subsidiary company which provides re-insurance protection, was £300,000 lower than budgeted due to a large number of claims in the year.

ii. **Town Clerk £50,000 overspend**

- largely due to the increase in hire costs of Livery Halls and other venues to host Committee dinners including the use of the Central Criminal Court where extra equipment was required.

iii. **City Surveyor £304,000 underspend**

- largely due to a rates rebate of £287,000 for 20/21 Aldermanbury which arose as a result of vacant listed building exemptions.

iv. **Executive Director Mansion House and Old Bailey £451,000 underspend**

- higher than budgeted recovery of costs from Her Majesty's Courts and Tribunals Services of £241,000, due to an overall overspend against the budget in 2019/20 for the Central Criminal Court;
- £153,000 lower than anticipated Judges pensions as the City of London were only required to meet the cost of two Judges pensions as opposed to four in 2018/19: and
- underspend of £43,000 due to the post of the Recorder being vacant from December 2019 to March 2020.

5. **Cyclical Works Programme £886,000 underspend**

- underspend of £651k on Guildhall repairs and maintenance due to several larger projects that were due to take place in or around the Great Hall being rescheduled in order to reduce the operational impact where key events had already been planned. Several projects that were already on site were also delayed in their planned completion due to Covid-19 where restrictions and limited access to the supply of materials slowed down progress to the end of the financial year. These projects have since been completed in 2020-21.
- underspend of £457k at Mansion House due to a number of repairs and maintenance projects being delayed and subsequently requested to be re-phased; partly offset by
- £121,000 overspend at Walbrook Wharf due to a recalibration of the Cyclical Works Programme which enabled a greater number of projects to be delivered in 2019/20 ahead of schedule; and
- an overspend of £114,000 to accommodate additional asbestos related works at the Central Criminal Court.

6. Appendix 3 provides a more detailed comparison of the local risk outturn against the final budget, including explanation of significant variations.

**Carry Forwards to 2020/21**

7. Chief Officers can request underspends of up to 10% or £500,000 (£1m for the City Surveyor) of their local risk budgets, whichever is the lesser, to be carried forward so long as the underspends are not clearly fortuitous, and the resources are required for a planned purpose. These thresholds apply to Chief Officer's total local risk budgets and many Chief Officers manage services overseen by a number of committees. Consequently, the outturn on services overseen by one committee may not represent the total position for a Chief Officer. Requests for carry forwards are considered by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee.

8. Local risk carry forwards have been approved for the Chamberlain (£141,000). Central risk carry forwards have been approved for the Chamberlain (£206,000). Total approved carry forwards amounting to £347,000 have been added to the budgets for 2020/21. Details of the use of the carry forwards are set out in Appendix 2.

**Appendices:**

Appendix 1 – Analysis of Movements from 2019/20 Original Budget to 2019/20 Final Budget

Appendix 2 – Agreed Carry Forwards to 2020/21

Appendix 3 – Comparison of 2019-20 Revenue Outturn with the Final Budget for Local Risk

**Contact:**

**Steven Reynolds**

Group Accountant, Chamberlain's Department

T: 020 7332 1382

E: [steven.reynolds@cityoflondon.gov.uk](mailto:steven.reynolds@cityoflondon.gov.uk)

**Finance Committee Operational Services  
Analysis of Movements from 2019/20 Original Budget to 2019/20 Final Budget**

<b>Local Risk Budget Movements by Chief Officer</b>	<b>£000</b>
<b>Original Local Risk Budget (Chamberlain)</b>	<b>(23,664)</b>
Local Risk carry forward from underspend in 2018/19	(677)
Finance Committee contingency allocation for Finance budget base request	(395)
London Counter fraud hub subscription cost	(70)
Net movements including 2% inflation, contribution pay, internal legal fees and apprentice funding	(19)
<b>Final Local Risk Budget (Chamberlain)</b>	<b>(24,825)</b>
<b>Original Local Risk Budget (Town Clerk)</b>	<b>(38)</b>
Budget adjustment for internal legal fees	(2)
<b>Final Local Risk Budget (Town Clerk)</b>	<b>(40)</b>
<b>Original Local Risk Budget (City Surveyor – excl. Cyclical Works Programme)</b>	<b>(8,100)</b>
Guildhall extra funding (RASC)	(946)
Net energy increases	(248)
Building Repairs Management Asset verification (RASC)	(218)
Full year Chartered Institute Insurance building budget	(192)
Citigen contract administration uplift	(60)
Transfer of Assistant Property Facility Management post from departmental budget	(54)
Net movements including contribution pay, professional fees, waste collection costs	(31)
Security contract administration uplift	(16)
Contribution to 2018-19 City Surveyor Department overspend	50
Contribution to City Surveyor Department for building management system officer	30
<b>Final Local Risk Budget (City Surveyor)</b>	<b>(9,785)</b>
<b>Original Local Risk Budget (Remembrancer)</b>	<b>349</b>
Local Risk carry forward from underspend in 2018/19	(20)
Net movements including contribution pay, apprentice funding and internal legal fees	11
<b>Final Local Risk Budget (Remembrancer)</b>	<b>340</b>
<b>Original Local Risk Budget (Executive Director Mansion House and Old Bailey)</b>	<b>(1,387)</b>
Net movements including contribution pay, energy increase and internal legal fees	(94)
Transfer of post from Central Criminal Court to Surveyor's Department	57
<b>Final Local Risk Budget (Executive Director Mansion House and Old Bailey)</b>	<b>(1,424)</b>
<b>Original Budget Cyclical Works Programme</b>	<b>(4,326)</b>
Net movement in Cyclical Works Programme	475
<b>Final Budget Cyclical Works Programme</b>	<b>(3,851)</b>
<b>Total Local Risk Final Budget</b>	<b>(39,585)</b>



## Analysis of Movements from 2019/20 Original Budget to 2019/20 Final Budget (continued)

<b>Central Risk Budget Movements by Chief Officer</b>	<b>£000</b>
<b>Original Central Risk Budget (Chamberlain)</b>	<b>(13,027)</b>
Transformation Fund budget adjustments	(392)
Adjustment for increased insurance premiums	(94)
Additional funding for staff and office communication	(30)
Increase in Supplementary Revenue Projects budget for IT Services	(20)
Additional one-off grant for office and staff development	(15)
Carry forward from 2018/19 purchase of Sir Thomas Gresham biography books	(6)
Revised estimate provided by the Mercer's Company in relation to Gresham	(1)
Support services to outside organisations	37
<b>Final Central Risk Budget (Chamberlain)</b>	<b>(13,548)</b>
<b>Original Central Risk Budget (Town Clerk)</b>	<b>(422)</b>
<b>Final Central Risk Budget (Town Clerk)</b>	<b>(422)</b>
<b>Original Central Risk Budget (City Surveyor)</b>	<b>(4,983)</b>
Increase in Supplementary Revenue Projects budget for Guildhall complex	(1,118)
Freight Consolidation Guildhall – approved by RASC	(123)
Increase in business rates for Guildhall complex	(11)
<b>Final Central Risk Budget (City Surveyor)</b>	<b>(6,235)</b>
<b>Original Central Risk Budget (Remembrancer)</b>	<b>(186)</b>
<b>Final Central Risk Budget (Remembrancer)</b>	<b>(186)</b>
<b>Original Central Risk Budget (Executive Director Mansion House and Old Bailey)</b>	<b>(705)</b>
Increase in Supplementary Revenue Projects budget for the Central Criminal Court	(125)
Increase to cover salary costs of Recorder and Common Sergeant	(11)
<b>Final Central Risk Budget (Executive Director Mansion House and Old Bailey)</b>	<b>(841)</b>
<b>Original Central Risk Budget (Director of Community and Children's Services)</b>	<b>(59)</b>
<b>Final Central Risk Budget (Director of Community and Children's Services)</b>	<b>(59)</b>
<b>Total Central Risk Final Budget</b>	<b>(21,291)</b>
<b>Original Capital and Support Services Budget</b>	<b>(7,829)</b>
Net movement in central recharges	(74)
<b>Final Capital and Support Services Budget</b>	<b>(7,903)</b>
<b>TOTAL 2019/20 ORIGINAL BUDGET</b>	<b>(64,377)</b>
<b>MOVEMENT</b>	<b>(4,402)</b>
<b>TOTAL 2019/20 FINAL BUDGET</b>	<b>(68,779)</b>

Figures in brackets indicate expenditure, increase in expenditure or decreases in income.

**Finance Committee Operational Services  
Agreed Carry Forwards to 2020/21**

<b>Local Risk Carry Forwards by Chief Officer</b>	<b>£000</b>
<p><u>The Chamberlain (Guildhall Admin)</u></p> <p>HR &amp; PAYROLL - This work is now under way and SOCITIM are engaged to complete the Options Appraisal. Delays occurred in the decision making from the business as to the direction of travel. This is strategic funding for work that is now underway - delayed initially due to COVID. The options review is critical for the future investment in Oracle Financials and our HR systems for both COL and CoLP.</p> <p>MS EXTENDED SUPPORT - Throughout the current year IT have saved money on licences by harvesting unused applications and closing non active accounts. A large amount of work was also completed to upgrade servers to the latest operating systems as the ones they were running were end of life and no longer supported. However, a decision was taken to not upgrade some as they will be migrated to Azure as part of the cloud migration. However, extended support is required for these until they are migrated, this will run until Jan 2021. A late decision was made not to remediate the Server in favour of the strategic move to the Cloud. The extended support funds fill in the interim period. We will not receive security patches and the funds will not be available to remediate. We will be in breach of our PSN accreditation.</p> <p>WIFI - We have this as a FR saving - the resource to deliver this has been BAU staff - we should have brought in dedicated project resources. Funding would not be sufficient to complete the work and improve processes at the appropriate time - this links to Fundamental Review Savings offered up by the IT Division circa £100K per annum saving.</p>	<p>72</p> <p>38</p> <p>31</p>
<b>Total Chamberlain (Local Risk)</b>	<b>141</b>
<b>Total Local Risk Carry Forwards</b>	<b>141</b>
<p><b>Central Risk Carry Forwards by Chief Officer</b></p> <p><u>The Chamberlain (Guildhall Admin)</u></p> <p>Procurement - PPA specification for off-site renewable energy</p> <p>Procurement - E-invoicing scan and capture</p> <p>Information Management Consultancy</p>	<p><b>£000</b></p> <p>113</p> <p>81</p> <p>12</p>
<b>Total Chamberlain (Central Risk)</b>	<b>206</b>
<b>Total Central Risk Carry Forwards</b>	<b>206</b>
<b>TOTAL APPROVED CARRY FORWARDS</b>	<b>347</b>

**Finance Committee Operational Services**  
**Comparison of 2019/20 Revenue Outturn with Final Budget for Local Risk**

<b>Comparison of 2019-20 Revenue Outturn with Final Budget</b>				
<b>Local Risk</b>	<b>Final Budget</b>	<b>Revenue Outturn</b>	<b>Variation Better / (Worse)</b>	<b>Notes</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>By Chief Officer</b>				
<b>Local Risk</b>				
The Chamberlain	(24,825)	(23,744)	1,081	
The Town Clerk	(40)	(43)	(3)	
The City Surveyor	(9,785)	(9,776)	9	
The Remembrancer	340	948	608	
The Executive Director Mansion House and Old Bailey	(1,424)	(1,697)	(273)	
Cyclical Works Programme	(3,851)	(2,965)	886	
<b>Total Local Risk</b>	<b>(39,585)</b>	<b>(37,277)</b>	<b>2,308</b>	
<b>By Division of Service</b>				
<b><u>The Chamberlain</u></b>				
Chamberlain's - General	(7,880)	(7,646)	234	i
Chamberlain's - Internal Audit	(885)	(721)	164	ii
Chamberlain's - Business Support	(683)	(683)	0	
Chamberlain's - City Procurement	(3,123)	(2,986)	137	iii
Chamberlain's - IT	(10,349)	(9,992)	357	iv
Chamberlain's Court	(111)	(117)	(6)	
Cost of Collection	(1,794)	(1,599)	195	v
<b><u>The Town Clerk</u></b>				
Corporate Services - Town Clerk	(40)	(43)	(3)	
<b><u>The Executive Director Mansion House and Old Bailey</u></b>				
Central Criminal Court	(417)	(592)	(175)	vi
Shrieval Support	(270)	(301)	(31)	
Mansion House Premises	(737)	(804)	(67)	vii
<b><u>The City Surveyor</u></b>				
Mayor's Court	(23)	(40)	(17)	
Walbrook Wharf	(1,057)	(1,095)	(38)	
Guildhall Complex - City Surveyor	(8,705)	(8,641)	64	viii
<b><u>The Remembrancer</u></b>				
Guildhall Complex - Remembrancer	340	948	608	ix
<b>Cyclical Works Programme</b>	<b>(3,851)</b>	<b>(2,965)</b>	<b>886</b>	<b>x</b>
<b>Division of Service Totals</b>	<b>(39,585)</b>	<b>(37,277)</b>	<b>2,308</b>	

Figures in brackets indicate expenditure, increase in expenditure or decreases in income.

The local risk favourable variance of £2,308,000 against the final budget comprises of:

- i. **Chamberlain's General £234,000 underspend** – largely relates to an underspend of £221,000 where funds set aside for non-core investment advice were not required in the financial year, reduced employee costs of £136,000 due to delays in recruiting staff and salary recharges to capital projects of £17,000. Part of these underspends were used to offset the Chamberlain's departmental savings target of £150,000.
- ii. **Chamberlain's Internal Audit £164,000 underspend** – being savings of £47,000 on the provision of internal audit services from third parties, £70,000 saving as CIPFA decided not to progress the CIPFA Counter Fraud Hub, and the recharge of staff time spent on Housing Fraud to HRA £55,000.
- iii. **Chamberlain's City Procurement £137,000 underspend** – largely relates to vacancies during 2019/20, held as part of the Fundamental Review savings and other vacancies held intentionally to balance an expected fall in income, however this did not occur as a higher percentage rebate was negotiated on purchase card expenditure.
- iv. **Chamberlain's IT £357,000 underspend** – largely due to various project delays due to resource availability, internal approval to agree work and delays in recruiting staff to vacant posts. The areas affected include ERP review, CRM – Strategic Engagement Module, Database Rationalisation, PSN Compliance and Cloud migrations.
- v. **Cost of Collection £195,000 underspend** – additional income of £168,000 was received; being £75,000 higher than budgeted national non-domestic rates recovery of court costs, unbudgeted income of £77,000 received from the Greater London Authority and £16,000 for administering the billing and collection for the Cheapside Bid. There were also net staff savings of £27,000 due to vacancies.
- vi. **Central Criminal Court £175,000 overspend** – primarily due to:
  - additional employee costs of £107,000 due to temporary staff used to cover vacant posts, and additional security patrols required at the Court to cover high profile cases;
  - higher premises related costs of £175,000, largely due to unanticipated backdated energy bills and the inefficiency of the current heating system; partly offset by
  - higher than budgeted recovery of costs from Her Majesty's Courts and Tribunals Services of £120,000, due to an overall overspend against the budget in 2019/20.
- vii. **Mansion House Premises £67,000 overspend** – largely due to increased City Surveyor's security costs, which occurred due to a change in the security contract following the re-tender of the corporate contract and additional onsite requirements.

- viii. **Guildhall Complex City Surveyor £64,000 underspend** – largely due to a decrease in premises related expenditure of £98k from savings on energy due to the implementation of energy initiatives including improvements to the Building Management System (BMS), this is partly offset by a higher than anticipated spend on operational security overtime due to the delay in implementing cost reduction initiatives in the Art Gallery and City Business Library.
- ix. **Guildhall Complex Remembrancer £608,000 underspend** – £492,000 higher than budgeted income from letting rooms in the Guildhall complex. There was less than anticipated expenditure of £116,000 across a number of areas including staff, transport and various supplies and services headings including £50,000 against furniture and equipment, where due to the lack of high-profile events during the year additional equipment and furniture hire was not required.
- x. **Cyclical Works Programme £886,000 underspend** – largely due to:
- an underspend of £671k on Guildhall repairs and maintenance due to several larger projects that were due to take place in or around the Great Hall being rescheduled in order to reduce the operational impact where key events had already been planned. Several projects that were already on site were also delayed in their planned completion due to Covid-19 where restrictions and limited access to the supply of materials slowed down progress to the end of the financial year. These projects have since been completed in 2020-21;
  - an underspend of £457k at Mansion House due to a number of projects being delayed and subsequently requested to be rephased, also coupled with the impact of Covid-19 and the delay to works in the lead up to the end of the financial year due to restrictions and the availability of materials; partly offset by:
  - £121,000 overspend at Walbrook Wharf due to a recalibration of the Cyclical Works Programme which enabled a greater number of projects to be delivered in 2019/20 ahead of schedule; and
  - overspend of £114,000 to accommodate additional asbestos related works at Central Criminal Court.

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<b>Committee</b> Finance	<b>Dated:</b> 13 October 2020
<b>Subject:</b> City Re Limited – Performance Monitoring	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report author:</b> 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 ninth accounting period of the Captive, from 1 April 2019 to 31 March 2020 and advises that the retained profit for the year is £1,130,616.

At its meeting on 26 June 2020, the Board of City Re Limited declared an interim dividend for the 2019/20 financial year of £500,000 and agreed to review this at their next meeting. The interim dividend has been paid over to the City.

The report also provides information on the governance arrangements for the Captive and of various matters discussed at the Board meetings on 26 June, 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 City 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 provided 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 2018 - December 2019, the reinsurance premium was £2.58m and for the current policy year it received some £2.61m.

### **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 2019/20 the City Captive received an initial reinsurance premium of approximately £2.61m (2018/19: £2.58m), 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 2019/20 insurance period this will be £2.86m i.e. £2.61m plus £250,000 (2018/19: £2.83m).
  - 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 2019 to 31 March 2020**

5. The audited Financial Statements for the ninth trading period of the City Captive were submitted for approval and signing to a meeting of the Board of Directors held in Guernsey on 26 June 2020, and these are attached to this report. The City of London Corporation's Directors on the City Re Board, (the Chairman of the Finance Committee and the Chamberlain) attended the meeting via a conference call
6. The accounts also include an 'Incurred But Not Reported' (IBNR) loss reserve of £125,000 (2018/19: £125,000). The Directors consider, on an annual basis, 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. The Directors agreed that the IBNR should be set at £125,000.
7. For the accounting period, City Re Limited achieved a retained profit of £1,130,616. 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). In determining whether or not to declare a dividend, the Board reviewed a number of scenarios setting out how the level of declared dividend would affect the solvency ratios. The Board agreed to declare an interim dividend of £500,000 and to review the position at its next meeting.
8. 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" and last year the City injected a further £250,000 as share capital. Since its inception, the City Corporation has received dividends totalling



some £3.03m . The table below sets out the dividends received in each financial year since inception.

<b>Year</b>	<b>Dividend</b>
2018/19	£0
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**

9. Moore Stephens are the auditors for City Re Limited and they 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
10. 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.

### **Conclusion**

11. At their Board meeting on 26 June 2020, the Directors of City Re Limited declared an interim dividend of £500,000 for the 2019/20 financial year, which has been paid over to the City. The Board will review the position at its next meeting.

### **Appendices**

- Appendix – Auditors' Management and Governance Letter and Financial Statements to 31 March 2020

### **Kate Limna**

Corporate Treasurer

T: 020 7332 3952

E: [kate.limna@cityoflondon.gov.uk](mailto:kate.limna@cityoflondon.gov.uk)]

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Your Ref: 1890/7292

Our Ref: 65985

Moore Stephens Audit and Assurance  
(Guernsey) Limited  
P O Box 146, Town Mills South  
La Rue du Pré, St Peter Port  
Guernsey, Channel Islands GY1 3HZ

T +44 (0) 1481 721769  
E ms@msgsy.com

[www.moorestephensci.com](http://www.moorestephensci.com)

Company Number: 65985

26 June 2020

The Directors  
City Re Ltd  
PO Box 155  
Mill Court  
La Charroterie  
St Peter Port  
GY1 4ET

Dear Directors,

**CITY RE LIMITED (THE 'COMPANY')  
MANAGEMENT AND GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2020**

The purpose of this letter is to provide the directors with constructive observations arising from the audit process. We set out below details of any expected modifications to our audit report, details of any uncorrected misstatements in the financial statements (except any misstatements which are clearly trivial) including the effect of uncorrected misstatements related to prior periods on the current period, any material weaknesses in systems we have identified during the course of our audit work and our views about the quality of accounting practices and financial reporting procedures, and any other relevant matters.

Our procedures are carried out solely for the purpose of our audit so that we can form and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Our audit does not necessarily disclose every weakness and for this reason the matters referred to below may not be the only shortcomings which exist.

We take this opportunity to remind you that:

- This report has been prepared for the sole use of City Re Limited
- No responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes.

**Independence**

The engagement team and the firm have complied with relevant ethical requirements regarding independence. There are no relationships between the firm, network firms and the Company that may reasonably be thought to affect our independence.

**Expected modifications to the audit report**

We do not expect to make any modifications to our audit report. However, our responsibilities with regard to the audit report extend up to the date on which it is signed and we will advise you of any changes to this position if necessary.

**Unadjusted misstatements**

There were no unadjusted misstatements noted during the audit, excluding those that we consider to be trivial.

### **Qualitative aspects of accounting practice and financial reporting**

During the course of our audit, we consider the qualitative aspect of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. We have discussed with you the following observations:

- The appropriateness of the accounting policies to the particular circumstances of the company;
- The timing of transactions and the period in which they are recorded;
- The appropriateness of accounting estimates and judgements, (for example, in relation to the IBNR), including the consistency of assumptions and degree of prudence reflected in the accounting records;
- The potential effect on the financial statements of any uncertainties including significant risks and disclosures, such as pending litigation that are required to be disclosed in the financial statements.
- Material uncertainties, if any, related to events and conditions that may cast significant doubt on the company's ability to continue as a going concern;
- The extent to which the financial statements are affected by any unusual transactions during the period, if any, and the extent to which such transactions are separately disclosed in the financial statements;
- Apparent misstatements in the directors' report, if any, or material inconsistencies with the audited financial statements, if any;
- Disagreements about matters that, individually or in aggregate, could be significant to the company's financial statements or the auditor's report, if any. These communications include consideration of whether the matters, if any, have or have not been resolved and the significance of the matters.
- Significant matters, if any, arising from the audit that we discussed, or subject to correspondence with management; and written representations the auditor is requesting from management.

### **Accounting system and internal controls**

During the course of our audit of the financial statements for the above year we examined the principal internal controls which the directors have established to enable them to ensure, as far as possible, the accuracy and reliability of the company's accounting records and to safeguard the company's assets.

We are pleased to report that there are no significant weaknesses in control which came to our notice during the audit.

### **Concluding remarks**

We shall be pleased to supply you with any further information you may require.

Yours faithfully,



**Moore Stephens Audit and Assurance (Guernsey) Ltd**

<b>Committee:</b>	<b>Date:</b>
Finance Committee	13 October 2020
<b>Subject:</b> Financial Services Division – Quarterly Update	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report author:</b> Caroline Al-Beyerty, Chamberlain’s Department	

## Summary

Key highlights from recent months have been:

- Finance Team’s response to the COVID-19 pandemic and its impact on the City Corporation’s finance, a number of mitigations were put in place to address the adverse effects of COVID-19 and to ensure the Corporation’s finances not only in the 2020/21 financial year, but the Medium Term, are sustainable.
- Delivery of business as usual, remotely, and coping with a considerable increase in workload.
- Annual Capital Programme- reprioritisation of 2020/21 and new bids for 2021/22.
- Support for the London Community Response Team (a restricted trust established within Bridge House Estates as a result of the Coronavirus pandemic to provide support to London’s communities).
- Finance for the Future transformation.

## Recommendation

Members are asked to note the report.

## Main Report

1. The team’s response to the COVID-19 pandemic since the commencement of lockdown and throughout the summer has been highly effective, both at continuing services remotely, with increased workloads; and preserving the City Corporation’s financial sustainability. Each team within the Financial Services Division has faced their own challenges and are proving to be adaptable when faced with adverse circumstances.
2. The key performance indicators in the Chamberlain’s business plan for the division are shown in Appendix 1. Collection rates for business rates and rent are down due to COVID-19 impacts; and as agreed by Resource Allocation Sub Committee enforcement activity has not yet resumed. Although draft accounts were published on a timely basis, delays in the audit have resulted in City Fund and Bridge House Estates accounts going to committee at a later date than originally planned,

although well within statutory deadlines. Chamberlain's Court income has been seriously impacted by the reduced number of Freedom ceremonies, although demand for online ceremonies has been encouraged and numbers are picking up. The consequent loss in income has been off-set by savings made elsewhere in the division.

3. Detailed below are some of the key activities undertaken since the previous update in February 2020:

4. **Resetting of Departmental Budgets**

A number of mitigations were put in place to address the adverse effects of COVID-19 and to ensure the Corporation's finances not only in the 2020/21 financial year, but also in the Medium Term are sustainable. Under the direction of the July Resource Allocation Sub Committee, a resetting of 2020/21 Departmental budgets was undertaken over the summer. The exercise has set out budget adjustments totalling £15.6m to departmental local risk budgets. The Chamberlain, Deputy Chamberlain and Heads of Finance met with a number of Chief Officers in bi-lateral meetings during the summer to discuss the recommended budget adjustments and ensure understanding of the need for stricter budgeting. Member bi-laterals were also held with some of the higher risk departments/service committees. The recommended budget adjustments are to be considered by this Committee.

5. **Business rates COVID Response**

The Revenues team have been administering the Government's grant support schemes to the Retail and Leisure sector and to qualifying small businesses. The schemes are now coming to a close. As at 29<sup>th</sup> September the City had made 862 Small Business Rate Grants totalling £8,620,000; and 508 Retail and Leisure Grants totalling £11,920,000. The team had also paid out a further 100 Discretionary grants totalling £728,600. This is a combined total of £21,268,000 in grant payments.

6. The team have also awarded approximately £130.5m in Retail and Leisure Business Rate Relief. This provides 100% relief from business rates to qualifying businesses.

7. The Government has announced further business Support Grant schemes which would be implemented if a local lockdown is imposed on the City or if the City is included within a wider London lockdown. The schemes would apply to any business that is specifically required to close as a result of a lockdown.

8. **London Community Response Fund**

The Charities Finance Team throughout the COVID-19 worked tirelessly to support the London Community Response Team (a restricted trust established within BHE as a result of the Coronavirus pandemic to provide support to London's communities) whom between April and June awarded £13.1m in community grants to 951 organisations across London. It was a fantastic, fast-paced effort by a newly established team in conjunction with the Accounts Payable team.

## 9. Reprioritisation of the 2020/21 Capital Programme

Resource Allocation Sub Committee asked the Chamberlain to review the approved 2020/21 capital programme in light of the impacts of COVID-19 against the original business cases and whether the schemes were still relevant in their current format. Substitute funding was also needed for approved new bids in response to COVID-19 outside the annual capital bidding process. Capital bids were either stopped, rescope, deferred or replaced on the basis of their relevance and priority.

## 10. Annual Capital Bids Process 2021/22

The capital bids deadline for 2021-22 submissions was the end of August. The Capital Team received 53 bids from across the Corporation. Bids and supporting documents are now being reviewed, with initial recommendations to be made to the October Resource Allocation Sub Committee and allocations agreed at the Committee's December meeting.

## 11. Finance for the Future (FSD Transformation) workstreams

In light of the Fundamental Review (FR) undertaken in 2019 and the impending Target Operating Model (TOM), a Finance Transformation initiative is being developed. Six workstreams have been identified to achieve savings and transformation including: improved ways of working, processes and procedures; improved strategic financial modelling capability; cultural and structural improvements (currently on hold pending the TOM); staff development; and better communication. The workstreams will see members of FSD at all levels band together to deliver projects over the next 18 months. Outcomes of the workstreams include the replacement of the current finance system, developing a 10-year strategic finance and cashflow model for each of the Corporation's Funds and a review of the financial regulations with a specific focus on the thresholds. Workstream teams are now being established with first meetings being held in October.

### Focus for the new Quarter

Will be on the 21/22 budget and medium / longer term financial planning, including scenario planning for loss of income (principally investment property); business rate growth projections; balance sheet value modelling; and potential movements in major project plans.

### Appendices

- Appendix 1 – FSD KPI Scoreboard

### Contact:

**Caroline Al-Beyerty**

Deputy Chamberlain

[Caroline.Al-Beyerty@cityoflondon.gov.uk](mailto:Caroline.Al-Beyerty@cityoflondon.gov.uk)

T: 020 7332 1113

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FSD KPI's Balanced Scorecard 2020/21						
		Quarterly update				
	Measure	2020/21 target	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Business Rates collection	% collected (cumulative)	99%	26.1% (target 28%)	34.6% (target 58%)	(target-89.25%)	(target – 99%)
Commercial Rent collection	% collected	98%	93.8%	88.9%		
Implementation of 2020/21 FSD savings		<b>Status:</b> Delayed (due to COVID-19 impact)				
Publication of City Fund Accounts within Statutory Deadline of 31 <sup>st</sup> July		<b>Status:</b> Complete				
Early Publication of City's Cash and BHE Accounts		<b>Status:</b> BHE Published City's Cash to be published in November (Audit delays postponed publication of BHE & City Cash)				
Effective financial management: expenditure against departmental local risk budgets +/- 5% at year end		<b>Status:</b> On track				
Delivery of a balanced budget and Medium-Term Financial Plan for City Fund, approved by Court of Common Council by 31 March		<b>Status:</b> On track				
Income from Chamberlains Court Freedoms	Number of freedoms/ period compared to target*	1,650	53 (target 414)	174 (target 828)	(target 1242)	(target 1,650)
*COVID-19 caused the Chamberlain's court to close and switch to a virtual service. The court reopened virtually in May. The income loss has been partially mitigated by holding one vacancy and the furloughing of two staff not involved in virtual ceremonies.						
Professionally qualified accountancy staff as a % of total finance staff undertaking reporting, controls and decision support processes (measured annually)	CIPFA Indicator FS1	23.5%	25% (measured annually)			

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<b>Committee(s)</b>	<b>Dated:</b>
Finance Committee – For Information	13 October 2020
<b>Subject:</b> Chamberlain’s Department Risk Management – Monthly Report	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Information</b>
<b>Report author:</b> Leah Woodlock, 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 are currently two RED risks on the Corporate Risk Register within the responsibility of Chamberlain’s Department, there are no RED risks currently listed on the departmental risk register. Please see the RED corporate risks listed below:

- **CR23 – Police Funding**
- **CR35 – Unsustainable Medium-Term Finances**

The Chamberlain’s Senior Leadership Team continue to monitor closely the progress being made to mitigate these risks.

### 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.
3. There are two RED risks on the Corporate Risk Register for which the Chamberlain’s Department is responsible.

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

4. The Police Medium Term Financial Plan is undergoing an update this Autumn, which will incorporate the use of in-year underspends for Action Fraud loan repayment, thereby reducing downstream pressures, and will assess what further savings are required to close off residual gaps.

### **CR35 – Unsustainable Medium-Term Finances (Current Risk: Red – no change)**

5. The Corporate risk was added to the Chamberlain's risk register after the endorsement of Audit & Risk Management Committee in July 2020. The new CR35 Risk consolidated a number of risks highlighted by the Gold group in response to the COVID-19 pandemic and existing risks on the Chamberlain's risk register. Several mitigations are being undertaken by the finance team and departments across the corporation to reduce the risk score by the end of the current financial year.
6. Mitigations include expenditure reduction, reassessment of Fundamental Review savings, reprioritisation of in-year capital expenditure, resetting local risk budgets to reduce the impact of COVID-19 income losses and ensuring sufficient liquidity is maintained in the Corporation's treasury investments for cashflow purposes. This approach is in combination with possible savings created by the implementation of the Target Operating Model.

### **Conclusion**

7. Members are asked to note the actions taken by Chamberlain's Department to manage the two RED finance risks. Actions aim to continue monitoring and reducing the risk level and reported on at future Finance Committees.

### **Appendices**

- Chamberlain's Department Risk Register

### **Background Papers**

Chamberlain's Department Risk Management – Quarterly Report

### **Leah Woodlock**

Chamberlain's Department

T: 020 7332 1113

E: [leah.woodlock@cityoflondon.gov.uk](mailto:leah.woodlock@cityoflondon.gov.uk)

# Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Leah Woodlock

Generated on: 02 October 2020



Rows are sorted by Risk Score

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
P 35 Sustainable Medium Term Finances	<p><b>Causes:</b>                      Anticipated decline in public sector funding (local government and Police), increasing demands (revenue and capital) and an ambitious programme of major project delivery threaten our ability to continue to deliver a vibrant and thriving Square Mile                      Normal course of business unable to function due to COVID 19 restrictions                      BREXIT compounding market uncertainty and exacerbating the economic downturn.                      Major contraction in key income streams and increase in bad debts. In particular that lower occupancy levels in city properties reduce investment property income over the medium term.                      Police Transform programme fails to realise the budget mitigations anticipated                      Reduction in the value of investments- property and securities- reduces available capital for major project financing.</p> <p><b>Event:</b> Inability to contain financial pressures within year (2020/21) and compensatory savings and/or income generation to meet the Corporation's forecast medium term</p>	Likelihood  Impact	24	Current annual estimated impact is an overspend of £35.2m across the three funds; £21.7m of which is City Fund. Driven mainly by income loss in the following areas: investment property rental income, Barbican, GSMD, Tower Bridge, Animal Reception Centre and Events. Mitigations include spend reduction, furloughing of casual staff and permanent staff not able to work and recovery of lost CF income from the government's compensation scheme anticipated to be £14m.  Property income: In the short term, the City is protected by tenancy arrangements, but that the medium term is more concerning. The make-up of current portfolio is underrated for retail which offers some protection.	Likelihood  Impact	12	31-Mar-2021	

19-Jun-2020 Caroline Al-Beyerty	<p>financial deficit will not be realised.</p> <p><b>Effects:</b> Additional savings over and above those identified through the Fundamental Review to meet this challenge are required and/or closure in some areas reserves are utilised and/or services stopped.</p> <p>The City Corporation's reputation is damaged due to failure to meet financial objectives or the need to reduce services / service levels to business and community.</p> <p>Being unable to set a balanced budget which is a statutory requirement for City Fund.</p> <p>Spend is not aligned to Corporate Plan outcomes resulting in suboptimal use of resources and/or poor performance.</p> <p>Capital projects stalled due to COVID restrictions.</p> <p>Stakeholders experiencing reduced services and service closures.</p>			<p>Cash flow position is holding up well.</p> <p>Balance Sheet- it is too early to assess any permanent re-valuation. Securities portfolio- after an initial drop has recovered and valuation is now ahead of the previous Dec 2019/ Jan 2020 high.</p> <p><b>02 October 2020</b></p>				Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
Page 64 35a	A reduction in key income streams and increase in bad debt	<p>This is being monitored monthly, with action being taken to reduce spend where possible</p> <p>Key Impact areas:</p> <p>Property investment income – initially deferred, likely to crystallise high % bad debt. Currently estimating £6.8m adverse variance. Forecasts will be revised during the Autumn when payment trends become clearer.</p> <p>Impact on cash balances invested in money market funds- forecasting reduction of £1.8m.</p> <p>For Chief Officer cash limited budgets: estimated adverse variance is £18.1 m across the three funds – largely due to loss of income. After mitigation the areas most affected are: Barbican £12.2m, Tower Bridge £3.1m, GSMD £2.4m, Fees &amp; Charges in DBE £2.7m and Event income losses of £1m.</p> <p>Reset of in-year local budgets has been approved by Finance Committee for onward Court of Common Council approval.</p>	Julie Smith	30-Sep-2020	31-Mar-2021
CR 35b	To reduce strain on cash flow.	<p>The Corporation remains very liquid and the outlook for near term cash flows is robust.</p> <p>Review major commitments, including options for re-profiling.</p>	James Graham; Julie Smith	30-Sep-2020	31-Mar-2021
CR 35c	Increased expenditure related to COVID measures-	In the short-term, high % of additional expenditure recoverable from government, and	Julie Smith	30-Sep-	31-Mar-

	maximise recovery from government	<p>recruitment controls putting downward pressure on budgets. But a significant proportion of Fundamental Review savings, especially from the target operating model work, are deferred. Police year end forecast is an underspend of £3.5m, primarily due to delay in recruiting. CoLP are also able to claim losses as a result of COVID-19 from the Home Office.</p> <p>Possible mitigations</p> <ul style="list-style-type: none"> <li>• Maximising recovery from government- spend is being coded and monitored</li> <li>• Furloughing workers has been explored and rejected.</li> </ul> <p>Maintaining tight financial disciplines.</p>		2020	2021
CR 35d	<p>Inability of occupiers to pay rates as their income falls and business models are damaged.</p> <p>A reduction in demand for office space in the square mile, leading to lower occupation and business rate income.</p> <p>The Corporation is currently benefitting from growth in business rates retained income of c£40m.</p> <p>Non-payment of rates across London leading to difficulties in meeting cash flow payments as host of the pool.</p>	<p>Monthly monitoring in place. The immediate impact of COVID-19 has been to lower the collection rate for business rates. For April, the cash position was 16% lower than the previous year; forecast across the year is 12%.</p> <p>Should lower levels of collection be deemed un-collectable, impact of lower income will be felt in future years, with the GLA and Central Govt taking their proportional share.</p> <p>Reduction in growth will be felt in year.</p> <p>Should business rate income fall by more than 20%, the safety net would be reached.</p> <p>Modelled scenarios have been included in the revised MTFP- high level of income volatility.</p> <p>Host: The Govt has recognised the cashflow impacts of business rates and has deferred its share for April-June, which has been re-profiled over the remainder of the year.</p>	Phil Black; Neilesh Kakad	30-Sep-2020	31-Mar-2021
CR 35e	<p>Impact on investments: Securities</p> <p>Property</p>	<p>The values of the three main financial investment portfolios have continued to grow steadily, participating in a broad-based rally across financial markets over the summer. The Pension Fund, City's Cash and BHE portfolios have increased by 17%, 21% and 14%, respectively since 31 March 2020 and are now ahead of their previous highs in December/January 2020. Until there is more certainty over the ultimate economic impact of C-19, it is always possible that volatility will return. COL's Pension Fund contributions are fixed until 2023, providing some protection, whilst the diversified asset allocation strategies and use of active management across all three funds should continue to deliver some stability if general market moves become extreme again.</p> <p>Too early to assess impact, but actions on deferral and rent free is aimed at retaining tenants.</p> <p>If tenants default - there is a high risk of long lead in periods (of up to 24 months) to find new</p>	Nicholas Gill; James Graham	02-Oct-2020	31-Mar-2021

		tenants. Some tenants are in administration since 19th June 2020.			
CR 35f	Impact on the MTFP	FR proposals affecting staff put into abeyance during CoLC's response to Covid-19, which will make achievement of budget savings more challenging.  Work starting on scenario planning for 2021/22 MTFP.	Caroline Al-Beyerty; Alistair Cook	30-Sep-2020	31-Mar-2021
CR 35g	Reassessing the Fundamental Review project plan.	FR proposals affecting staff put into abeyance during CoLC's response to Covid-19. The Flexible Retirement Scheme for those aged 60+ is currently being implemented and a review is currently being undertaken to assess the feasibility of extending the scheme to those aged 55-59. Other savings relating to organisation design are expected to begin from the new financial year with a final paper signing off implementation of the OD Principles going to the Establishment Committee in September.  CHB currently reviewing achievability of savings built into the MTFP.	Simon Latham	01-Sep-2020	31-Mar-2021
CR 35h	To implement the Fundamental Review project plan- TOM	Members are being presented with the comprehensive TOM Business Case and associated timeline for sign off in September. RASC and P&R Committees throughout June and July 2020 have endorsed the TOM proposals, which will result in Tier 1 consultation starting in the autumn.	Simon Latham	30-Sep-2020	31-Mar-2021

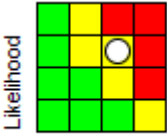
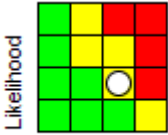







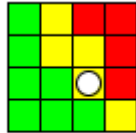
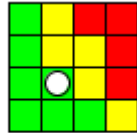

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>CHB IT 030 2020 - Managed Service Contract</b>  Oct-2019 Sean Green	<b>Cause:</b> New IT Services contract being implemented to replace the current contract we have with Agilisys <b>Event:</b> The transition and implementation has delays beyond the end of the contract on the 31st August 2020 <b>Effect:</b> Additional costs/dual running costs incurred and potential reputational impact of any failures or service disruption during the Transition and Implementation	 Likelihood Impact	12	Contract negotiations and transition of services are ongoing, contract signature expected by end of November 2020. There is a dispute across some of the delivery strands which are being worked through with the Supplier with Go Live on new Service Management and Service Delivery tools due by 30th November. Areas that are not migrating to the new Managed Service Contract have now been addressed. Scope of TUPE implications have been agreed with consultations with impacted staff having been carried out.  <b>02 Oct 2020</b>	 Likelihood Impact	4	30-Nov-2020	  Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB IT 030e	Work streams are in place for TOM TUPE Migration to Cloud and Service Now Migration	The activities have been divided into two and assigned a senior sponsor at Deputy Director level. These activities have been planned and assigned individual owners and are progressing well. The intention is to complete the TUPE process by the end of November however at time of producing this report there is some risk to this due to some outstanding questions on the Pension guarantees.	Kevin Mulcahy	02-Oct-2020	30-Nov-2020
CHB IT 030f	Service and Commercial Disputed Items under review an discussion, could impact scope and some key milestones	Negotiations continuing around security provisions and separate Service Management system for CoL and CoLP vs being integrated into the multi- tenancy version being proposed by Agilisys.	Sean Green	02-Oct-2020	30-Nov-2020

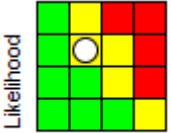
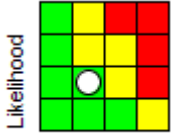

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>CR16 Information Security (formerly CHB IT 030)</b>  10-May-2019 Peter Kane	<b>Cause:</b> Breach of IT Systems resulting in unauthorised access to data by internal or external sources. Officer/ Member mishandling of information. <b>Event:</b> The City Corporation does not adequately prepare, maintain robust (and where appropriate improve) effective IT security systems and procedures. <b>Effect:</b> 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 2018. Incur a monetary penalty of up to €20M. Compliance enforcement action. Corruption of data. Reputational damage to Corporation as effective body.	 Likelihood Impact	12	Regular security updates have been provided to relevant people throughout COVID. A Gateway paper is currently being drafted. Reviewing the National Cyber Security Training with the view to provide training to all staff. PSN remediation activities are complete and have been submitted to the Cabinet Office.  <b>30 Sep 2020</b>	 Likelihood Impact	8	30-Apr-2021	  Constant

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR16j	CR16j An update IT Security Roadmap has been developed which has informed work activity for 20/21 and a capital bid for new security tools.	The staff training and awareness of IT security continues during 20/21 under the oversight of the Information Management Board led by our SIRO Michael Cogher. Security campaign to be run in Oct 2020. During COVID regular security messages being sent out. The NCSC training to be rolled out to all staff.	Gary Brailsford-Hart	30-Sep-2020	31-Dec-2020
CR16k	Final stages of completing information 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.	New Security Projects being planned to fit the funding of £250K that was allocated. Gateway paper has been drafted	Gary Brailsford-Hart	30-Sep-2020	30-Jan-2021

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
<b>CHB IT 004</b> <b>Business Continuity / Disaster Recovery Management.</b>  Page 7 30-Mar-2017 Sean Green	<b>Cause:</b> A lack of robust infrastructure and restore procedures are not in place on aging infrastructure. <b>Event:</b> The IT Division cannot provide assurance of availability or timely restoration of core business services in the event of a DR incident or system failure. <b>Effect:</b> The disaster recovery response of the IT Division is unlikely to meet the needs of COL leading to significant business interruption and serious operational difficulties.	Likelihood  Impact	8	<p>Most of COL's servers and applications have been migrated away from local datacentres and into Microsoft's public cloud, Azure.</p> <p>The migration of the Spatial suite of applications will also be moved into Azure to move it from the Guildhall datacentre. This work has started and will be complete by the end of October 2020.</p> <p>Following this work, the Azure server and services will be reviewed and where suitable, optimised for efficiency and criticality.</p> <p><b>24 Sep 2020</b></p>	Likelihood  Impact	4	31-Mar-2021	  Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB IT 004k	RPO and RTO of Critical Apps	Following the Migration into Azure of COL's applications and services, the RPO and RTO capabilities will be redefined once optimisation and consolidation has taken place. COL IT Believe these new capabilities will exceed the current requirements, but these will be confirmed with the business owner for each Critical application and adjustments made where required.	Matt Gosden	24-Sep-2020	31-Mar-2021

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 CP001 <b>Brexit risk to City Corporation procurement and supply chains</b>  12-Nov-2018 Christopher Bell Page 72	<p><b>Cause:</b> The UK leaving the EU (Brexit) with no trading deals in place.</p> <p><b>Event:</b> The result of the Brexit negotiations could have a negative impact on the Corporation's supply chain, both with direct tier 1 suppliers and their sub-contractor network.</p> <p><b>Effect:</b> Brexit could effect changes to our direct suppliers and their supply chain, impacting negatively on the Corporation. A range of potential impacts are:</p> <ul style="list-style-type: none"> <li>• <b>Regulatory / Legal requirements</b> -existing supply contracts may be impacted by changes in regulation, or legal requirements.</li> <li>• <b>Assurance of Supply</b> - risk that a complete failure in supply of the goods / service (e.g. Carillion) from key suppliers could be felt.</li> <li>• <b>Quality</b>- quality of the goods / service impact due to changes in our Supply Chain.</li> <li>• <b>Service</b>- Service levels be impacted negatively by any changes in the Supply Chain or access to workers, particularly in low skilled categories.</li> <li>• <b>Financial risk</b> -Are any supply changes likely to drive up costs of the Goods / Services/Works in the short/medium/long term.</li> <li>• <b>Sustainability</b>- risk that will change the level of innovation or sustainability of the goods / service/work against expectations?</li> <li>• <b>Workload</b>- Will changes in the Supply Chain cause significant workload to the Procurement/Commercial/Legal teams due to change controls/re-negotiation of terms?</li> </ul>	 Likelihood Impact	6	Commercial Contract Management have drafted a report for Brexit Planning Group on the minimal risk identified as part of supplier survey. No significant risks have been identified. Final approval to send is being sought from the AD Commercial Contract Management and the Commercial Director.  <b>30 Sep 2020</b>	 Likelihood Impact	4	31-Dec-2020	  Constant

Action no	Action description	Latest Note	Action	Latest Note	Due Date

			owner	Date	
CHB CP001e		Commercial Contract Management have drafted a report for Brexit Planning Group on the minimal risk identified as part of supplier survey. No significant risks have been identified. Final approval to send is being sought from the AD Commercial Contract Management and the Commercial Director.	Christopher Bell	30-Sep-2020	31-Dec-2020

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<b>Committee:</b> Finance Committee	<b>Date:</b> 13 October 2020
<b>Subject:</b> Central Contingencies 2020/21	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Information</b>
<b>Report author:</b> Laura Yeo, Senior Accountant, Financial Services	

## Summary

This report has been produced to provide Members with an update on the Central Contingencies 2020/21 uncommitted balances.

Since the last report to Committee in July, a sum of £40,000 has been donated from the National and International Disaster Fund towards the DEC Coronavirus Appeal (£20,000) and British Red Cross Beirut Emergency Appeal (£20,000).

## 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 2020/21 are set out in the table below. At the time of writing this report there are no requests for funding on the agenda.

2020/21 Contingencies – Uncommitted Balances 1 Oct 2020				
	City's Cash	City Fund	Bridge House Estates	Total
	£'000	£'000	£'000	£'000
<b>General Contingencies</b>				
Total Provision	974	1,393	50	2,417
Previous allocations	(24)	(593)	0	617
<b>Uncommitted Balances</b>	<b>950</b>	<b>800</b>	<b>50</b>	<b>1,800</b>
<b>National and International Disasters</b>				
Total Provision	125	0	0	125
Previous allocations	(100)	0	0	(100)
<b>Uncommitted Balance</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>25</b>

4. The sums which the Committee has previously allocated from the 2020/21 contingencies are listed in Appendix 1. This includes allocations agreed under delegated authority since your last Committee.
5. Since the last report to Committee in July, a sum of £40,000 has been donated from the National and International Disaster Fund towards the DEC Coronavirus Appeal (£20,000) and British Red Cross Beirut Emergency Appeal (£20,000).

## Conclusion

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

## Appendices

- Non- Public: Appendix 1 – Allocations from 2020/21 Contingencies

### Laura Yeo

Senior Accountant

Financial Services

T: 020 7332 1334

E: [Laura.Yeo@cityoflondon.gov.uk](mailto:Laura.Yeo@cityoflondon.gov.uk)

<b>Committee:</b> Finance Committee	<b>Date:</b> 13 October 2020
<b>Subject:</b> Report of Action Taken – Public Decisions taken under Delegated Authority/Urgency procedures since the last formal meeting of the Committee	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Information</b>
<b>Report author:</b> 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

### **1. Subject: £20,000 Donation - DEC Coronavirus Appeal - Protecting refugees and displaced people (Delegated Authority) – 22<sup>nd</sup> July 2020**

#### **Background**

The coronavirus outbreak is a global health emergency that is affecting the way every one of us goes about our daily lives. As restrictions begin to lift in countries around the world there is now focus on the most disadvantaged communities by international aid organisations.

Millions of lives are at stake as the Covid-19 pandemic hits refugee camps and countries suffering conflict. Families who have been forced to flee their homes and lost everything in places like Yemen, Syria and Somalia face a deadly new threat.

- Covid-19 is spreading in the world’s most vulnerable communities – people living in refugee and internal displacement camps who have been forced from their homes after years of war or instability.
- Living in cramped conditions with limited access to handwashing facilities and difficulty maintaining social distancing, they are extremely vulnerable to the virus.
- Limited health facilities do not have the staff or equipment to cope, putting millions at risk if the virus goes unchecked and spreads freely.
- Combined with malnutrition and chronic ill health, the virus is likely to have a higher mortality rate here than elsewhere.
- But with the right assistance and support, simple measures can make a huge difference to help people protect themselves and their families – as we have seen here in the UK.

· DEC charities are already delivering aid on the ground but donations will allow this vital work to be scaled up, helping prevent countless cases and save lives.

#### **RESOLVED –**

The Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee agreed the IDF should always be ready to respond to any DEC appeals that are launched or be able to respond to International Disasters. Since the start of the Coronavirus Pandemic the IDF has focussed its efforts in response to the impact of the Pandemic in London and the UK awarding three donations totalling £60,000 to the British Red Cross, Team Rubicon and St John's Ambulance.

A donation to this DEC Appeal demonstrated that the IDF still has an International focus. In light of the budget for the year, **a donation of £20,000** was considered appropriate to ensure there is ample budget remaining to respond to other appeals later in the financial year.

## **2. Subject: £20,000 Donation - British Red Cross – Beirut Emergency Appeal (Delegated Authority) – 17<sup>th</sup> August 2020**

### **Background**

On Tuesday 4 August 2020, a large explosion obliterated the port of Beirut, the capital city of Lebanon. The blast rippled through several areas of the capital, destroying buildings, shattering windows and doors, collapsing balconies and causing widespread devastation. The impact of the explosion was so great that the sound could be heard 150km away and as far as the island of Cyprus. Tragically, it has been reported that at least 100 people have died and more than 4,000 have been injured, with numbers expected to rise as emergency responders search through the rubble. Hospitals have also suffered extensive damage and are overwhelmed by the number of casualties, with many wounded being treated in the streets and the most serious cases being evacuated outside of Beirut.

People in Lebanon are not only dealing with injuries, the loss of loved ones and damaged homes, but are also living through the brink of severe economic decline with food prices more than doubling recently, and continual electricity shortages. All of this is further exacerbated by the coronavirus pandemic. People in Beirut now have an even higher risk of getting COVID-19 as social distancing becomes impossible in the chaos and overcrowded medical facilities.

### **Response of the International Red Cross and Red Crescent Movement**

The Lebanese Red Cross has sent all of its emergency medical support to the scene, with more than 75 ambulances and over 375 emergency medical responders from across Lebanon rushing to the area to help evacuate and treat the injured. This is crucial to get people to hospitals outside of Beirut for life-saving treatment.

To support the overwhelmed hospitals, which are having to turn injured people away, the Lebanese Red Cross has set up triage and first aid stations in and around Beirut to help those wounded. As well as this, as the only blood donation organisation in the country, the Lebanese Red Cross is urging anyone in Lebanon to donate blood in the coming days to save lives.

Alongside emergency medical responders, Red Cross search and rescue teams are also looking through the rubble and devastation to find anyone trapped. Lebanese Red Cross responders are working tirelessly to save lives.

The British Red Cross remain in close conversation with the Lebanese Red Cross who have been responding to the crisis since it happened. We are ready to support as needed during and after this crisis.

**RESOLVED –**

The Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee agreed to a donation of £20,000 from the International Disasters Fund via the British Red Cross to support the Lebanese Red Cross in providing relief to those effected by the explosion in Beirut in the short and long term.

**Contact:**

John Cater

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

020 7332 1407

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