



## Finance Committee – Main Agenda Pack

**Date:** TUESDAY, 8 DECEMBER 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	Hugh Morris
Deputy Roger Chadwick	Benjamin Murphy
Dominic Christian	Susan Pearson
Graeme Doshi-Smith	William Pimlott
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](mailto: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/yKbirbtXtwU>

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 10<sup>th</sup> November 2020.  

**For Decision**  
(Pages 1 - 8)
4. **FINANCE COMMITTEE'S FORWARD PLAN**  
Report of the Chamberlain.  

(Pages 9 - 10)
5. **REPORT OF THE WORK OF THE SUB-COMMITTEES**  
Report of the Town Clerk.  

**For Information**  
(Pages 11 - 12)
6. **REVENUE BUDGET MONITORING TO OCTOBER 2020**  
Report of the Chamberlain.  

**For Information**  
(Pages 13 - 30)
7. **RISK MANAGEMENT - TOP RISKS**  
Report of the Chamberlain.  

**For Information**  
(Pages 31 - 44)
8. **DRAFT CHAMBERLAIN'S BUSINESS PLAN FOR 2021/22**  
Report of the Chamberlain.  

**For Decision**  
(Pages 45 - 56)
9. **CHAMBERLAIN'S 2021/22 BUDGET ESTIMATE**  
Report of the Chamberlain.  

*To Follow.*

**For Information**

10. **CORPORATE PROPERTY ASSET MANAGEMENT STRATEGY 2020-25**  
Report of the Chamberlain.
- For Decision**  
(Pages 57 - 64)
11. **IT DIVISION - MEMBER UPDATE**  
Report of the Chamberlain.
- For Information**  
(Pages 65 - 68)
12. **CENTRAL CONTINGENCIES**  
Report of the Chamberlain.
- For Information**  
(Pages 69 - 70)
13. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
14. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
15. **EXCLUSION OF THE PUBLIC**
- MOTION** - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.
- For Decision**
- Part 2 - Non-Public Agenda**
16. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**  
To agree the non-public minutes of the meeting held on 10<sup>th</sup> November 2020.
- For Decision**  
(Pages 71 - 74)
17. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**  
Report of the Town Clerk.
- For Information**  
(Pages 75 - 76)
18. **CITY'S ESTATE: SURRENDER AND RE-GRANT - TWO NEW 125 YEAR LEASES**  
Report of the City Surveyor.
- For Decision**  
(Pages 77 - 84)

19. **CITY'S ESTATE: HEADLEASE ACQUISITION AND LEASEBACK**  
Report of the City Surveyor.

*To Follow.*

**For Decision**

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

**For Information**  
(Pages 85 - 88)

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

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

**Part 3 - Confidential Agenda**

23. **BARBICAN STAFFING**  
Report of the Managing Director of the Barbican Centre.

**For Information**

## FINANCE COMMITTEE

Tuesday, 10 November 2020

Minutes of the meeting of the Finance Committee held virtually on Tuesday, 10 November 2020 at 1.45 pm

### Present

#### Members:

Jeremy Mayhew (Chairman)	Tim Levene
Deputy Jamie Ingham Clark (Deputy Chairman)	Oliver Lodge
Munsur Ali	Alderman Nicholas Lyons
Rehana Ameer	Paul Martinelli
Randall Anderson	Andrew McMurtrie
Nicholas Bensted-Smith	Hugh Morris
Dominic Christian	Susan Pearson
Graeme Doshi-Smith	James de Sausmarez
Alderman Sir Peter Estlin	John Scott
Alderman Prem Goyal	Deputy James Thomson
Michael Hudson	Mark Wheatley
Deputy Wendy Hyde	Deputy Philip Woodhouse
Deputy Clare James	Sheriff Christopher Hayward (Ex-Officio Member)
Alderman Gregory Jones QC	

#### Officers:

John Cater	- Committee Clerk
Peter Kane	- Chamberlain
Paul Wilkinson	- City Surveyor
Michael Cogher	- Comptroller and City Solicitor
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Sean Green	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Karen Atkinson	- Chamberlain's Department
Sanjay Odedra	- Communications Team
Jack Joslin	- The City Bridge Trust
Steven Reynolds	- Chamberlain's Department
Neilesh Kakad	- Chamberlain's Department
Ian Jarman	- Communities and Children's Services
Nicholas Richmond-Smith	- Chamberlain's Department
Oliver Watling	- Chamberlain's Department

### 1. APOLOGIES

Apologies for absence were received from Roger Chadwick, Gregory Lawrence, Catherine McGuinness, Robert Merrett, Ian Seaton, and Sir Michael Snyder.

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

Mark Wheatley declared a non-pecuniary interest in respect of item 12 due to being the City of London Vice-President of the British Red Cross.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – That the public minutes of the meeting held on 13<sup>th</sup> October 2020 be approved as an accurate record.

In response to a query concerning City Re and captive insurance, the Chairman confirmed that, subsequent to the Finance Committee meeting in October, discussions had taken place with the Department of Innovation and Growth (IG) to explore whether there was scope for the UK to expand into the captive insurance market. IG would be continuing these discussions with other stakeholders in the insurance market in the coming months and would report back to Finance Committee by March 2021.

The Chairman re-emphasised that the pause for any additional expenditure on the Centre for Music project remained in place, and the project would only be re-started with the approval of the Court of Common Council.

4. **FORWARD WORKPLAN**

The Committee received a joint Report of the Town Clerk and the Chamberlain concerning the Committee's workplan for the next eight months.

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

5. **APPOINTMENT TO DIGITAL SERVICES SUB-COMMITTEE**

The Committee considered a Report of the Town Clerk concerning an appointment from the Court of Common Council to the Digital Services Sub-Committee.

**RESOLVED** – that the Committee approved that Dawn Wright is appointed to the Digital Services Sub Committee for the remainder of the 2020/21 civic year.

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

The Committee received a report of the Town Clerk which advised Members of the key discussions which had taken place during a recent meeting of the Procurement Sub-Committee (N.B. Procurement was the only Sub to have met since the last meeting of Finance Committee)

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

7. **RISK MANAGEMENT - TOP RISKS**

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

The Chamberlain provided a brief overview. He confirmed that the IT risk around Resilience had been merged with that around Business Continuity.

The Chairman added that, more broadly, the recent bi-lateral meetings (between Chief Officers, Members and the Chamberlain's team) had proved fruitful; he asked that, in preparation for the November meeting of the Court of Common Council, the Clerk distribute a note from the Chamberlain outlining the Corporation's in-year (2020/21) financial position. In summary, the damage wrought by the pandemic had amounted to a hit of £36m across all three Funds and, whilst we may receive £12m in compensation from central government, under the Sales, Fees and Charges Compensation Scheme, this would still leave a substantial net negative impact of circa £23.4m.

The Chamberlain stressed that, in terms of two specific areas of risk; i) the Barbican Centre, which had been particularly affected by the COVID restrictions since March, was making good progress in finding savings; ii) the scale of the hit to the Corporation's commercial rental income was becoming clearer and would play a significant part in budget planning for 2021/22.

The Chamberlain added that departmental Chief Officers were working constructively with his team to scope out the 12% savings target for next year. Whilst a lot of hard work lay ahead, achieving this target would be a key component in our efforts to stabilise the Corporation's medium-term financial outlook. Reports would come back to the Committee over the coming months providing Members with updates on these budget discussions.

The Chamberlain added that the Government's Spending Review was due on 25 November; this would present the headline numbers; the more granular detail and the Corporation's allocation would become apparent in December. It was anticipated that the Settlement was unlikely to contain much good news.

The Deputy Chairman added that, Members should be conscious that whilst the initial work around the 2021/22 budget had been positive, unknowns may still creep into the plans, e.g. bad debts will take some time to flow through. The full cost of COVID could not yet be determined and the full repercussions will take years to emerge.

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

8. **2019-20 CITY FUND AND PENSION FUND FINANCIAL STATEMENT**

The Committee considered a Report of the Chamberlain concerning the 2019-20 City Fund and Pension Fund Financial Statement.

Members noted the net asset position, at the end of March, which showed a £195m increase over the course of the 2019-20 f/y. The position since March, with the advent of COVID, was more volatile, with further turbulence possible up to the end of 2020-21.

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

- the 2019-20 City Fund and Pension Fund Statement of Accounts: and;

- Delegate to the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Finance Committee, approval of any material changes to the statement of accounts required before the signing of the audit opinion by BDO which is expected by the end of November.

9. **CITY'S CASH FINANCIAL STATEMENTS 2019/20**

The Committee considered a Report of the Chamberlain concerning the City's Cash Financial Statements for 2019-20.

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

- note that the external auditor BDO LLP intends to give an unqualified audit opinion;
- consider the contents of the Audit Management Report issued by BDO LLP; and
- approve delegated authority for the Chairman and Deputy Chairman of the Finance Committee to approve and sign the City's Cash Financial Statements on behalf of the Court of Common Council, taking account of any observations from the Audit and Risk Management Committee on 3 November (which had been distributed

10. **CITY'S CASH TRUST FUNDS AND SUNDRY TRUST FUNDS ANNUAL REPORTS AND FINANCIAL STATEMENTS 2019/20**

The Committee considered a Report of the Chamberlain concerning City's Cash Trust Funds and Sundry Trust Funds.

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

- note that the external auditor BDO LLP intends to give an unqualified audit opinion;
- consider the contents of the Audit Management Report issued by BDO LLP; and
- delegate approval of the Annual Reports and Financial Statements for the City's Cash Trust Funds and the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2020 to the Chairman and Deputy Chairman, taking account of any observations from the Audit and Risk Management Committee on 3 November.

11. **KEY WORKSTREAMS AND BUSINESS PLAN UPDATE**

The Committee received a Report of the Chamberlain which provided an update on key areas of work underway in the Chamberlain's department.

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



12. **DONATIONS - INTERNATIONAL DISASTER FUND**

The Committee received a Report of the Chief Grants Officer/Director of City Bridge Trust concerning the International Disaster Fund (IDF).

The Chairman clarified that the decision to approve any donation is delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee; this has proved an effective method as we can react speedily to unfolding disasters.

Officers clarified that this Report provided an update on the direction of travel, a decision paper would be coming back to Members in January/February 2021 to determine both the budget for next year and the mechanism around providing donations. It would be helpful to measure, if possible, how effective the donations are in encouraging others to donate.

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

13. **CITY PROCUREMENT QUARTERLY PROGRESS REPORT (NOVEMBER 2020)**

The Committee received a Report of the Commercial Director concerning the work of City Procurement over Q1 – Q2 of 2020/21.

The Chairman and the Chamberlain commended Chris Bell who will be leaving the Chamberlain's team shortly for a new commercial role with the City of London Police. Chris's valuable contribution over the last several years has been significant and they wished him well in his new role.

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

14. **CENTRAL CONTINGENCIES**

The Committee received 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. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

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

The following item of urgent business was raised –

Update to the Code of Corporate Governance concerning delegation of write off limits and discretionary business rate relief.

As part of the response to the Covid-19 pandemic, Members agreed some amendments to the scheme of delegation to officers. These temporary measures expired on 31st October 2020.

A late report to today's Finance Committee requested that the revised levels of delegation for write-offs and the delegation of decisions for discretionary business rate relief are continued until they can be updated within the Code of Corporate Governance.

The report also requested that the Head of Revenues is given delegated authority to determine and award the grants for the Government business rate grant schemes. These grants are being delivered to support businesses through the pandemic.

In response to a concern about the scale of the thresholds proposed in the paper, the Chamberlain proposed keeping Members regularly up-to-date on decisions relating to higher cost decisions taken by his department; he would submit a Report to the March Finance Committee, giving Members a chance to approve (or not) a permanent change to the thresholds.

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

The amendments to the following changes to the Scheme of Delegations to Officers:

- To increase temporarily the limits to write-offs of debts due to the City of London Corporation which are irrecoverable up to £100,000 (Head of Revenues) and up to £500,000 (Chamberlain) with any amount in excess of £500,000 to be submitted to Finance Committee for approval. Finance Committee to receive a report for information on any write-offs over £25,000 and a Report in March 2021 giving Members a chance to approve (or not) a permanent change to the thresholds.
- To authorise the granting of discretionary rate relief under section 47 and section 49 of the Local Government Finance Act 1988 up to £25,000 per annum.
- To delegate authority to the Head of Revenues to determine and award all business grant payments under the government support schemes.

**17. EXCLUSION OF THE PUBLIC**

**RESOLVED** - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

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

The non-public minutes of the meeting held on 13<sup>th</sup> October 2020 were approved as an accurate record.

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

The Committee received a report of the Town Clerk which advised Members of the key discussions which had taken place during a recent meeting of the

Procurement Sub-Committee (N.B. Procurement was the only Sub to have met since the last meeting of Finance Committee)

**20. CIVIL PARKING & TRAFFIC ENFORCEMENT**

The Committee considered a Joint Report of the Chamberlain and the Director of the Department of the Built Environment concerning civil parking and traffic enforcement.

**21. SEMI-INDEPENDENT / SUPPORTED ACCOMMODATION PLACEMENTS (16-25YRS)**

The Committee considered a Joint Report of the Chamberlain and the Director of Community & Children's Services concerning accommodation placements for 16- 25-year olds.

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

The Committee noted a report of the Town Clerk detailing a non-public decision taken under urgency procedures since the last meeting.

**23. 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.

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

There were no items of urgent business.

**The meeting ended at 3.05 pm**

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Chairman

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

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**December 2020 Finance Committee Forward Plan (NO CHANGES FROM NOVEMBER FC MEETING)**

<b>Meeting:</b>	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	Q3 Budget monitoring	Business Rates Update		Update of Finance Regulations	Interest Rates on Internal Loan Requests - Update and Review		Capital Outturn Report
		Irrecoverable Non-Domestic Rates					Q1 Budget monitoring
							Operational services outturn report 2020/21
							Provisional outturn report
FINANCIAL STATEMENTS	2020/21 Annual Capital Bids	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	Central Contingencies	Central Contingencies	Central Contingencies	Central Contingencies	Central Contingencies	Central Contingencies
	Risk Management Monthly Report	Risk Management – Quarterly Report	Risk Management - Monthly Report	Risk Management Monthly Report	Risk Management – Quarterly Report	Risk Management - Monthly Report	Risk Management Monthly Report
	FSD Quarterly Update	City Procurement Q Update	IT Division Q Update	FSD Quarterly Update	City Procurement Q Update	IT Division Q Update	FSD Quarterly Update
				Business plan update			Business plan update

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<b>Committee:</b> Finance Committee	<b>Date:</b> 8 December 2020
<b>Subject:</b> Public Report of the work of the Sub-Committees	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Information</b>
<b>Report author:</b> John Cater, Town Clerk's Department	

## Summary

On 19 July 2016, the Finance Committee agreed that, in addition to draft minutes of Sub-Committee meetings, short reports be provided to advise the Committee of the main issues considered by the Sub-Committees at recent meetings. This report sets out some of the main public issues considered by the following Sub Committees since 10<sup>th</sup> November:

### **Digital Services Sub-Committee – 16<sup>th</sup> November 2020**

#### **MEMBER IT PROVISION POLICY**

The Sub-Committee considered a report of the Chamberlain on the Member IT Provision Policy.

The Sub-Committee was informed that the report proposes a new Policy for the provision of IT equipment to support the 125 elected Members of the City of London. The policy seeks to clarify some of the legacy support offered to Members, such as the use of printers and broadband.

The Sub-Committee was further advised that this policy and report was written before the security updates, and as such, Members should make a note of this. This was followed by another member who asked if the provision and rules around the use of printers can be relaxed so that Members who do not live within the Square Mile can benefit from this given that in COVID-19, they are not allowed to come into the Guildhall in order to print any documents. The Chairman responded that the City of London is working to make better the use of electronic papers, rather than printing large volumes of papers.

Another Member commented that in light of the virtual meeting, he has resorted to using multiple screens, and as such, he is not using any printed agenda packs; however, he raised concerns that once the meetings are in person again, the use of multiple screens may not be possible.

The Deputy Chairman commented that there are multiple tools available in terms of working from a portal, but there is a need to look at the costs and security aspect of such tools. This will allow Members to access papers both from their devices as well as the City of London devices. This has been replicated by other local authorities. The Chairman noted that there is a need to improve the Member's experience around the digital journey.

The Sub-Committee agreed that the report can be approved subject to looking at the period of renewal on the devices.

**RESOLVED** – That the Sub-Committee approved the Member’s IT Provision Policy and approved the actions to deliver the £40K per annum savings on Member’s IT services.

**Corporate Asset-Sub Committee – 18th November 2020**

**GUILDHALL COMPLEX - ROAD MAP FOR RETURN TO THE OFFICE**

The Sub-committee received a report of the City Surveyor setting out lessons learnt from the Covid-19 pandemic, outlining a re-shaping of current working practices and summarising work that was being done in the immediate short term and setting out a Road Map for a return to the workplace.

The City Surveyor remarked on the report having been written some time ago, with the world having now changed. The report had been presented to the Sub-committee to give an idea of the work had been ongoing as part of the immediate response to Covid-19. There was now an opportunity to look at what has happened and learn how the City Corporation can work differently moving forward as part of a return to the workplace.

Members acknowledged it was a fast-changing world at present and that a future paper would offer a much more accurate picture on proposals around any return to the workplace. The Chairman accepted that it would remain a holding position until it was known from Government how the country would be moving forward.

A Member referred to a recent report that had suggested home working could lead to people fostering prejudice and create more racial tension. It was proposed an equalities survey be included as part of any roadmap for a return the office.

**RESOLVED**, that the report be received and its content noted.

**Recommendations**

The Committee is asked to note the report.

**John Cater**

Senior Committee Services Officer, Town Clerk’s Department

[john.cater@cityoflondon.gov.uk](mailto:john.cater@cityoflondon.gov.uk)



# Agenda Item 6

<b>Committee</b>	<b>Dated:</b>
Finance Committee	8 December 2020
<b>Subject:</b> Revenue Budget Monitoring to October 2020	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of:</b> Chamberlain	<b>For Information</b>
<b>Report author:</b> Laura Yeo, Senior Accountant, Financial Services Division	

## Summary

This report provides an update on the financial position and the impact of COVID-19 on budgets up to the end of October.

The estimated overall forecast year-end position across all funds is an overspend of £32.9m at the end of October (Period 7) and mainly relates to Barbican Centre (£9.9m), Open Spaces (£3.4m), Guildhall School of Music and Drama (£3.5m) and Property Investment income (£10.8m).

This represents an improved position of £3.2m when compared to £36.1m at the end of September, primarily driven by a reduction in expenditure for Barbican Centre (£1.4m) and additional income for the City of London Police (£1.0m).

The Government's income compensation scheme for Local Authorities is now open and a claim for income losses covering April to July has now been agreed and received worth £1.5m. The estimated full year value of the claim is £12.6m and has been incorporated into the below impact assessment by Fund.

<b>Financial Impact per Fund</b>	<b>CF</b>	<b>CC</b>	<b>BHE</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Original surplus/(deficit) for the year	27.3	(38.1)	(18.1)
Period 6 forecast deficit	(19.0)	(12.4)	(4.7)
Change in forecast for Period 7	3.7	(0.3)	(0.2)
Potential additional funding from Govt income compensation scheme	12.6	0.0	0.0
<b>Net Impact per Fund</b>	<b>24.6</b>	<b>(50.8)</b>	<b>(23.0)</b>

Additional actions are likely to be required to mitigate the impacts of COVID-19 further as well as realigning future spending plans to reflect on the current circumstances.

## Recommendation(s)

Members are asked:

- i. to note the report.

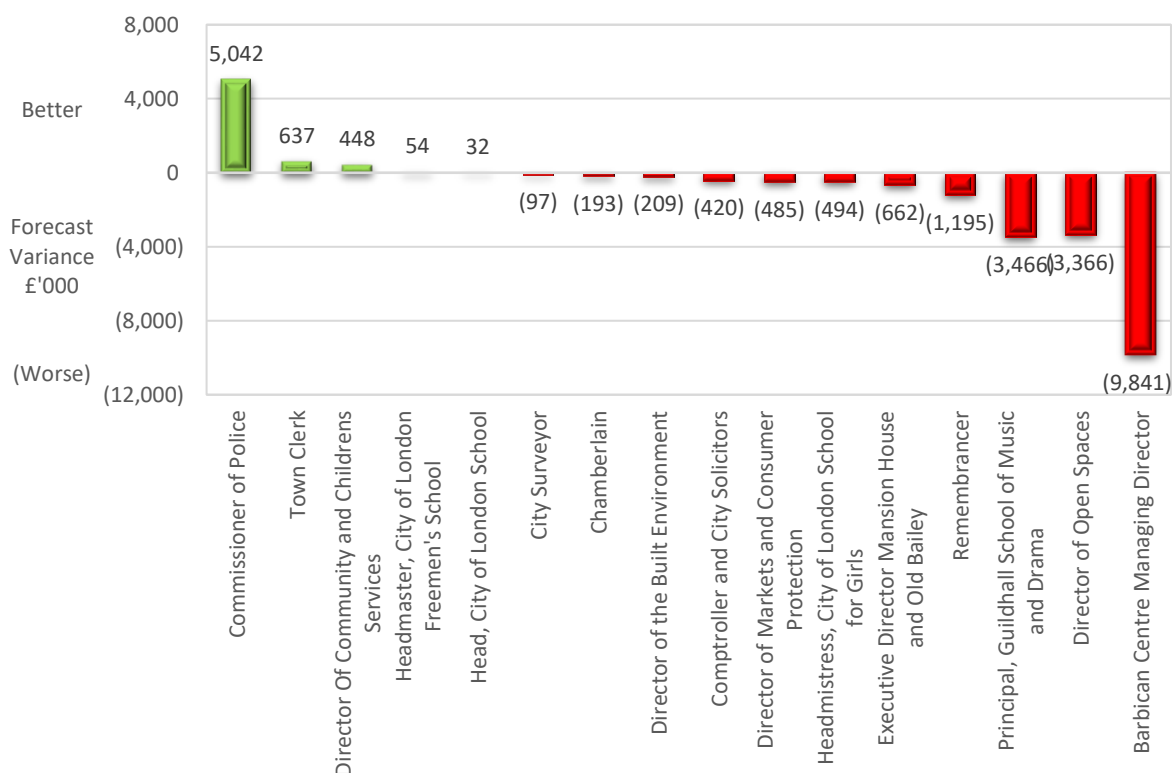
## Main Report

### Current Position

#### Chief Officer Cash Limited Budgets

1. The current position for Chief Officer Cash Limited Budgets is a forecast overspend of £14.2m against the latest approved budget of £248.7m. This is an improved position of £2.6m compared to £16.8m reported at the end of September (Period 6) and is primarily driven by a reduction in expenditure for Barbican Centre (£1.4m) and additional income for City of London Police (£1.0m).

Chief Officer variances against net local risk budgets are shown in the below chart and in Appendix 1 by Fund.



2. Currently, the year-end forecast position comprises an adverse variance of £42.2m against budgeted income of £295.5m, partially offset by a favourable variance of £28.0m on budgeted expenditure of £544.2m. Appendix 2 provides income and expenditure budget variances by Chief Officer. The impacts of Covid-19 on the most heavily affected Chief Officers Cash Limited Budgets have been detailed in the paragraphs below.

3. The Barbican Centre have been impacted heavily; forecasting an adverse variance of £9.8m at year end. This comprises a shortfall of £21.2m on income due to the centre being closed following Government guidelines, in addition to limited activity being forecast for the remainder of the financial year due to social distancing measures. This is partially offset by expenditure savings of £11.4m due to activity reductions as well as a hold on all non-essential expenditure. This represents an improvement of £1.4m from Period 6 as a result of further reductions in activity due to the second lockdown closure and the phased reopening.
4. The resetting of departmental budgets paper is proposing to increase the Barbican Centre budget by £11.2m, reflecting the anticipated shortfall as at month 6. With the improved forecast position at month 8, Chamberlain's will work closely with the Barbican Centre to monitor the position and release funds on an agreed basis, with any unused funds returned to the City Fund Reserve.
5. Open Spaces has also been heavily affected and are forecast to be overspent by £3.4m by year-end. The overspend is due to income shortfalls from closed attractions and facilities as a result of the ongoing pandemic, mainly in relation to Tower Bridge where a forecast net loss of £3.3m is anticipated for the year.
6. Guildhall School of Music and Drama (GSMD) is forecast to be £3.5m worse than budget reflecting lost income due to Covid-19, and a worsening position compared to the £3.0m forecast at Period 6. Income generating activities such as short courses, letting of space and accommodation, removing bar and catering income, and reduced fees from under-18 provision have all ceased. 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 as a result of Covid-19. GSMD, as with the independent schools, maintains a reserve which can be used to offset these losses. Should the reserve and further cost reduction prove insufficient, additional financial support may need to be considered later in the year.
7. Remembrancer is overspent by £1.2m due to no private event hire taking place at Guildhall and the anticipation no income will be received this financial year. The income shortfall will be partially offset by cost savings associated with not hosting these events including staff time, equipment hire, printing and advertising.
8. A full year underspend of £5.0m is projected for the City of London Police (CoLP), which is an additional £1.0m underspend from Period 6. This is due to the inclusion of full ringfenced Police Uplift Programme (PUP) funding, Tactical Firearm Training grant and additional 'Surge Funding' from the Home Office in enforcing the current restrictions arising from Covid-19. The position is based on an escalated recruitment process and a number of new appointments with a further intake in November 2020. The projected attrition levels have been revised due to Covid-19, assuming there will be no leavers during the financial

year. Police services have remained as business as usual during Covid-19 and a challenging savings target of £5.7m is expected to be achieved in this financial year. Covid-19 pressures do exist for CoLP, however, losses can be claimed from the Home Office as part of the 'ring-fenced £1.2m uplift grant.'

### **Central Risk Budgets**

9. At the end of Period 7 the forecast position for Central Risk Budgets is an adverse variance of £18.7m against the latest approved budget of £60.6m, this is an improvement of £0.7m compared to £19.4m forecast at the end of September (Period 6).
10. The forecast position excludes CBT grant giving advance commitments (£48.6m) and London Community Response Fund commitments (£12.8m). These variances have been excluded as they are operating within the multi-year funding agreement. So, whilst they are generating in year variances, these differences reflect the profile of grant giving, which is within the overall financial envelope agreed by Court. Further detail on CBT grant giving is given in paragraphs 15-19.
11. Covid-19 has had a severe impact on the Corporate Income Budgets leading to an adverse variance of £24.0m against budgeted income of £253.8m partially offset by a favourable variance of £5.3m on budgeted expenditure of £193.2m. The key budget areas are addressed in the following paragraphs.

### Corporate Income Budgets

12. Property Investment income at the end of Period 7 is £10.8m worse than budget of £136.1m due to impact of COVID-19 and assessment of tenant rent free periods.

The latest forecast comprises:

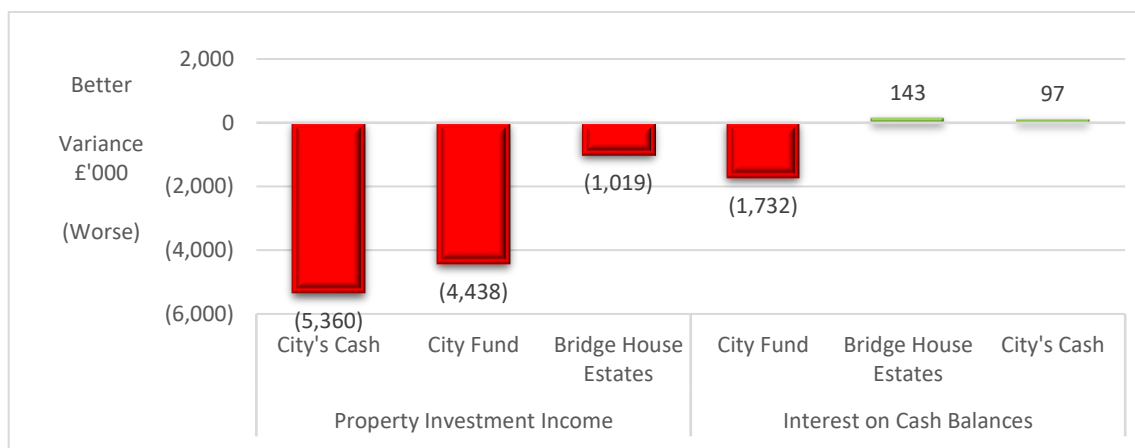
- City Fund £4.4m adverse variance
- City's Cash £5.4m adverse variance
- Bridge House Estates £1.0m adverse variance

These figures come with a big health warning and forecasts will be closely monitored and revised at each quarter.

13. Interest on cash balances in money market funds are anticipated to be £1.5m below budget of £8.9m at year-end. Elements of the forecast are subject to key assumptions around interest rates and cash balances. At the moment, it is assumed, in line with our treasury advisors, that Bank of England's base rate will stay at 0.10% for the remainder of the year and that our returns will gradually gravitate towards that level over the course of 20/21. It is at least possible that rates could be reduced to zero or go negative in the coming months as the

economic damage of Covid-19 is revealed and a fresh attempt at monetary support is required. Naturally, this would reduce interest income even further.

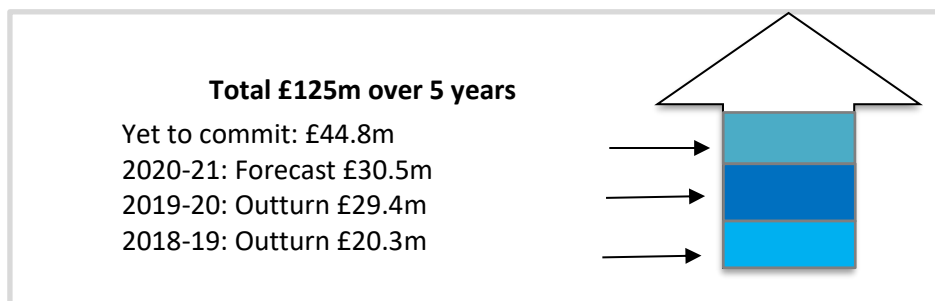
14. Property Investment Income and Interest on Cash Balances variances against net local risk budgets are shown in the below chart.



### The City Bridge Trust Grants Budget

15. Members are asked to note that 2020/21 is an exceptional year for the activities of City Bridge Trust (CBT) within BHE. This includes the impact of the pandemic and the consequential establishment of the new BHE collaborative fund – the London Community Response Fund (LCRF) and the decision of the March 2020 Court of Common Council to agree an additional allocation of £200m to support delivery of the charity's ancillary objects. As a result, the reforecast for 2020/21 includes both the new LCRF's activity and an initial forecast commitment of £45m of the £200m allocation. Central risk activities for CBT have therefore increased from the original budget of £27.1m to £88.1m (net of grant income of £13.1m). This increase is fully funded from the unrestricted income reserve held by BHE.
16. CBT September 2020 Committee approved a £15m allocation from the agreed 5-year (2018- 2023) budget for expenditure in this financial year to support existing Bridging Divides grants portfolio and application pipeline.
17. As at the end of October 2020, £15.2m has been awarded in grants under the Bridging Divides programme, £25.0m for the LCRF and £0.1m for the Anniversary Programme Bridge to Work.
18. Since its inception, LCRF has received donations from third parties of £14.9m and a transfer of £11m from BHE, making total funds available to the programme of £25.9m. Administrative costs of £0.8m are forecast to be incurred in running the LCRF with £25.1m to be committed as grants by the end of the 2020/21 financial year.
19. At present the regular funding programmes operated by CBT have been 'paused' to enable staff to focus on the LCRF, provide support to the existing

portfolio of 600+ grantees and work through the considerable number of applications that were already in the pipeline.



### COVID-19 Mitigation, contingency and spend

20. On 23 July, Members of RASC instructed officers to conduct 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 a vital step in ensuring that we put our finances on a sustainable footing for the Medium Term. The proposed budget adjustment is still subject to Court of Common Council approval, so will be formally incorporated into the budget once agreement has been received.
21. The 18 September Resource Allocation Sub Committee noted the steps already taken by officers to reduce the impact of COVID-19 and generate savings including recruitment controls, review of contracts and the review of the Cyclical Works Programme (CWP); and proposed the following:
  - a. Adjust departmental budget totalling £13.9m to reflect to impact of COVID-19.
  - b. Continue work with departments to identify further savings where possible.
  - c. Approve continuation of recruitment controls aligned to the Target Operating Model (TOM) which may give further savings in the year.
22. The Covid-19 contingency fund of £1.5m has at the time of writing this report has total commitments of £1,108,000 leaving a balance of £392,000. Details of the allocations is provided at Appendix 3.
23. Chief Officers are asked to contain COVID expenditure within existing local risk budgets where possible. The expenditure is separately coded to keep a total of all COVID spend not covered by the COVID Contingency. The total spends across all departments included within their local risk projections in 2020/21 is shown in the table below. This is net of furlough support.

City Fund Main Account	1,537,729
City's Cash	2,207,290
HRA	362,723
Bridge House Estates	660,861
<b>Total</b>	<b>4,768,603</b>

## Government Support Measures

24. For Local Authorities, the Government has announced financial support for lost income, for which the first claim has been accepted covering losses between April – July to the value of £1.5m. The full year estimate for this compensation is £12.6m but is subject to change dependant on actual losses incurred.
25. The scheme covers net income losses for income generating areas linked to service delivery. This will therefore not provide compensation for commercial income streams such as investment property income. Compensation will also not be provided where local decisions contradict Government guidance e.g. continuing to keep services closed where Government guidance allows them to be open. All claim is subject to approval by MHCLG
26. In order to provide a comprehensive view of the financial position, these estimates have been incorporated into the below summary position by fund.

<b>Financial Impact per Fund</b>	<b>CF</b>	<b>CC</b>	<b>BHE</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Original surplus/(deficit) for the year	27.3	(38.1)	(18.1)
Period 6 forecast deficit	(19.0)	(12.4)	(4.7)
Change in forecast for Period 7	3.7	(0.3)	(0.2)
Potential additional funding from Govt income compensation scheme	12.6	0.0	0.0
<b>Net Impact per Fund</b>	<b>24.6</b>	<b>(50.8)</b>	<b>(23.0)</b>

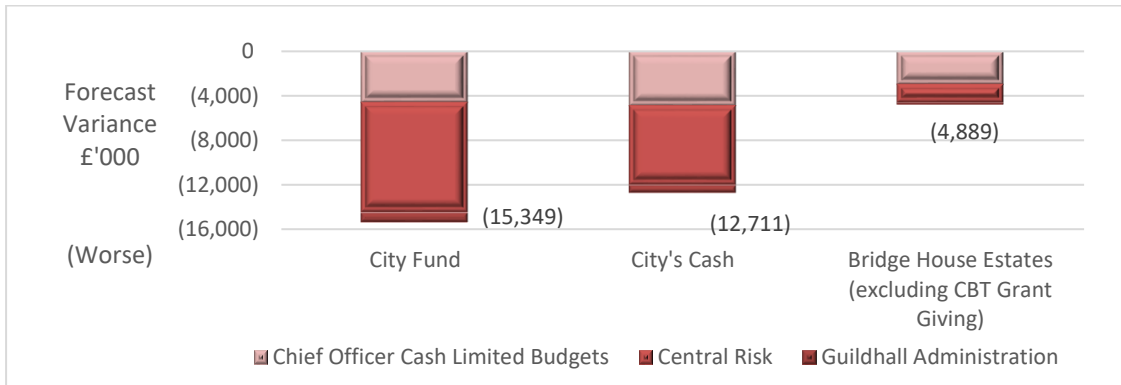
## Business Rates

27. For Business Rates, the collection rate has fallen 6.0% below last year's rate at this time. We are continuing to monitor business rate collection closely, with formal recovery activity starting to take place. It should be noted that in year losses in business rates will impact future year budgets as the statutory framework lags these impacts. The Government has also indicated that Local Authorities will be allowed to spread the impact of business rate losses across a 3-year period.

## Fund Position

28. Despite the mitigating actions being taken, as a result of COVID-19, the overall (Local and Central Risk) forecast year-end position reported at Period 7 is £32.9m worse than budget. With Guildhall Administration apportioned across

the three funds gives adverse positions of £15.3m on City Fund, £12.7m on City's Cash and £4.9m on Bridge House Estates.



## Conclusion

29. Members are asked to note the forecast year-end overspend position of £32.9m at the end of October (Period 7). The forecast position will continue to be carefully monitored to reflect the mitigating measures being taken.

## Appendices

- Appendix 1: Chief Officers Cash Limited Budgets by Fund
- Appendix 2: Chief Officers Cash Limited Budgets – Income and Expenditure Budget Variances
- Appendix 3: COVID Contingency Allocations

### Laura Yeo

Senior Accountant

T: 020 7332 1334

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

### Neilesh Kakad

Group Accountant

T: 020 7332 1381

E: [Neilesh.Kakad@cityoflondon.gov.uk](mailto:Neilesh.Kakad@cityoflondon.gov.uk)



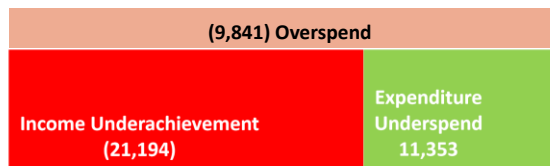
## Revenue Budget Monitoring Period 7 2020/21 – Appendices

### Appendix 1

Appendix

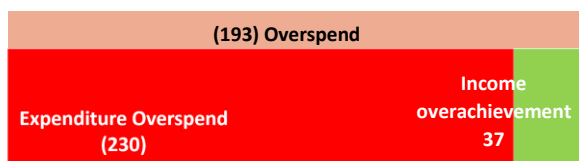
Chief Officer Cash Limited Budgets by Fund									
Original Budget £'000	Chief Officer	Full Year Forecast as at 30 September 2020				Full Year Forecast as at 31 October 2020			
		Latest Budget	Forecast	Variance Better / (Worse)		Latest Budget	Forecast	Variance Better / (Worse)	
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
	<b>City Fund</b>								
(1,731)	Chamberlain	(1,755)	(1,390)	365	21%	(1,759)	(1,380)	379	22%
(5,240)	City Surveyor	(5,240)	(5,085)	155	3%	(5,244)	(5,124)	120	2%
(11,168)	Director of Community and Children's Services	(13,058)	(12,584)	474	4%	(13,114)	(12,671)	443	3%
(2,199)	Director of Markets and Consumer Protection	(2,240)	(2,901)	(661)	(30%)	(2,324)	(2,682)	(358)	(15%)
564	Director of Open Spaces	564	728	164	29%	537	903	366	68%
(20,196)	Director of the Built Environment	(20,243)	(20,790)	(547)	(3%)	(20,362)	(20,587)	(225)	(1%)
(402)	Executive Director Mansion House and Old Bailey	(242)	(545)	(303)	(125%)	(246)	(590)	(344)	(140%)
(17,389)	Managing Director, Barbican Centre	(17,389)	(28,613)	(11,224)	(65%)	(17,508)	(27,349)	(9,841)	(56%)
(15,065)	Town Clerk	(15,150)	(15,421)	(271)	(2%)	(15,249)	(15,454)	(205)	(1%)
<b>(72,826)</b>	<b>Total City Fund (excluding Police)</b>	<b>(74,753)</b>	<b>(86,600)</b>	<b>(11,847)</b>	<b>(16%)</b>	<b>(75,269)</b>	<b>(84,935)</b>	<b>(9,666)</b>	<b>(13%)</b>
	<b>City's Cash</b>								
(99)	Chamberlain	(99)	(174)	(75)	(76%)	(102)	(174)	(72)	(71%)
(16,080)	City Surveyor	(16,013)	(16,590)	(577)	(4%)	(16,121)	(16,544)	(423)	(3%)
(1,052)	Director of Community and Children's Services	(1,122)	(1,122)	0	0%	(1,127)	(1,122)	5	0%
(1,365)	Director of Markets and Consumer Protection	(1,668)	(1,823)	(155)	(9%)	(1,682)	(1,809)	(127)	(8%)
(11,822)	Director of Open Spaces	(11,963)	(12,135)	(172)	(1%)	(11,899)	(12,080)	(181)	(2%)
(3,334)	Executive Director Mansion House and Old Bailey	(3,246)	(3,542)	(296)	(9%)	(3,260)	(3,578)	(318)	(10%)
(1,217)	Head, City of London Boy's School	(1,217)	(1,185)	32	3%	(1,217)	(1,185)	32	3%
(82)	Headmaster, City of London Freemen's School	(82)	(28)	54	66%	(82)	(28)	54	66%
(275)	Headmistress, City of London School for Girls	(275)	(769)	(494)	(180%)	(275)	(769)	(494)	(180%)
(6,799)	Principal, Guildhall School of Music and Drama	(6,799)	(9,789)	(2,990)	(44%)	(6,798)	(10,264)	(3,466)	(51%)
(1,391)	Remembrancer	(1,391)	(1,322)	69	5%	(1,400)	(1,332)	68	5%
(215)	Town Clerk	(273)	(261)	12	4%	(273)	(261)	12	4%
<b>(43,731)</b>	<b>Total City's Cash</b>	<b>(44,148)</b>	<b>(48,740)</b>	<b>(4,592)</b>	<b>(10%)</b>	<b>(44,236)</b>	<b>(49,146)</b>	<b>(4,910)</b>	<b>(11%)</b>
	<b>Bridge House Estates</b>								
0	Chamberlain	(45)	(45)	0	0%	(45)	(45)	0	0%
(2,703)	City Surveyor	(2,703)	(2,690)	13	0%	(2,704)	(2,690)	14	1%
(243)	Director of Open Spaces	(243)	(3,306)	(3,063)	(1,260%)	(252)	(3,803)	(3,551)	(1,409%)
(275)	Director of the Built Environment	(275)	(259)	16	6%	(275)	(259)	16	6%
(2,920)	Town Clerk	(2,920)	(2,441)	479	16%	(2,941)	(2,426)	515	18%
<b>(6,141)</b>	<b>Total Bridge House Estates</b>	<b>(6,186)</b>	<b>(8,741)</b>	<b>(2,555)</b>	<b>(41%)</b>	<b>(6,217)</b>	<b>(9,223)</b>	<b>(3,006)</b>	<b>(48%)</b>
	<b>Guildhall Administration</b>								
(22,165)	Chamberlain	(22,288)	(22,702)	(414)	(2%)	(22,380)	(22,880)	(500)	(2%)
(8,666)	City Surveyor	(8,473)	(8,342)	131	2%	(8,481)	(8,288)	193	2%
(845)	Comptroller and City Solicitor	(845)	(1,265)	(420)	(50%)	(894)	(1,314)	(420)	(47%)
274	Remembrancer	274	(965)	(1,239)	(452%)	273	(989)	(1,262)	(462%)
(6,536)	Town Clerk	(6,591)	(6,461)	130	2%	(6,641)	(6,327)	314	5%
<b>(37,938)</b>	<b>Total Guildhall Administration</b>	<b>(37,923)</b>	<b>(39,735)</b>	<b>(1,812)</b>	<b>(5%)</b>	<b>(38,123)</b>	<b>(39,798)</b>	<b>(1,675)</b>	<b>(4%)</b>
<b>(160,636)</b>	<b>Grand Total (excluding Police)</b>	<b>(163,010)</b>	<b>(183,815)</b>	<b>(20,805)</b>	<b>(13%)</b>	<b>(163,845)</b>	<b>(183,102)</b>	<b>(19,257)</b>	<b>(12%)</b>
(84,898)	Commissioner of Police (City Fund)	(84,898)	(80,882)	4,016	5%	(84,898)	(79,856)	5,042	6%
<b>(245,534)</b>	<b>Grand Total</b>	<b>(247,908)</b>	<b>(264,697)</b>	<b>(16,789)</b>	<b>(7%)</b>	<b>(248,743)</b>	<b>(262,958)</b>	<b>(14,215)</b>	<b>(6%)</b>

**Barbican Centre Managing Director**



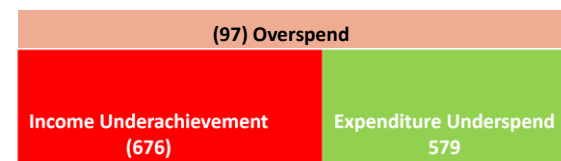
The loss of income forecast is due to the centre closure following the effect of Covid-19 in addition to limited activity being forecast for the remainder of the financial year due to social distancing measures. Expenditure savings are due to activity reductions as well as a hold on all non-essential expenditure.

**Chamberlain**



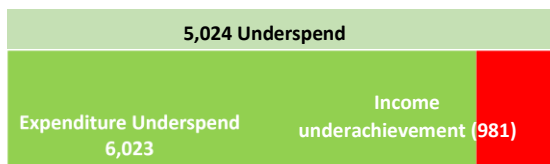
Chamberlain's is overspent due to recruitment campaigns, consultant fees for software changes, tax advice, unbudgeted security resources and additional staff costs to cover essential modelling work for MTFP, Major projects and City's Cash. Underachievement of income is mainly due to reduction in Freedom ceremonies (assume that Freedoms return to normal levels in January 2021) and fundamental review savings not achieved due to Covid-19.

**City Surveyor**



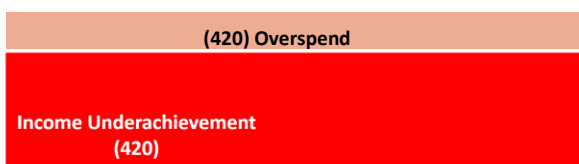
There have been substantial savings on expenditure made on Guildhall, Walbrook Wharf and Magistrates Court running costs and though reduced reactive repair costs due to lower use of properties. These savings are offset by reduced income through recovery of costs from government grants and service charges; recovery of security and other staff costs relating to Guildhall from external events; and reduced professional fee income due to a lower number of property deals. The Investment Estates are anticipated to be on target but will depend on any significant tenant failures during the pandemic.

**Commissioner of Police**



The current position is based on an escalated recruitment process and a number of new appointments with a further intake in November 2020. The projected attrition levels have been revised due to Covid-19, assuming there will be no leavers during the financial year. Police services have remained as business as usual during Covid-19 and a challenging savings target of £5.7m is expected to be achieved in this financial year. Covid-19 pressures do exist for CoLP, however, losses can be claimed from the Home Office as part of the 'ring-fenced £1.2m uplift grant.'

**Comptroller and City Solicitors**



Current Comptroller's income budgets are currently expecting an overspend due to the external income levels dropping due to the commercial property sector market slowing down due to Covid-19. Internal Income is due to be on target.

**Director of Community and Children's Services**



Largest pressure is within DCCS on Rough Sleepers and Homelessness budgets. Most of these additional costs are being absorbed by a current underspend on Adult/Older People Social Care. This has been based on the current level of clients, however a small change in client numbers can have a major impact on the budget. Libraries forecasting expenditure underspend due to savings on premises, transport and supplies and services as a result of closure due to Covid-19.

### Director of Markets and Consumer Protection

(485) Overspend	
Income Underachievement (817)	Expenditure Underspend 332

The forecast overspend mainly reflects the impact of COVID-19 on income generation across services, principally at the Ports, Heathrow Animal Reception Centre and Licencing. In addition, there have been losses of car parking income, filming income as a result of Covid-19, reduction in service charge income and recovery of energy and water costs.. Further losses will be incurred if any rent-free periods are offered to qualifying tenants. The expenditure underspend is mainly due to staff vacancies and reduction in energy, water, car park management, waste collection and repairs and maintenance expenditure costs due to Covid-19.

### Director of Open Spaces

(3,366) Overspend	
Income Underachievement (5,981)	Expenditure Underspend 2,615

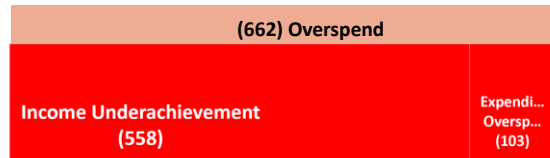
Income shortfall due to closed attractions and facilities as a result of the ongoing pandemic, principally due to Tower Bridge Tourism. Forecast is based on current assumption following 4 July reopening. Figures are inclusive of estimated income for Admissions, Filming and Corporate Events. Admissions estimates are based on operational capacity to ensure social distancing. Events is under discussion and the gradual growth for admissions and retails is based on is based on tourism sector predictions and data for recovery. Shortfall of income will be partially offset by savings principally due to Tower Bridge Tourism opening costs and significant cuts to planned minor works budgets.

### Director of the Built Environment

(209) Overspend	
Income Underachievement (3,220)	Expenditure Underspend 3,011

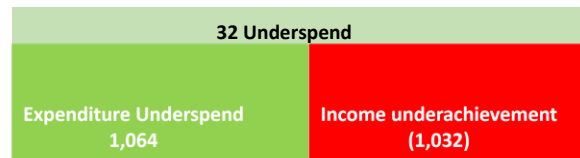
Income shortfall is mainly due to the significant impact of COVID-19 on income streams across the department, most significantly within off-street parking, traffic management, public conveniences, waste collection, drains & sewers, and building control services, together with a reduction in income from staff recharges to capital projects, also due to COVID-19 and its impact on the phasing and delivery of projects. The forecast expenditure savings is due to a reduction in Highways repairs and maintenance, and in the cost of parking enforcement and street cleansing contracts as a result of COVID-19, together with staff vacancies across the department, one-off costs for review of CIL funding needs no longer required, and savings from closure and early removal of Automatic Public Conveniences. These underspends are partly offset by a carry-forward overspend from 2019/20, increased costs of advertising and recruitment, a contribution to Climate Action Strategy costs, and the cost of the Tulip planning inquiry.

### Executive Director Mansion House and Old Bailey



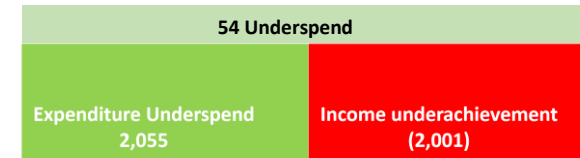
The shortfall in income is due to no events taking place so far this year at Mansion House. The forecast anticipates no income will be received this financial year following Government restrictions. Also no commission from the catering company will be received. Expenditure overspend is due to additional costs for PPE for staff and cleaning at the Central Criminal Court, offset by significant cost savings against the Lord Mayor's travel budget as no travel has happened so far in this financial year.

### Head of the Boys School



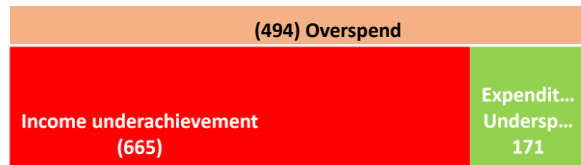
Forecast expenditure underspend due to miscellaneous potential savings identified to help respond to the ongoing pandemic. The transfer to the Capital Reserve Fund in 2020/21 has been reduced due to the available funding. The School is anticipating a reduction in income from tuition fees as a result of the ongoing pandemic.

### Headmaster of the City of London Freemens School



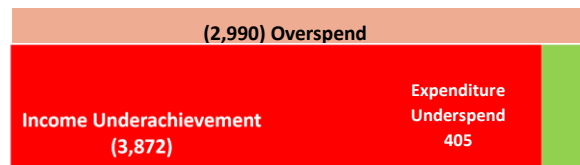
Shortfall of income due to a reduction in tuition fees compared to budget, boarding fees and school means as a result of the pandemic. The current forecast transfer from the school's General Reserve Fund to revenue for 2020/21 will result in that fund becoming overdrawn at year end. Expenditure savings due to budgeted transfer to Capital Reserve Fund not going ahead and identified miscellaneous savings due to the pandemic.

### Headmistress of City of London School for Girls



Expenditure underspend is largely due to the budgeted transfer to Capital Reserve Fund no longer being forecast for 20/21 and a reduction in expenditure following savings identified at the School. The School is anticipating a reduction in income compared to budget as a result of the ongoing pandemic. This is partly offset by a forecast transfer from the General Reserve Fund which will result in the fund becoming overdrawn at year end.

### Principal Guildhall School of Music and Drama



The School will incur additional costs for space, equipment and staffing to support socially distanced onsite as well as online teaching as a result of Covid-19. The School has had to reduce/cease a number of income generating activities due to Covid-19 including stopping short courses, not letting out student accommodation during the Summer term (April to July), not letting out space during the summer to external providers, removing bar and catering income, and reduced fees from under-18 provision. It remains possible that further losses will arise as and when students start to come to the UK for the new Academic Year.

### Remembrancer

<b>(1,195) Overspend</b>	
<b>Income Underachievement</b> <b>(1,743)</b>	<b>Expenditure Underspend</b> <b>548</b>

No private event hire at Guildhall has taken place since the start of the financial year and it is now anticipated that almost no income will be received. Due to the impact of not being able to host any events at the Guildhall, there will be significant cost savings associated with not hosting these events including staff time, equipment hire, printing and advertising.

### Town Clerk

<b>637 Underspend</b>	
<b>Income Overachievement</b> <b>993</b>	<b>Expenditure Overspend</b> <b>(356)</b>

The overall underspend is mainly in relation to City Bridge Trust savings due to posts yet to be filled, transfer of some staff costs to LCRF, TNCLF and some operational savings due to staff working remotely.

The additional income primarily relates to Policy and Resources reimbursement in grants for COVID-19 related work, which is offset by the associated expenditure.

## COVID spend as at 24 November 2020

The table below shows the approved spend against the COVID Contingency budget of £1.5m

Date	Bid Name	Description	Department	COVID Category	Fund	Allocation 2020/21
						£
		<b>TOTAL BUDGET</b>				<b>1,500,000</b>
03/04/2020	SMTA Rates Bill	For the COL to meet the cost of the Smithfield Market tenants rate bill as they are not covered by the government scheme; the City pays then recharges the tenants. The other Market tenants are covered under the scheme.	Markets & Consumer Protection	2. Support unforeseen expenditure required to support service	CF	67,000
07/04/2020	Provision of laptops	Urgent IT equipment being requested to be able to continue working at a business as usual capacity.	Chamberlains	2. Support unforeseen expenditure required to support service	CF	45,000
21/04/2020	COLPAI - CCTV	Installing CCTV at COLPAI site - Battery: CCTV installation at £35k for equipment + £6k for the fuel replacements for the second year	Communities and Children Services	2. Support unforeseen expenditure required to support service	CF	41,000
17/04/2020	Support the Mortality Management Group	Staffing resource during the COVID-19 crisis	Town Clerks	1. To enact contingency planning arrangements.	CF	27,000
24/04/2020	Direct Access Server Replacement + Additional Server	We have an urgent need to replace 1 Direct Access Server and add an additional server to improve resilience of our critical remote working infrastructure will take approximately 5-6 working days to complete from point of agreement	Chamberlains	2. Support unforeseen expenditure required to support service	GHA	37,000

06/05/2020	PPE Purchasing	London Authorities have formed an Alliance (referred to in this business case as the 'London Alliance') for their authorities key PPE to ensure that they have continuity of supply, to take the pressure of reactive ordering, and to mitigate and need to access emergency stocks that are best reserved for medical response needs.	Chamberlains	1. To enact contingency planning arrangements.	CF	4,000
11/05/2020	CoLP IT Resilience	CoLP had early and critical issues with the remote working infrastructure for the City of London Police. The solution agreed accelerates the CoLP IT Modernisation Programme to deliver new laptops between May and June to all the remote working staff. The 'Accelerated' implementation plan re-profiles the deployment of Windows laptop devices to officers and staff, focussing on core Productivity and Collaboration tools, delivering essential functionality sooner.	CoL Police	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget.	CF	263,000
28/05/2020	Health and safety changes relating to public reception areas and visitor attractions	To reduce workspace risk and provide a safe workspace and safe public reception areas for a range of infrastructure changes required across all the Open Spaces including: Perspex barrier screens, tensor barriers, internal and external floor markers, additional signage, hand sanitiser stands to enable attractions to re-open to the public and generate income.	Open Spaces	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget.	CC	65,000
09/06/2020	Using Public Transport and Social Distancing - Face Coverings	To note the report on face coverings for staff and endorse the proposal to purchase free reusable face coverings for all returning staff as a one off.	HR	3. To support and implement guidance issued by Government where there is no other compensating source of funding.	GHA	25,000

24/06/2020	CoL IT - Remote Working upgrades and expenses	Work required to ensure that systems are more stable to manage the large influx of additional people working at home including; Field Support for build and deploy of laptops at the start of COVID to prepare staff for Remote Working and fast track Intune/Azure Work.	Chamberlain's	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget.	CC	81,000
08/07/2020	Everyone In - Rough sleeping response	Funding hotels on an ad hoc, commercial, basis along with procuring the sole use of a youth hostel, as operated by YHA, by St Paul's cathedral. In addition to this it was necessary to fund an increase in welfare provision, along with ensuring that an increase in safe, accessible, support was enacted by providers.	Communities and Children Services	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget.  3. To support and implement guidance issued by Government where there is no other compensating source of funding.	CF	261,000
09/07/2020	City of London Academies Trust Funding Request for Summer Provision 2020/21	CoLAT proposes a 10-day catch-up programme delivered over August 2020 to address learning gaps in English and Maths and other subject areas. The provision will be for pupils in Years 6 and 10 in preparation for the transition to secondary school and GCSEs respectively.	CoL Academies	2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget.	CC	70,000
27/07/2020	Brakespear Mortuary	Support the provision of a resilience mortuary to give a buffer above 3 month discussed below in case things change. We would clearly only spend if the facility continues to be funded on a pan-London basis.	Town Clerks	2. Support unforeseen expenditure required to support service	CF	44,000
05/10/2020	Public Health Communications Officer	The Communications Team requires funding for a Public Health Communications Officer to lead and co-ordinate all City Corporation communications relating to COVID19 and the second wave. Following agreed COVID-19 Outbreak Communications and Emergency Response plans, the post-holder will provide clear communications to City residents, workers and visitors, as London grapples with a rise in	Town Clerks	1. To enact contingency planning arrangements. 2. Support unforeseen expenditure required to support service continuity which cannot be met from a Chief Officers local risk budget. 3. To support and implement guidance issued by Government	CF	50,000



		infections and potential imposition of further restrictions as we head into the winter period.		where there is no other compensating source of funding.		
19/11/2020	Communications with Residents	Extra costs relating to communications with Residents, to a level over and above regularly scheduled communications in relation to COVID19	Town Clerks	2. Support unforeseen expenditure required to support service	CF	28,000
		<b>TOTAL ALLOCATIONS</b>				<b>1,080,000</b>
		<b>BALANCE AVAILABLE</b>				<b>420,000</b>



<b>Committee(s)</b>	<b>Dated:</b>
Finance Committee	8 December
<b>Subject:</b> Chamberlain’s Department Risk Management – Monthly Report	<b>Public</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of:</b> Chamberlain	<b>For Decision</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 update is currently being prepared for Member review, this update will include the impacts of COVID-19, forecast 20/21 underspend and an update on the Action Fraud loan repayment plan. There will be also consideration of the additional saving requirements and reserves policy. The Commissioner has made the commitment to delivering a balanced budget over the medium term. Further assessment of the risk score will be undertaken upon the production and approval of the MTFP update.

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

5. At the end of period 7, the predicted income lost is at £35.94m across all three funds. This overspend is driven mainly by income loss in the following areas: Barbican, GSMD, Tower Bridge, Animal Reception Centre and Events. Numerous mitigations are in place ensuring spend reduction, the in-year local budget resetting exercise (for court approval on 3<sup>rd</sup> December), the furlough of casual staff and permanent staff not able to work and recovery of lost City Fund income from the governments compensation scheme (estimated claim of up to £12.6m for loss of fees & charges).
6. Business Rates collection to the end of October was 6% lower than the previous year (should the business rate income fall by more than 20%, the safety net will be reached). This impact is being offset by the Government acknowledging the impact of cashflow and has deferred its share for April-June, which has been re-profiled over the remainder of the year. The government is also allowing authorities to spread the impact of business rate deficits over 3 years.
7. The values of the three main financial investment portfolios have reported a steady growth since 31<sup>st</sup> March 2020 and are now ahead of their previous highs in December 19/January 20.
8. As the TOM Business Case was approved by Policy and Resources and Establishment Committees in October, financial savings relating to organisation design and an associated reduction in headcount (including the early retirement scheme) are expected to begin from the new financial year.
9. Bi-lateral meetings have recently been conducted resulting in a positive discussion on the requirement of an average Corporation funding saving of 12% (£22m) across the 2021/22 City Fund and City's Cash budgets. Upon approval of the 21/22 budget envelope and the subsequent focusing of resources throughout 21/22 will have a positive impact upon the Medium-Term Financial Plan.

#### **Conclusion**

10. 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**

Appendix 1 - CHB Corporate and Departmental Risk Register

### **Leah Woodlock**

Chamberlain's Department

T: 020 7332 1113

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



# CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Leah Woodlock  
Generated on: 25 November 2020



Rows are sorted by Risk Score

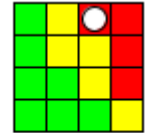
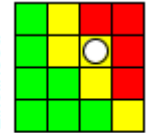

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
P 2020 35 Sustainable Medium Term Finance	<p><b>Causes:</b> Anticipated decline in public 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 £35.9.4M at the end of period 7 across the three funds; £16.8m of which is City Fund. Driven mainly by income loss in the following areas: 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 governments compensation scheme anticipated to be £13.6m  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. 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. Being unable to set a balanced budget which is a statutory requirement for City Fund. Spend is not aligned to Corporate Plan outcomes resulting in suboptimal use of resources and/or poor performance. Capital projects stalled due to COVID restrictions. 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 largely recovered the Dec 2019 valuation.</p> <p><b>23 Nov 2020</b></p>				Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
Page 36 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. At end of Month 7 income losses predicted at £35.9.4M</p> <p>Key Impact areas:</p> <ul style="list-style-type: none"> <li>Property investment income – Currently estimating £14.2m adverse variance across all 3 funds at the end of the September. This will be reviewed again in January when impacts from 3rd quarter billing will be available.</li> <li>Resetting of in-year local risk budgets totalling some £15.2m has been agreed by Finance Committee and is subject to Court approval on 3rd December.</li> </ul>	Sonia Virdee	23-Nov-2020	31-Mar-2021
CR 35b	To reduce strain on cash flow.	<ul style="list-style-type: none"> <li>The Corporation remains very liquid and the outlook for near term cash flows is robust.</li> <li>Review major commitments, including options for re-profiling.</li> </ul>	James Graham; Sonia Virdee	28-Oct-2020	31-Mar-2021
CR 35c	Increased expenditure related to COVID measures- maximise recovery from government	<p>In the short-term, high % of additional expenditure recoverable from government, and recruitment controls putting downward pressure on budgets. Possible mitigations:</p> <ul style="list-style-type: none"> <li>Maximising recovery from government- spend is being coded and monitored. Estimated claim of up to £12.6m for loss of fees &amp; charges on City Fund. Claim submitted for 1st quarter of £1.5m</li> <li>Furloughing workers where appropriate has been done recovering £2.2m to end of August</li> <li>Maintaining tight financial disciplines.</li> </ul>	Sonia Virdee	23-Nov-2020	31-Mar-2021



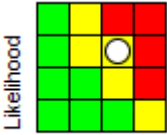
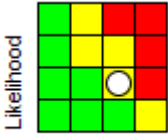

CR 35d	Inability of occupiers to pay rates as their income falls and business models are damaged. A reduction in demand for office space in the square mile, leading to lower occupation and business rate income. The Corporation is currently benefitting from growth in business rates retained income of c£40m. Non-payment of rates across London leading to difficulties in meeting cash flow payments as host of the pool.	<ul style="list-style-type: none"> <li>Monthly monitoring in place. The impact of COVID-19 has been to lower the collection rate for business rates. Collection to the end of October is 6.0% below the previous year.</li> <li>Should business rate income fall by more than 20%, the safety net would be reached.</li> <li>Modelled scenarios have been included in the revised MTFP- high level of income volatility.</li> <li>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. The Govt is also allowing authorities to spread the impact of business rate deficits over 3 years.</li> </ul>	Phil Black; Neilesh Kakad	23-Nov-2020	31-Mar-2021
CR 35e	Impact on investments: securities/property	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Actions on deferral and rent free is aimed at retaining tenants. If tenants default - there is a high risk of long lead in periods (of up to 24 months) to find new tenants. Some tenants are in administration since 19th June 2020.</li> </ul>	Nicholas Gill; James Graham	25-Nov-2020	31-Mar-2021
CR 35f	Impact on the MTFP	<ul style="list-style-type: none"> <li>FR proposals affecting staff put into abeyance during CoLC's response to Covid-19.</li> <li>CHB currently reviewing achievability of savings built into the MTFP</li> </ul>	Caroline Al-Beyerty; Alistair Cook	25-Nov-2020	31-Mar-2021
CR 35h	To implement the Fundamental Review project plan- TOM	<ul style="list-style-type: none"> <li>FR proposals affecting staff put into abeyance during CoLC's response to Covid-19.</li> <li>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.</li> <li>Other savings relating to organisation design and an associated reduction in headcount are expected to begin from the new financial year.</li> </ul>	Chrissie Morgan	25-Nov-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>CR23 Police Funding</b>  21-Nov-2016 Ian Dyson; Peter Kane	<p><b>Cause:</b> Reduction in government funding, workforce costs and growing demand in Policing services leading to pressures for the City Fund -Police.</p> <p><b>Event:</b> Reduction in government funding. Failure to deliver VfM savings. Budget deficit forecast for next 5 years requiring action to balance the budget</p> <p><b>Effect:</b> Potential impact on security and safety in the City as need to make savings, prioritise activity, review funding City of London Police will be unable to maintain a balanced budget and current service levels as reflected in their Medium Term Financial Plan.</p>	 Likelihood  Impact	<b>16</b>	<ul style="list-style-type: none"> <li>• Updated MTFP is being prepared for consideration by Members, incorporating both growth and savings assumptions.</li> <li>• Balanced budget was set for 20/21 based on £5.4m funding of 67 growth roles and CoLP savings plans. Additional Home Office funding has been provided for uplift of 44 officers.</li> <li>• After 20/21 there are deficits of about £3m pa, for which further mitigation action is required.</li> <li>• Commitment has been given to at least balancing the budget over the medium term.</li> <li>• COVID 19 impacts to date have been assessed. Further work will be required to understand and model impact on the MTFP.</li> </ul> <p>25 Nov 2020</p>	 Likelihood  Impact	<b>12</b>	31-Mar-2020	             Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR23g	Implement sustainable medium-term financial settlement for CoLP: - Revenue position Capital financing	Update of MTFP currently being prepared for Member review 2020 will include C19 impacts, forecast 20/21 underspend, updated AF loan repayment plan, additional savings requirements, and reserves policy.	Alistair Cook	25-Nov-2020	31-Mar-2020

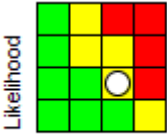
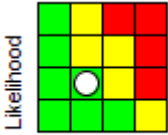

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>CHB IT 030 2020 - Managed Service Contract</b>  Oct-2019 Sean Green	<b>Cause:</b> New 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	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>23 Nov 2020</b>	 Likelihood	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	23-Nov-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	23-Nov-2020	30-Nov-2020


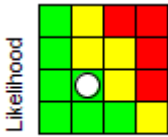

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>CR16 Information Security (formerly CHB IT 030)</b>  10-May-2019 Peter Kane	<b>Cause:</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>23 Nov 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	23-Nov-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 submitted	Gary Brailsford-Hart	23-Nov-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</b>  30-Mar-2017 Sean Green	<p><b>Cause:</b> A lack of robust infrastructure and restore procedures are not in place on aging infrastructure. Secondly, there is a lack of resilient or reliable Power services or Uninterruptable Power Supply (UPS) provision in multiple Comms rooms and datacentres in COL and COLP buildings.</p> <p><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. There will be intermittent power outages of varying durations affecting these areas/buildings.</p> <p><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.</p> <ul style="list-style-type: none"> <li>• Essential/critical Systems or information services are unavailable for an unacceptable amount of time</li> <li>• Recovery of failed services takes longer than planned</li> <li>• Adverse user/member comments/feedback</li> <li>• Adverse impact on the reputation of the IT division/Chamberlain's Department</li> </ul>	 <p>Likelihood</p> <p>Impact</p>	8	Due to the recent successful migration activities to the Azure public cloud, our business continuity and our disaster recovery response is significantly improved. A bi-product of the move of services to Azure and an increase in remote working has meant that COL relies on the Guildhall power supplier increasingly less. Therefore, risks CHB IT 004 has been migrated into this risk which encompasses both aspects of Business Continuity being processes, plans procedures along with the reducing dependency on the power supply at Guildhall.	 <p>Likelihood</p> <p>Impact</p>	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	25-Nov-2020	31-Mar-2021
CHB IT 004l	Gateway paper to be drafted to release funds for UPS work	Gateway paper produced and submitted. Following approval, the remaining Comms rooms which require UPS protection will have these devices replaced.	Matt Gosden	25-Nov-2020	28-Feb-2021
CHB IT 004m	Repurpose GJR Comms Room	The Spatial Application has been migrated, the remaining application including telephony will now be scoped for removal	Kevin Mulcahy	25-Nov-2020	31-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 CP001</b> <b>Brexit risk to City Corporation procurement and supply chains</b>  12-Nov-2018 Darran Reid  <b>Page 42</b>	<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>	 <p>Likelihood</p> <p>Impact</p>	6	To date no significant impacts to our supply chain have been identified due to Brexit. The Commercial Contract Management team, led by the Assistant Director, will send a second survey to our critical suppliers asking for an update including any additional impacts that Covid-19 has had. This will be actioned toward the close of the year as the details of deal/no deal may emerge.  <b>18 Nov 2020</b>	 <p>Likelihood</p> <p>Impact</p>	4	31-Dec-2020	  Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB CP001f	CCM to send a second survey to critical supplier list for update as we move out of the transition period.	To date no significant impacts to our supply chain have been identified due to Brexit. The Commercial Contract Management team, led by the Assistant Director, will send a second survey to our critical suppliers asking for an update including any additional impacts that Covid-19 has had. This will be actioned toward the close of the year as the details of deal/no deal may emerge.	Darran Reid	18-Nov-2020	31-Dec-2020



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# Agenda Item 8

<b>Committee:</b> Finance Committee	<b>Date:</b> 08/12/2020
<b>Subject:</b> Draft Chamberlain's Business Plan for 2021/22	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>5, 8, 9, 10</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>n/a</b>
<b>What is the source of Funding?</b>	
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>n/a</b>
<b>Report of:</b> The Chamberlain	<b>For Approval</b>
<b>Report author:</b> Grace Rawnsley, Head of the Chamberlains Fundamental Review	

## Summary

This report presents for approval the Business Plan for the Chamberlain's Department for 2021/22.

## Recommendation

The committee is recommended to:

- i) Note the factors taken into consideration in compiling the Chamberlain's Department Business Plan; and
- ii) Approve, subject to the incorporation of any changes sought by this Committee, the departmental Business Plan for Chamberlain's for 2021/22 (or the elements therein that fall within this committee's Terms of Reference).

## Main Report

### Background

1. Business Plans for 2021/22 are being presented based on current departmental structures. These will be adjusted, alongside budgets, when any changes to these structures are implemented as part of the new Target Operating Model.
2. To ensure the future suitability of these plans, the Chamberlain's Department has reported by division where possible.

### Current Position

3. Business Plans are aligned to departments, so all financial information presented within the Business Plan reflects the departmental budget rather than the Committee budget.
4. The elements of the Business Plan presented that are relevant to this committee are:
  - Financial Services
  - Commercial and procurement
  - Information Technology
  - Internal Audit and Risk Management
  - Responsible Business, Business Support and Chamberlain's Court
5. This Business Plan is based on a budget reduction of 12%. Members are asked to note the below as the proposed method for achieving the budget reduction:
  - a. Tactical holding of vacancies across the department this year will provide 75% of the budget reduction.
  - b. The remaining 25% will be found from the following proposed options:
    - Reviewing the use of contractors and agency staff.
    - Adopting charging mechanisms for project work where additional resource requests arise
    - Prioritising financial support to key financial decisions and committees (rather than providing blanket coverage)
    - Prioritising buying service on £100k and above
    - Adjusting scale of internal audit plan, whilst still providing sufficient assurance to CoL
    - Reviewing elements of IT contracts, including time coverage of support
6. Chamberlain's need to make further fundamental review savings however, projects aiming to create savings in 21/22 have been delayed due to Covid19 and the impact of the restructuring moratorium. We are committed to delivering these projects but recognise that the majority will not realise savings or income in 21/22 and as a result will need to be reprofiled into the 22/23 budget.

### Proposal

7. The draft high-level summary Business Plan for Chamberlain's is presented at **Appendix 1**.

### **Key Data**

8. Key data is presented within the draft high-level summary Business Plan for Chamberlain's is presented at **Appendix 1**.

### **Corporate & Strategic Implications**

9. Strategic implications – Strategic priorities and commitments are expressed in **Appendix 1**.
10. Financial implications – The draft high-level summary Business Plan at **Appendix 1** has been drawn up on the basis of an 12% reduction in the departmental budget compared to 2020/21. This is to support the achievement of an overall budget reduction of 12% and the previously committed Fundamental Review savings.
11. Risk implications – Key risks managed by the department and their flightpaths are included in the draft high-level summary Business Plan at **Appendix 1**.
12. Resource implications – Any changes to resources will be identified and delivered through the move to the Target Operating Model.
13. Equalities implications – All proposals for change associated with the business plan presented will undergo the appropriate Test of Relevance and EQIA if required.
14. Climate Implications – The Chamberlain's Department has a pivotal role to play in delivering the Climate Action Strategy. The Responsible Business team work closely with the Climate Action programme team and are responsible for delivering carbon reductions across Scope 3 emissions (investments and supply chain) as well as supporting with the organisational Scope 2 emissions through responsible procurement.
15. Security implications – No new security implications are arising from this report.

### **Conclusion**

16. This report presents the draft high-level summary Business Plan for 2021/22 for the Chamberlain's Department. This committee is recommended to approve it in respect of the elements relevant to its Terms of Reference (listed in paragraph 4).

### **Appendices**

- Appendix 1 – Draft High-level summary Business Plan 2021/22 for Chamberlain's Department

**Grace Rawnsley**

Head of Chamberlain's Fundamental Review, Chamberlain's Department

E: [e.g. [grace.rawnsley@cityoflondon.gov.uk](mailto:grace.rawnsley@cityoflondon.gov.uk)]

## Our aims and objectives are...

We will support and enable the City of London Corporation and its partner organisations to achieve their aims and aspirations, driving transformation to ensure that the City thrives through:

- Demonstrating the affordability and value for money of City finances, through medium-term financial plans and annual budgets that are aligned with the Corporate Plan, robust business case, financial management and year-end accounting disciplines, and excellent professional advice.

## The key enabling services we provide...

- Strategic financial modelling and advice
- Revenue and capital budgeting and management
- Collection of revenues
- Financial transactional services
- Corporate Treasury services
- Financial Business Partnering services

## Our major workstreams this year will be...

*In order of priority*

- Increasing our strategic impact, by providing insight and decision support through modelling of longer-term affordability and developing whole life costing of Major and other Projects
- Developing the Finance TOM underpinning CoL TOM
- Driving Process Standardisation & ERP implementation
- Increasing Financial Literacy & influencing Culture Change
- Inspiring Staff Development & new methods of Communication

## The Corporate Plan outcomes we have a direct impact on are...

- *Outcome 5: Businesses are trusted and socially and environmentally responsible*
- *Outcome 8: We have access to the skills and talent we need*
- *Outcome 10: We inspire enterprise, excellence, creativity and collaboration*

## What's changed since last year...

### Covid-19 related changes

- The following areas of work were undertaken due to Covid-19:
  - Financial impacting of C19 in-year and more indicatively across medium-term, leading to adjustment of current year budgets
  - Processing of business grants and loans, and many unplanned payments. Reclaiming costs from Government where available
- The following are being delivered differently due to Covid-19:
  - Increases in transactional thresholds and electronic transactions

### Other changes planned

- Budget holder and project manager self-service
- Integration / extension of transactional shared services

### New commitments

- Climate Action Strategy – We are responsible for delivering Scope 3 emission actions related to our financial investments.

### Value for money

- Strengthening our focus on strategic priorities and top financial risks to the Corporation. Increasing self-service and shared services. Driving other process efficiencies.

### Plans under consideration

Plan	Time Scale
<i>Development of Finance TOM, including shape &amp; size of Finance function) underpinning Corporation TOM</i>	By tier across 21/22
<i>Priority process improvements, including financial regs, self-service, automation, capital processes. Supporting ERP implementation</i>	Q4 21/22
<i>Upskilling of Finance staff to increase strategic and professional impact, and present in more visual and less tabular format</i>	Across 21/22

### Covid-19 related changes

- The following areas of work were undertaken due to Covid-19:
  - Map, assess and monitor the organisation's key suppliers to ensure risk is managed through robust business continuity planning
  - Add greater resilience into our supply chain for critical commodities and services
  - Accelerate payment times to our supply base with a focus on SME and voluntary sector businesses
- The following are being delivered differently due to Covid-19:
  - Strategies to procure goods, works and services have had to be more flexible due to significant increase in demand for our services.

### Other changes planned

- A refresh of our Category Boards terms of reference to give greater focus on full lifecycle contract review.
- The launch of the Commercial Board to work corporately to consider new way of working and income generation potential for the future.

### New commitments

- Climate Action Strategy - We are responsible for delivering the actions related to Scope 3 emissions.
- Review of interventions and opportunities to further diversify our supply chain as part of our commitment to equalities and fairness.

### Value for money

- We are reviewing all Chamberlains contracts to find areas to reduce costs

Plan	Time Scale
An intervention to upskill around commercial, procurement and contract management for the entire organisation	Q1 –21-22
Enhance our contract and supplier relationship management framework to improve corporate performance and commercial assurance	Q2 - 21-22
Onboard key suppliers to our eInvoicing platform.	2021-22

### Our aims and objectives are...

We will support and enable the City of London Corporation and its partner organisations to achieve their aims and aspirations, driving transformation to ensure that the City thrives through:

- Driving value for money, effective contract management, efficiency and increased commercial benefits that deliver robust, innovative and responsible outputs to the Corporation and its major projects.

### The key enabling services we provide...

- A full purchase to pay procurement service
- Strategic Category Management Commissioning and Procurement
- Commercial Contract Management
- Accounts Payable
- Purchasing tools such as PCards, eCatalogues and Frameworks

### Our major workstreams this year will be...

*In order of priority*

- Continuing to achieve £5-8m savings across our supply chain through good commercial management.
- Explore that all opportunities to leverage responsible outcomes are maximised through enhanced business case development.
- Reduce supply chain failure risks due to Brexit and Covid-19 through robust business continuity planning and supplier performance management.
- Ensure Our key people across the organisation are upskilled in Commercialism, contract management and procurement.
- Introduce new measures that assist sustainable cost assurance to be guaranteed for the future.

### The Corporate Plan outcomes we have a direct impact on are...

- *Outcome 5: Businesses are trusted and socially and environmentally responsible*
- *Outcome 8: We have access to the skills and talent we need*
- *Outcome 10: We inspire enterprise, excellence, creativity and collaboration.*



# Information Technology

## Our aims and objectives are...

We will support and enable the City of London Corporation and its partner organisations to achieve their aims and aspirations, driving transformation to ensure that the City thrives through:

- Streamlining financial processes, and ensure safe, secure, stable and responsive Digital and Information solutions to enable better ways of working and inclusive access to our customer and business services.

## The key enabling services we provide...

- Business Partnering to match technology support to critical business outcomes
- Technology support to staff and Members to enable better ways of digital working
- Architecture and Security Services to ensure safe and stable systems along with digital vision
- Application support for IT systems
- Projects and programmes support
- IT Contracts support for managing new and existing IT contracts

## Our major workstreams this year will be...

*In order of priority*

- Implement New Telephony Solution for CoL and CoLP
- Ensure and enable information and digital capabilities
- Implement a new networking procurement and solution
- Procure a new ERP solution for CoL and CoLP
- Implement new collaboration tools to further improve new ways of working
- Robotics Automation to drive efficiency savings
- Further roll-out of new digital tools for self service internally and externally including electronic bookings and ticketing
- Implementation of new Digital Services Strategy and Roadmap

## The Corporate Plan outcomes we have a direct impact on are...

- *Outcome 5: Businesses are trusted and socially and environmentally responsible*
- *Outcome 8: We have access to the skills and talent we need*
- *Outcome 9: We are digitally and physically well-connected and responsive*

## What's changed since last year...

### Covid-19 related changes

- The following areas of work were undertaken due to Covid-19:
  - Roll out of AV solutions across the Guildhall estate
  - Creation of an IT function for the London Strategic Co-ordination group
  - Deployment of more laptops across CoL and CoLP
  - Deployment of Office 365 and Teams for CoLP
- The following are being delivered differently due to Covid-19:
  - Solutions and support for online committee meetings

### Other changes planned

- Reduced IT Applications support when staff take retirement next year
- Slower response to new IT projects with reduced permanent IT project staff

### New commitments

- Service automation to reduce costs

### Value for money

- We are reviewing our contracts to find areas to reduce costs
- We will automate services to reduce cost increasing self service

## Plans under consideration

Plan	Time Scale
<i>Roll out of more online collaboration tools across the organisation to enable continued remote working</i>	Apr 21 – Dec 21
<i>Implement a new Telephony Solution</i>	Jan-Sept 2021
<i>Procure a new ERP system</i>	Oct 2021



# Responsible Business, Business Support and the Chamberlain's Court

## Our aims and objectives are...

We will support and enable the City of London Corporation and its partner organisations to achieve their aims and aspirations, driving transformation to ensure that the City thrives through:

- Promoting Responsible business, procurement and investment, across the Corporation and championing diversity and inclusion through the department
- Supporting the CHB department to deliver the best service possible to the wider Corporation
- Positively impacting CoL's reputation through the management of the Chamberlain's Court

## The key enabling services we provide...

- Oversight, coordination, reporting and strategic advice on responsible business, procurement and investment
- Coordination of action and reporting on the UN SDGs
- End to end processing of the Freedom of the City applications and VIP Freedoms
- Business and operational support for CHB department

## Our major workstreams this year will be...

*In order of priority*

- Deliver the year 1 actions for CAS: reductions in Scope 3 emissions (investments and supply chain) and supporting capital project works for Scope 2 emissions.
- Deliver the RB Strategy year 3 and report on our action on the UN SDGs, working with the services departments
- Develop and implement RP action plans for 4 key focus areas
- Implement strategic review of the CHB Court aiming to align closely to CP while becoming more financially sustainable
- Implement the departmental ED&I plan

## The Corporate Plan outcomes we have a direct impact on are...

- *Outcome 5: Businesses are trusted and socially and environmentally responsible*
- *Outcome 8: We have access to the skills and talent we need*

## What's changed since last year...

### Covid-19 related changes

- The following areas of work were undertaken or changed due to Covid-19:
  - Ordering and processing of home working equipment
  - Coordinating build back better ideas and CV related RB initiatives
  - The CHB court freedoms are being conducted virtually with plans to come back once cases have decreased again.

### Other changes planned

- Introduce new software to manage freedoms administration

### New commitments

- Delivering the actions related to Scope 3 emissions as well as supporting a variety of actions and the programme team
- Implementing the Responsible Procurement Policy
- Reporting on UN SDGs

### Value for money

- We are reviewing the operations of the CHB Court to find efficiencies
- We plan to introduce whole life cycle costing and carbon reduction to our responsible procurement process resulting in significant savings
- The paperless policy implementation will result in a saving in both the cost of stationery and recycling across the organisation
- Climate action work on our investments will reduce climate related risk and financial losses

## Plans under consideration

Plan	Time Scale
<i>Paperless policy campaign to capitalise on new ways of working</i>	2021 (dep on CV19)
<i>Internal mentoring programme focused on ED&amp;I</i>	2021
<i>A Responsible Business KPI monitoring system</i>	2021
<i>A supplier engagement programme to drive responsible procurement agendas</i>	2021



# Internal Audit and Risk Management

## Our aims and objectives are...

We will support and enable the City of London Corporation and its partner organisations to achieve their aims and aspirations, driving transformation to ensure that the City thrives through:

- Enhancing and protecting organisational value by providing risk-based and objective assurance, advice and insight, driving effective risk management and minimising fraud

## The core services we provide...

- Corporate risk management
- Counter fraud and investigations
- Internal Audit

## Our major workstreams this year will be...

*In order of priority*

- Preparation and delivery of an annual, risk based, Internal Audit Plan to inform the Annual Opinion on the Adequacy of the Internal Control Environment
- Facilitate the effective operation of the Corporate Risk Management Framework
- Maintain an effective Fraud Investigation function that is responsive to suspected and actual fraud.
- Reorganisation of the team to reflect TOM design principles

## The Corporate Plan outcomes we have a direct impact on are...

- *Outcome 5: Businesses are trusted and socially and environmentally responsible*
- *Outcome 8: We have access to the skills and talent we need*

## What's changed since last year...

### Covid-19 related changes

- The following areas of work were undertaken due to Covid-19:
  - Providing risk and assurance advice on new processes in response to CV19
- The following are being delivered differently due to Covid-19:
  - Remote delivery of Audit work, reliant on the electronic transfer of evidence to support testing
  - Restrictions on undertaking certain Fraud Investigation activity, such as visits and interviews

### Other changes planned

- Development of the use of data analytics, subject to investment of time and budget
- Rationalisation of the Audit Plan to meet the constraints of the financial envelope for the service



## Our strategic commitments

### Climate Action Strategy

#### Directly responsible:

- Action 2.1 Measured-data emissions footprint
- Action 2.2 Strengthen supplier engagement
- Action 2.3 Set carbon intensity reduction targets for top 25 emitters
- Action 2.4 Decarbonisation route map
- Action 5.1 Embed ESG Integration and Climate Related Financial Risk in Investment Mandates
- Action 5.2 Ensure climate criteria are embedded in Fund Manager selection
- Action 5.3 Commit to at least 60% of portfolio Paris-aligned by 2040
- Action 5.4 Signal ambition for 100% portfolio aligned by 2030 and become signatory to TCFD

#### Areas for support:

- Action area 1: Corporate properties
- Action area 3: Capital projects
- Action area 4: Property investments
- Any procurements impacting on Scope 1 & 2 actions.

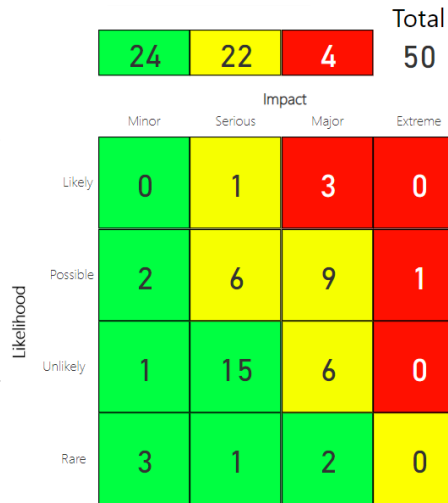
### Responsible Business Strategy

- Coordinate the delivery of the full action plan
- Lead on implementing the paperless policy, plastic free policy and the City Corporation's approach to the UN SDGs

### Our E D & I self assessment score

Monitoring and use of data and information	3
Completing Equality Analysis (EQIA) and tackling discrimination and barriers to inclusion	4
Target setting and mainstreaming equalities into performance systems	3
Using procurement and commissioning to achieve equality and cohesion targets	1
Engagement and partnership	4
Employment and training	3

## Key Risks



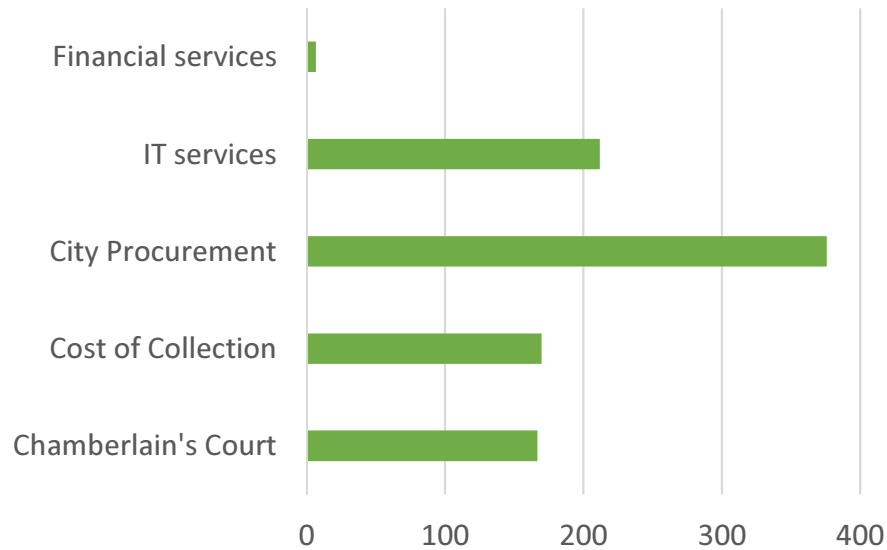
Risk Title	Score
CR23 Police Funding	24
CR35 Unsustainable Medium Term Finances	18
CR16 Information Security	12
CHB CP001 Brexit risk to City Corporation procurement and supply chains	8
CHB IT 001 Resilience – Power and Infrastructure	12
CHB IT 004 Business Continuity / Disaster Recovery Management	6
CHB IT 030 2020 Managed Service Contract	12

## Key Performance Indicators

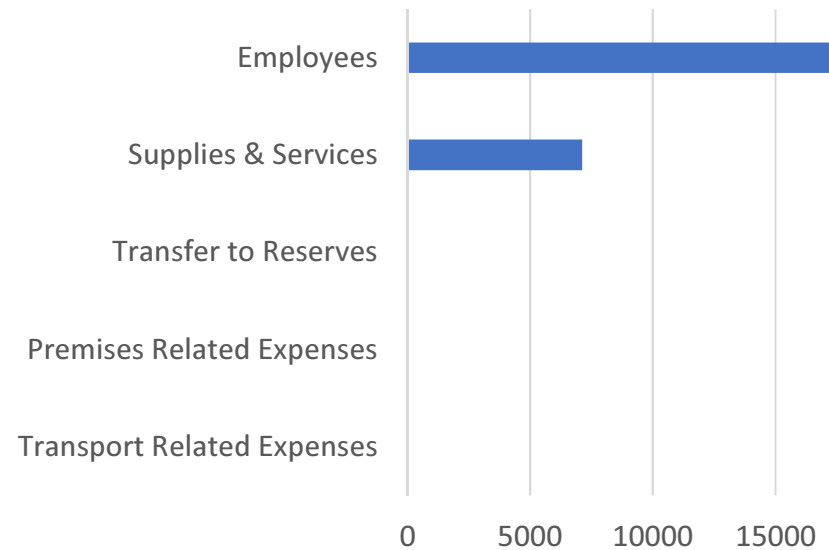
KPI	Current Performance	Direction of Travel/Target
Ratio of male to female staff in senior roles	61% / 39%	50 / 50
Commercial and procurement savings	£3.3m	£6.1m
% business rates collected	35%	increase
% commercial rents collected	89%	98%
% positive internal customer satisfaction (average – staff survey)	55%	60%
% staff who report good wellbeing (staff survey)	67% (88% if including neutral responses)	75%
% Application availability	100%	98%
% Audit plan delivered		100%
% Budget variance	>1%	>1%
% key decisions with Tests of relevance / EQIA conducted	New measure	100%
% ED&I improvement plan delivered	New measure	TBC
% supply chain by spend with Paris-aligned net zero plans	New measure	TBC
% investment portfolio Paris-aligned	New measure	TBC
% invoices paid on time (30 day)	93%	97%



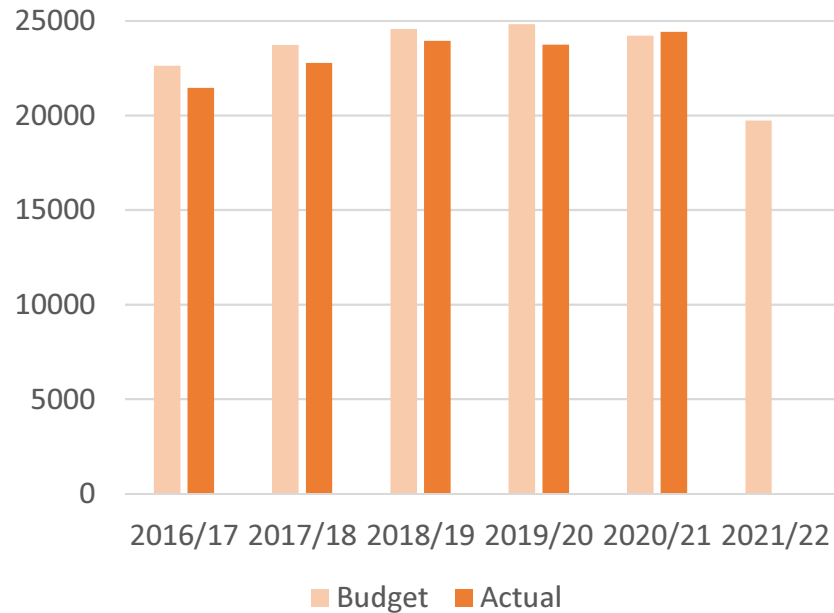
### Where our income comes from (£'000s)



### Where our money is spent (£ '000s)

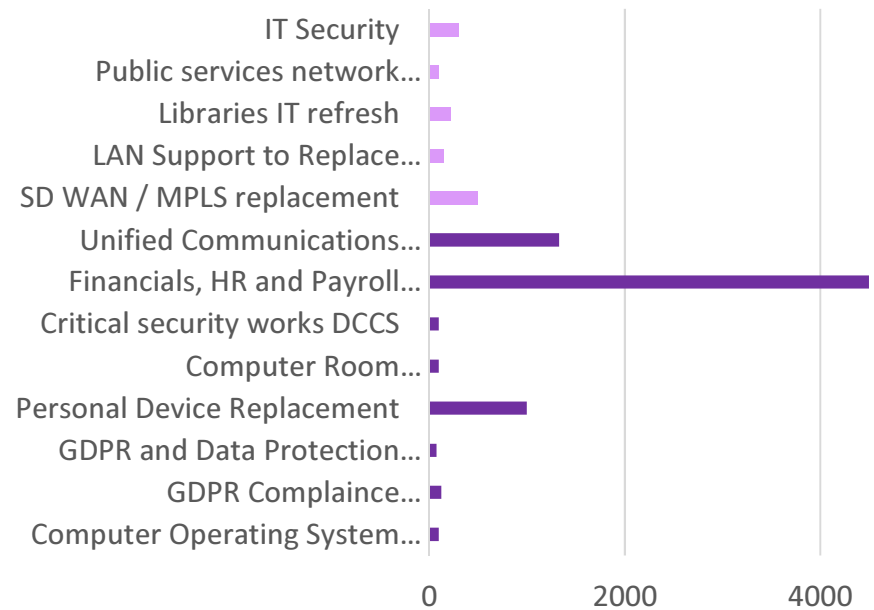


### Budget vs Actual (£ '000s)



### Capital Project Spend (£ '000s)

Lighter purple are suggested but not approved



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<b>Committee(s)</b>	<b>Dated:</b>
Corporate Asset Sub-Committee – For Decision Finance Committee – For Decision	18 <sup>th</sup> November 2020 8 <sup>th</sup> December 2020
<b>Subject:</b> Corporate Property Asset Management Strategy 2020-25	<b>Public</b>
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	All
Does this proposal require extra revenue and/or capital spending?	No
<b>Report author:</b> Paul Friend, City Surveyor’s Department	

## Summary

Members of this committee considered the scope, context and key issues influencing the review of the Corporate Property Asset Management Strategy at committee in July and again at an informal briefing in September this year. Officers have taken on board the views expressed by members and considered further the objectives of the new strategy.

This report now seeks approval for the Corporate Property Asset Management Strategy 2020-25. Briefly, the new strategy outlines the overriding objectives for managing the operational estate (excluding Housing) and provides the platform for decisions on all operational property assets to be guided by the objectives within. Whilst significant new developments such as the Climate Action Strategy and changes in working practices due to the Covid pandemic have a material influence on the new strategy, the recommendations also seek to build on the earlier strategy and reflect the growing maturity of asset management across the operational estate, as supported by the outcomes from the Asset Management Service Based Review and developments in best practice within public sector asset management.

Subject to member approval, the new strategy will be adopted across the operational estate (excluding Housing) and will help shape the management of and investment into the operational estate for the next 5 years.

## Recommendation(s)

Members are asked to approve the revised Corporate Property Asset Management Strategy.

## Main Report

### Background

- 1) The existing Corporate Property Asset Management Strategy (CPAMS) was approved in May 2017. The core purpose of the document is to provide a member approved strategy, outlining the common objectives shared across all the operational property estate, which in turn supports the Corporate Plan. By way of clarification this strategy solely relates to the operational portfolio overseen by this committee; it is separate from any property asset strategy held on the investment portfolio, albeit they may be commonality for example in the management of third-party interests.
- 2) The scope of CPAMS cover all the operational property portfolio, excluding Housing (whose strategy is contained within the Dept of Community and Children's Services Business Plan). It therefore includes all operational assets such as for example private schools, the Barbican Centre, Guildhall, Markets, DBE, Courts, Mansion House, Car Parks, City of London Police, Open Spaces, Schools, Bridges and Private structures. It also covers the City's Heritage Estate portfolio which consists of a varied range of over 800 assets, including buildings, statues, post boxes etc.
- 3) The scope also covers the third party portfolio where we lease out or licence operational premises to third parties. This third party portfolio is income producing (circa £11.9 million per annum excluding service charges) but is not held specifically for investment purposes; the strategy for these assets is tailored towards the operational portfolio, albeit the commonality is a commercial management approach. Specifically, the intention is wherever possible landlord obligations should support this strategy e.g. the Climate Action Strategy
- 4) The review of the CPAMS was led by the Corporate Property Group of the City Surveyors department seeking input from officers and members to consider developments in asset management across the operational estate since the last review. Whilst many recommendations from the existing strategy remain relevant, there are new influences including the Climate Action Strategy, changes to working practices post Covid 19 and the maturing of asset management across the operational estate, for example the outcomes of the Asset Management Service Based Review.

## **New Strategy**

- 5) The new Corporate Property Asset Management Strategy 2020-25 is attached as Appendix 1. Discussion between members on the inclusion of the following objectives was held at this committee in July and September (see Appendix 2 - Corporate Property Asset Management Strategy Review presentation to CAsC September 2020). In addition, officers have been extensively consulted and the key objectives contained within are as follows: -

### **Efficiency**

- a) Seek to rationalise the operational estate through better utilisation to ensure a more efficient, effective and sustainable asset base

- b) Ensure capital and revenue investment into the operational estate is 'relevant and needed' to achieve Corporate Plan objectives.
- c) Develop the current risk based approach to maintenance and renewal (subject to available budget)
- d) Ensure capital and revenue projects are affordable, sustainable, prudent and directed to corporate priorities
- e) Ensure annual revenue expenditure is efficiently managed to deliver value for money and reduce operational asset running costs
- f) Ensure future capital investment in the operational estate is aligned with 'invest to save' outcomes, full life cycle and both financial and non-financial assessment

## **Effectiveness**

- g) Ensure operational assets are maintained to a good, safe and statutory compliant condition
- h) Maximise third party income for leased out property, including targeting effective support for businesses impacted by Covid-19
- i) Develop and mature the management of the portfolio by embedding the Asset Management (Service Based Review) recommendations
- j) Incorporate 'smart building technology', modern working practices post Covid-19 and improve connectivity for occupiers within the portfolio
- k) Create added value through the property Asset Management Plan process
- l) Ensure operational assets are relevant, fit for purpose and meet service delivery needs through a comprehensive Asset Challenge Process
- m) Ensure asset management activity is aligned with Service Committee's business plans through the Asset Management Plan process to deliver asset related corporate and business objective

## **Sustainability**

- n) Support the proposed Climate Action Strategy (now approved see paragraph 9 below); including the achievement of net zero carbon emissions, to build resilience and to champion sustainable growth
- o) Achieve 40% energy savings by 2025/26
- p) Optimise the sustainability performance of the existing property portfolio (subject to available budget)
- q) Target BREEAM of excellent on all new buildings
- r) Maintain Heritage assets through investment and prevent their inclusion on the Heritage at Risk Register wherever possible (subject to available budget)

- s) Ensure where Heritage assets are not in the sole ownership of the City to drive the collective responsibility to maintain and prevent their inclusion on the Heritage at Risk Register

### **Next steps**

- 6) Subject to approval, the new strategy will be adopted across the operational estate (excluding Housing) and will help shape the management of and investment in operational estate for the next 5 years
- 7) Implications arising from the ongoing Fundamental Review, the Governance Review and the impact of Covid-19 may dictate an earlier review of the strategy is appropriate before 2025. Officers will therefore undertake an informal review on an annual basis and advise members if amendments or additions are necessary within the proposed life of the strategy.

### **Corporate & Strategic Implications**

- 8) The revised CPAMS will continue to align with the aims of the Corporate Plan 2018-23 (subject to further review) and associated outcomes: -
  - i) Contribute to a flourishing society
  - ii) Shape outstanding environments
  - iii) Support a thriving economy

### **Climate Action Strategy**

- 9) Member at Policy and Resources committee have now approved the Climate Action Strategy. The objectives and wider implications of this strategy have been fully represented in previous committee authorities. However, it should be noted that this will have a fundamental impact on the operational estate. Specific implications for the Corporate Property Asset Management Strategy 2020-25 include: -
  - a) **In support of actions to achieve net zero:** -
    - i) Transform the energy efficiency of our operational buildings through the adoption of best available technologies
    - ii) Maximise the use of renewable energy sources across our operational buildings
    - iii) Introduce new land management practices across our open spaces aiming to maximise their ability to remove carbon, and optimise their biodiversity and resilience value
    - iv) Embed circular economy principles into our capital projects and reduce carbon intensity by using life cycle carbon and cost assessment techniques and design specifications



- v) Accelerate the move to net zero carbon and energy efficient tenanted buildings, working closely with tenants to achieve shared goals
- b) **In support of actions to build climate resilience: -**
  - i) Embed resilience measures into our upgrade plans for our owned and operated buildings
- c) **In support of actions to champion sustainable growth**
  - i) Influence and support the delivery of technical solutions to increase comparability of data and ease of reporting
  - ii) Share learning and best practice (within our third party portfolio) about the challenges and opportunities of our net zero journey
  - iii) Enhance greening and biodiversity across our public realm and open spaces

## **Conclusion**

10) This report outlines the revised Corporate Property Asset Management Strategy 2020-25. Following a 'corporation wide' member and officer challenge process, the final recommendations are now submitted to this committee for approval. Implications arising from the ongoing Fundamental Review, Governance Review and lessons post Covid-19 will be incorporated as and when appropriate.

## **Appendices**

- Appendix 1 – Corporate Property Asset Management Strategy 2020-25
- Appendix 2 - Corporate Property Asset Management Strategy Review presentation to CAsC September 2020

## **Paul Friend**

Head of Corporate Asset Management, City Surveyor's Department

T: 020 7332 1497

E: [paul.friend@cityoflondon.gov.uk](mailto:paul.friend@cityoflondon.gov.uk)

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# Corporate Property Asset Management Strategy 2020-2025

- The Corporate Property Asset Management Strategy outlines the overriding objectives for managing the operational estate (excluding Housing)
- Decisions on all operational property assets (excluding Housing) are guided by this strategy and the objectives within
- The Corporate Property Asset Management Strategy supports the Corporate Plan and is in turn supported by specific, individual property Asset Management Plans

## Efficient

- Seek to rationalise the operational estate through better utilisation to ensure a more efficient, effective and sustainable asset base
- Ensure capital and revenue investment into the operational estate is 'relevant and needed' to achieve Corporate Plan objectives.
- Develop the current risk based approach to maintenance and renewal (subject to available budget)
- Ensure capital and revenue projects are affordable, sustainable, prudent and directed to corporate priorities
- Ensure annual revenue expenditure is efficiently managed to deliver value for money and reduce operational asset running costs
- Ensure future capital investment in the operational estate is aligned with 'invest to save' outcomes, full life cycle and both financial and non financial assessments.

## Effective

- Ensure operational assets are maintained to a good, safe and statutory compliant condition
- Maximise third party income for leased out property, including targetting effective support for businesses impacted by Covid-19
- Develop and mature the management of the portfolio by embedding the Asset Management (Service Based Review) recommendations
- Incorporate 'smart building technology', modern working practices post Covid-19 and improve connectivity for occupiers within the portfolio
- Create added value through the property Asset Management Plan process
- Ensure operational assets are relevant, fit for purpose and meet service delivery needs through a comprehensive Asset Challenge Process
- Ensure asset management activity is aligned with Service Committee's business plans through the Asset Management Plan process to deliver asset related corporate and business objectives

## Sustainable

- Support the proposed Climate Action Strategy; including the achievement of net zero carbon emissions, to build resilience and to champion sustainable growth
- Achieve 40% energy savings by 2025/26
- Optimise the sustainability performance of the existing property portfolio (subject to available budget)
- Target BREEAM of excellent on all new buildings
- Maintain Heritage assets through investment and prevent their inclusion on the Heritage at Risk Register wherever possible (subject to available budget)
- Ensure where Heritage assets are not in the sole ownership of the City to drive the collective responsibility to maintain and prevent their inclusion on the Heritage at Risk Register

Further information on the Corporate Property Asset Management Strategy and supporting information including Asset Management Plans, Asset Challenge Process, Asset Management (Service Based Review) recommendations is available from the Corporate Property Group. Contact Paul Friend, Head of Corporate Asset Management ([paul.friend@cityoflondon.gov.uk](mailto:paul.friend@cityoflondon.gov.uk)).

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<b>Committee(s)</b>	<b>Dated:</b>
Finance Committee	8 <sup>th</sup> December
<b>Subject:</b> IT Division – Member Update	<b>Public</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of:</b> Chamberlain	<b>For Information</b>
<b>Report author:</b> Sean Green, Chamberlain’s Department	

### Summary

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

- i. New 2020 Contract with Agilisys has delayed due to Security and Pension issues.
- ii. The City of London Police (CoLP) IT Modernisation Programme has rolled out devices to two thirds of CoLP staff.
- iii. Current 2019/2020 Q3 service performance achieved for both City of London Corporation (CoL) and the City of London Police (CoLP).
- iv. Capital investments are currently progressing through gateway processes which will ensure that CoL and CoLP will continue with improvements with ways of working, enable further efficiency savings and deepen our IT Security defences.
- v. Good progress is being made with Digital Adoption across the organisation.
- vi. The Committee rooms will be equipped to run Hybrid meetings by early January 21.
- vii. The Digital Services Sub-Committee provided useful engagement and feedback on the draft Digital Services Strategy in a recent dedicated workshop.

### Recommendation(s)

Members are asked to note this report

### Main Report

#### Background

1. The IT Division provides services to the City of London Corporation (CoL), City of London Police (CoLP) and London Councils. 5 main functions are provided from the in-house IT team: i) IT Finance and Performance Management, ii) Change and Engagement Management iii) Projects and Programmes Management, iv) IT Operations and Service Management and v) Police IT Services.

2. This report updates on progress on critical programmes, business as usual service performance, the updates to the Digital Services Strategy and the rate of adoption of digital ways of working.

### **2020 Sourcing Programme**

3. The signing of the 2020 Contract with Agilisys was delayed due to some outstanding questions on the security provisions of the new IT Service Management system and the provision for future pensions for CoL staff that transferred to Agilisys with the previous contract in 2013.
4. It is expected the contract will now be signed to take effect from the 1<sup>st</sup> January 2021 including the TUPE of Agilisys staff back to the CoL IT Division.
5. Migration of CoL datacentres to the Azure cloud has progressed well with the migration of CBIS being the only area of complexity which is now due to be migrated by March 2021.
6. Migration of the CoLP datacentre is due to be completed by the end of February 2021.
7. Gateway papers are currently in progress for a several CoL projects including:
  - a. Replacing the Oracle Enterprise Resource Planning System;
  - b. Replacing our aged Telephony System;
  - c. Replacing our end user computer devices;
  - d. Further investment in depth and breadth of our security defences;
  - e. Increasing power resilience in our on-premises computer rooms;
  - f. Moving our unstructured data from shared drives to Sharepoint.

### **CoLP IT Modernisation Programme**

8. The Programme has had sign off from the National Enabling Programme (NEP) gateway to proceed to Business Pilot.
9. 1034 Windows 10 devices deployed (at time of writing) with Teams to enable CoLP staff to have significantly improved collaboration.
10. The programme completion date has been extended due to delays in the market in procuring devices due to COVID and some technical issues with the connectivity for new android phones which will be the primary devices for operational officers. Completion date is now early 2021.

### **IT Service Performance**

11. There were only 2 P1 incidents (i.e. of significant impact that needed to be resolved within 2 hours for the CoL in the period.

12. Satisfaction for Jul 2020 (+67), Aug 2020 (+72) and Sep 2020 (+79). This is an average of +73 (anything with a benchmarked score above + 50 being viewed as good).

### **Digital Adoption and Response to COVID 19 Pressures**

13. Microsoft Teams has been an essential tool for the organisation during the COVID 19 pandemic, allowing the City Corporation's Officers and Members to continue to meet and collaborate effectively when working remotely. Members in particular, have adapted well to the virtual Teams meetings, supported by the Technology Support Team who have provided training and troubleshooting, as well as taking responsibility for live streaming public meeting sessions in line with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.
14. Officer and Member Meetings have benefited from the new Teams features which include 'raise hands', new meeting experience and the ability to vote using Microsoft Forms. Overall Teams has increased to over 2500 users across the organisation in October 2020 (including Members and co-opted Members), which compares to around 1300 users in February.
15. To support the return to the office, the IT Division has installed over 25 corporate meeting rooms and offices with Teams Meeting Room functionality. This will allow hybrid meetings involving Officers and Members to attend in person or remotely. The installation of Teams Meeting Room functionality has also started in the Guildhall Committee Rooms and will be available for use with hybrid Committee Meetings from early January 21. There has also been a successful hybrid meeting trial in the Livery Hall, which Members able to attend in person whilst observing social distancing guidance.
16. In addition, the IT Division have continued to work with departments to increase services online. The new Online Shop has continued to grow with new products being added, as well as two new shop areas in the City Information Centre and the City of London Police. The IT Division have also expanded the range of online forms and payments available through the City Corporation's Website. Of note is the Hampstead Heath Swimming Season Ticket Online Form, which went live on 17th September, and took £127k payments in its' first month of operation.

### **Digital Services Strategy**

17. A workshop was well attended in November by Members of the Digital Services Sub Committee.
18. The purpose was to review and gain feedback and recommendations on the draft Digital Services Strategy and Roadmap.
19. The draft vision and principles were supported by the attending Members:

**‘Vision:** People getting the best out of cost-effective services via digitally-enabled collaboration & continual improvement in their design & delivery’

## 20. Principles

- Efficient, effective and convenient, maximising the use of technology and automation where possible to save money and improve services;
- Reduce complexity of applications and infrastructure;
- Stable, secure and resilient, designed with the future in mind;
- Digitally skilled and confident staff, with the infrastructure in place to support them;
- Designed and continually improved based on the needs of our customers and service areas;
- Accessible from anywhere at any-time;
- Information and data easily available that is easy to consume and is clear and accurate to enable timely and effective decisions.

21. There was a helpful discussion on the possible roadmap to deliver the outcomes and principles associated with the above vision.

22. Members provided a useful suggestion to develop personas to illustrate the difference that the investment in the strategy will make to our staff and customers.

23. Next steps are to review with CoL and CoLP Officers prior to bringing back to the Committee for sign off in the New Year.

**Sean Green**

IT Director

T: 020 7332 3470

E: [sean.green@cityoflondon.gov.uk](mailto:sean.green@cityoflondon.gov.uk)



<b>Committee:</b> Finance Committee	<b>Date:</b> 8 December 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.

## 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 25 Nov 2020				
	City's Cash £'000	City Fund £'000	Bridge House Estates £'000	Total £'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>

### Conclusion

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

**Laura Yeo**

Senior Accountant

Financial Services

T: 020 7332 1334

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

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