



Resource Allocation Sub (Policy and Resources) Committee

Date: THURSDAY, 23 JANUARY 2020
Time: 11.00 am
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Deputy Catherine McGuinness (Chair)
Jeremy Mayhew (Deputy Chairman)
Deputy Keith Bottomley
Tijs Broeke
Deputy Jamie Ingham Clark
Karina Dostalova
Simon Duckworth
Anne Fairweather
Sheriff Christopher Hayward
Alderman Vincent Keaveny
Deputy Edward Lord
Alderman Ian Luder
Deputy Dr Giles Shilson
Deputy Tom Sleigh
Sir Michael Snyder
Alderman Sir David Wootton

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Lunch will be served in the Guildhall Club at 1pm

**John Barradell
Town Clerk and Chief Executive**

AGENDA

1. **APOLOGIES**

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

3. **MINUTES**

To agree the public minutes of the Sub-Committee meeting held on 12 December 2019.

For Decision
(Pages 1 - 4)

4. **COMMUNITY INFRASTRUCTURE LEVY (CIL)**

Report of the Chamberlain.

For Decision
(Pages 5 - 10)

5. **CITY ADVICE SERVICE**

Report of the Director of Community and Children's Services.

For Decision
(Pages 11 - 14)

6. **FUNDING REQUEST TO SUPPORT AN EXTENSION OF HEART OF THE CITY'S RESPONSIBLE BUSINESS PROGRAMME**

Report of the Director of Innovation and Growth.

For Decision
(Pages 15 - 22)

7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

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

9. **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 1 of the Schedule 12A of the Local Government Act.

For Decision

Part 2 – Non-Public Agenda

10. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the Sub-Committee meeting held on 12 December 2019.

For Decision
(Pages 23 - 26)

11. **RESOLUTION FROM HEALTH AND WELLBEING BOARD**
To consider a resolution from the meeting of the Health and Wellbeing Board held on 22 November 2019.
For Decision
(Pages 27 - 28)
12. **PRIORITISATION OF REMAINING 2020/21 ANNUAL CAPITAL BIDS (DEFERRED FROM DECEMBER 2019 MEETING)**
Report of the Chamberlain.
For Decision
(Pages 29 - 92)
13. **REQUEST FOR DELEGATED AUTHORITY: PARKING TICKET OFFICE RESTRUCTURE**
Report of the Director of Built Environment.
For Decision
(Pages 93 - 96)
14. **STRATEGIC PROPERTY ESTATE (CITY FUND & CITY'S ESTATE) - ANNUAL UPDATE & STRATEGY FOR 2020**
Report of the City Surveyor.
For Information
(Pages 97 - 108)
15. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB-COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
17. **CONFIDENTIAL MINUTES**
To agree the confidential minutes of the Sub-Committee meeting held on 12 December 2019.
For Decision

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RESOURCE ALLOCATION SUB (POLICY AND RESOURCES) COMMITTEE

Thursday, 12 December 2019

Minutes of the meeting of the Resource Allocation Sub (Policy and Resources)
Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Thursday,
12 December 2019 at 12.00 pm

Present

Members:

Deputy Catherine McGuinness (Chairman)	Anne Fairweather
Jeremy Mayhew (Deputy Chairman)	Sheriff Christopher Hayward
Deputy Keith Bottomley	Deputy Edward Lord
Tijs Broeke	Sir Michael Snyder
Deputy Jamie Ingham Clark	Alderman Sir David Wootton
Karina Dostalova	

Officers:

John Barradell	- Town Clerk & Chief Executive
Angela Roach	- Assistant Town Clerk & Director of Members Services
Peter Lisley	- Assistant Town Clerk & Director of Major Projects
Simon Latham	- Town Clerk's
Bob Roberts	- Director of Communications
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
Ola Obadara	- Surveyor's
Andrew Carter	- Director of Community and Children's Services
Simon Cribbens	- Community and Children's Services
Gerald Mehrtens	- Community and Children's Services
Ian Dyson	- Commissioner of the City of London Police
Cecilie Booth	- City of London Police
Caroline Al-Beyerty	- Chamberlain's
Leah Coburn	- Built Environment
Emma Cunningham	- Town Clerk's

1. APOLOGIES

Apologies were received from Alderman Vincent Keaveny and Alderman Ian Luder.

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

There were no declarations.

3. **MINUTES**

The public minutes of the meeting of the Resource Allocation Sub-Committee held on 17 October 2019 were approved as a correct record.

4. **PROJECT FUNDING REPORT**

The Sub-Committee considered a report of the Chamberlain proposing the release of £2.625m to fund two schemes agreed for progression outside of the fundamental review.

RESOLVED, that:

- The allocation of central funding of up to £2.625m be approved to allow two schemes to progress, subject to the requisite gateway approvals:
 - Up to £1.375m from City's Cash reserves as a contribution to the cost of the Baldwins and Birch Hall Park pond works.
 - Up to £1.250m from City Fund reserves to meet the cost of a replacement airwave radio communication system.

5. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

Late papers

A Member sought clarification concerning the amount of late papers for both this Sub-Committee and the Policy and Resources Committee. The Chair agreed that late papers were not normally acceptable, but felt that on this occasion, the reports were such that they required Members' urgent attention.

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

There was one item of urgent business:-

Beech Street Transport and Public Realm Improvements

The Sub-Committee considered a report of the Director of the Built Environment concerning the Beech Street project, due to address air quality issues in Beech Street by reducing or removing traffic, and to deliver a vibrant street with high-quality public realm at the centre of Culture Mile.

One Member felt that it was difficult for the Sub-Committee to make an informed decision on a late and lengthy paper; however, the majority of Members felt that it was such a critical, strategic and political priority of the organisation, that it should be supported.

RESOLVED, that:

- Approval be given for an additional £167,430 of On-Street Parking Reserves (OSPR) funding to underwrite the upfront staffing costs for Saba;
- It be noted that GLA funding of £91,000 has been secured for the project; and
- The work and findings to date be noted.

7. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100A(4) 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 1 of Schedule 12A of the Local Government Act.

Item No.	Paragraph No.
8-13	3

8. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting of the Resource Allocation Sub-Committee held on 17 October 2019.

9. **ANNUAL CAPITAL PRIORITISATION REPORT**

The Sub-Committee considered a report of the Chamberlain concerning the prioritisation of 2020/21 Annual Capital Bids.

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

There was one question concerning the Annual Capital Bids Process.

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

There were two items of urgent business:-

- The provision of additional primary school places and social housing on the former Richard Cloudesley School site;
- Fundamental Review update.

12. **CONFIDENTIAL MINUTES**

RESOLVED – that the confidential minutes of the meeting of the Resource Allocation Sub Committee held on 17 October 2019 be approved.

13. **FUNDAMENTAL REVIEW**

The Town Clerk gave an oral update on the fundamental review.

The meeting ended at 1.02 pm

Chairman

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Committee(s): Resource Allocation Sub Committee – For decision	Date(s): 23/01/2020
Subject: Community Infrastructure Levy (CIL)	Public
Report of: Chamberlain	For Decision
Report author: Julie Smith, Acting Deputy Director, Financial Services	

Summary

At the meeting of your Committee on 12th December 2019 Members agreed in principle to the centralisation of the various CIL pots (other than the neighbourhood and admin pots) to maximise flexibility of the capital programme – subject to a detailed report in January 2020. This report, therefore, outlines the current governance arrangements and the proposed changes to those arrangements to better align expenditure with corporate capital priorities for Members approval.

The City of London Community Infrastructure Levy (CIL) was adopted by the City Corporation on 1 May 2014 and implemented from 1 July 2014.

The current governance procedures have been in place for 5 years, having been agreed by Policy & Resources Committee on 21 November 2013. Changes in Corporate ambitions and changes to CIL regulations mean that it is an opportune time to review CIL allocation and governance procedures.

At the time of writing this report £25.9 million of CIL receipts is currently unallocated and available for allocation to infrastructure projects that meet the regulatory criteria.

Recommendation(s)

Members are asked to:

- Note that up to 5% of CIL receipts are required to be retained for the Administration of CIL.
- Note that 15% of CIL funds are required to be set aside for neighbourhood funding and the procedures agreed by Policy & Resources Committee to manage applications for funding.
- Agree that the existing service-based allocations (80% of CIL receipts) be replaced with a single CIL funding pot and that CIL monies should be aligned to the annual capital bids process where these also accord with CIL regulatory requirements.

Main Report

Background

1. At the meeting of your Committee on 12th December 2019 Members agreed in principle to the centralisation of the various CIL pots (other than the neighbourhood and admin pots) to maximise flexibility of the capital programme – subject to a detailed report in January 2020.
2. The City of London Community Infrastructure Levy (CIL) was adopted by the City Corporation on 1 May 2014 and implemented from 1 July 2014.
3. Governance arrangements for the management of CIL were agreed by Policy & Resources Committee on 21 November 2013. The arrangements agreed set out a decision-making structure and broad spending priorities with scope for the processes to be refined by Resource Allocation Sub Committee (RASC) in the light of practical experience.
4. 55% of CIL income was 'pre-allocated' to 3 service committees (40% to Planning & Transportation, 10% to Community & Children's Services and 5% to Open Spaces and City Gardens). Spending within the financial limits of these pots was to be the responsibility of the service committee, with annual monitoring to Resource Allocation Sub-Committee.
5. For the remaining 45% of CIL income, up to 5% was set aside to cover CIL administration, 15% for the CIL Neighbourhood Fund (both are regulatory requirements) and 25% set aside for determination by Members through Resource Allocation Sub-Committee.
6. An Officer Corporate Priorities Board, chaired by the Town Clerk and including chief officers from Chamberlains, Built Environment, Community & Children's Services, Open Spaces, and Surveyors, meets quarterly to consider CIL spending bids and make recommendations for spending to the Resource Allocation Sub-Committee
7. Members of Resource Allocation Sub-Committee subsequently requested oversight of all CIL spending, including the pre-allocated pots, and all CIL expenditure is now determined by the Sub-Committee on advice of the Corporate Priorities Board.
8. On 1st September 2019, revised CIL Regulations came into effect and will need to be reflected in future governance arrangements:
 - Restrictions on the spending of s106 planning obligations alongside CIL have been lifted, providing much greater flexibility on how projects can be funded through development.
 - The requirement to publish a list of types of infrastructure to be funded through CIL (the Regulation 123 List) has been replaced with a requirement to produce an annual Infrastructure Funding Statement (IFS), setting out CIL and s106 income and expenditure at individual project level and including an

annual statement of spending priorities for the year ahead. The spending priorities statement should demonstrate how CIL and s106 contributions will be used to deliver the strategic policies of the local plan, including any specific infrastructure projects. This IFS will need to be publicly available on the City Corporation's website. The first IFS is required to be published by 31 December 2020, reporting on CIL funds received and spent in 2019/20 and setting out the City Corporation's priorities for spending. Corporate spending priorities agreed through this Governance Review will need to be incorporated into this first IFS.

Current Position

9. The current CIL governance procedures have been in place for 5 years. Changes in Corporate ambitions and changes to CIL regulations mean that it is an opportune time to review CIL governance. Resource Allocation Sub-Committee have requested a review of CIL governance to ensure greater alignment of CIL expenditure with Corporate capital projects and the Corporate Plan.
10. At the time of writing this report £33.6 million of CIL had been received, £7.7 million allocated to projects, of which £1.5 million has been spent, leaving a balance of £25.9 million available for allocation to infrastructure projects that meet the CIL regulatory criteria.

Proposed Changes to Governance Procedures

11. Changes in CIL Regulations have created more flexibility in how local authorities can spend CIL and address changing corporate and infrastructure requirements. Reflecting these regulatory changes and the request from Resource Allocation Sub-Committee for greater oversight of CIL expenditure, it is proposed that the governance procedures be changed as follows:
 - CIL Administration – Up to 5% of City CIL receipts will continue to be set aside to cover the staff and IT costs associated with day to day implementation and monitoring of CIL. If less than 5% is expended in each financial year, the remaining funds will be transferred to general CIL spending.
 - CIL Neighbourhood Fund – 15% of CIL receipts must be set aside for neighbourhood funding. A CIL Neighbourhood Fund is being established and is due to go live early in 2020, with bids for funding managed by the Central Grants Unit. The process agreed by Policy & Resources Committee on 2 May 2019 envisages the creation of an officer panel, chaired by a Director, to determine grants of under £25,000 under delegation, grants of £25,000 to £50,000 to be determined by this panel with sign off by the Chairman/Deputy Chairman of Resource Allocation Sub-Committee, and grants of over £50,000 to be determined by the Sub-Committee with advice from Corporate Priorities Board. The composition of the officer panel to consider funding requests has yet to be determined.

- Remaining CIL Funds – comprising 80% of CIL receipts. Existing service-based allocations would be replaced with a single CIL funding pot. All service-based funding bids for CIL monies would be aligned to the annual capital bids process. This will allow for greater alignment of CIL expenditure with corporate capital priorities (where these also accord with CIL regulatory requirements).

Corporate & Strategic Implications

12. The use of City CIL accords with the Corporate Plan aims of shaping outstanding environments, contributing to a flourishing society and supporting a thriving economy. It particularly addresses Outcome 4 that communities are cohesive and have the facilities they need, Outcome 9 that we are digitally and physically well connected and Outcome 12 that our spaces are secure, resilient and well-maintained.

Financial Implications

13. Replacing the service based CIL pots with a single CIL funding pot supports the Fundamental Review requirement to align spending to corporate priorities. Service Committees are consulted on their project priorities as part of the annual capital bids and estimate setting process.

Conclusion

14. The current CIL governance procedures have been in place since implementation of the City CIL in July 2014. Changes to CIL Regulations allow for greater flexibility in the use of CIL receipts, this along with the Fundamental Review and subsequent introduction of an Annual Capital Bids process mean that it is an opportune time to review CIL allocation and governance procedures.
15. Members are requested to agree that the existing service-based allocations (80% of CIL receipts) be replaced with a single CIL funding pot and that CIL monies should be aligned to the annual capital bids process where these also accord with CIL regulatory requirements.

Appendices

None

Background Papers

- Report to Policy & Resources Committee 21/11/2013 (Public): City's Community Infrastructure Levy (CIL): Governance Arrangements and Broad Spending Priorities
- Report to Policy & Resources Committee 2/5/2019 (Public): City of London Community Infrastructure Levy – Approval of Neighbourhood Fund.
- Report to Resource Allocation Sub Committee, 12 December 2019 (Public): Capital Funding – Prioritisation of 2020/21 Annual Capital Bids

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Committee:	Dated:
Finance Grants Oversight & Performance Committee (for information)	21/01/2020
Resource Allocation Sub Committee (for decision)	23/01/2020
Subject: City Advice Service	Public
Report of: Andrew Carter, Director of Community and Children's Services	For Decision
Report author: Sarah Greenwood Commissioning Manager, Commissioning and Partnerships	

Summary

The current City Advice contract runs until October 2020 and is for all residents, workers and students within the square mile and tenants on City of London Housing estates at a cost of £200,000 per year. A new contract is being commissioned with plans to let it for at least three years.

£100,000 per annum towards the cost of the service is allocated from the City's Cash Grants budget to facilitate the service for City workers and students and this funding is currently within approved/proposed budgets for 19/20 and 20/21 financial years.

Confirmation is sought for the approval for the continuation of this grant at the same level for a further period to give certainty in respect of service provision and budget management for potential suppliers.

Recommendations

Members of the Resource Allocation Sub-Committee are asked to:

- approve the continuation of the grant to the City Advice service at the same level for at least a further three financial years (ideally five years) to facilitate the new contract.

Members of the Finance Grants Oversight and Performance Sub-Committee and the Policy and Resources Committee are asked to:

- note the report.

Main Report

Background

1. The current City Advice contract runs until October 2020 and is for all residents, workers and students within the square mile and tenants on City of London Housing estates. Toynbee Hall have provided the service, with support from the Royal Courts of Justice, since October 2015 at a cost of £200,000 per year.

2. From the start of the contract until September 2019 the City Advice Service has supported 469 residents and 478 workers and students in areas such as welfare benefits, debt, housing, employment rights, consumer rights and family issues.
3. The current contract will end in October 2020 and recommissioning activity has commenced to shape the future service after this time, with plans to let a new contract for a period of three years with a potential to extend for a further two years (total of five years expiring October 2025).

Funding Streams

4. The contract cost is met from the Director of Community and Children's Services' Local Risk budget and the City's Cash Grants budget reimburse the department for half the cost (for the City worker and student element).
5. The Finance Grants Oversight and Performance Sub-Committee received a report at its meeting in November last year regarding the breakdown of the City's Cash Grants Budget, the current commitments and how they relate to the budget overseen by that Sub-Committee.
6. Members noted a continued allocation of City's Cash funding to at least the current value (£100,000 per annum) to enable the City Advice service to continue for City workers and students in the future. The funding is therefore agreed at this level for 19/20 and within the proposed budget for the 20/21 financial year.
7. Under the terms of reference, the Resource Allocation Sub Committee has responsibility for setting the annual quantum for each City's Cash and City Fund grants programme (including for City's Cash funded open spaces grants). In order to recommission the City Advice Service for the future, confirmation is sought for the approval for the continuation of the grant to the City Advice Service at the same level for an additional period to facilitate the procurement of the new contract. This is to give greater certainty in respect of service provision and budget management and to enable prospective providers to bid for the contract.
8. As the contract terminates part way through a financial year (October), a table showing contract timescales relative to financial years and grant is shown below. The grant in the final year of the contract could be apportioned if the service were not to be recommissioned for a further period.

Financial Year	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Grant	Yes	Yes	sought	sought	sought	sought	sought
Contract	Current		New initial term			Extension	

Corporate & Strategic Implications

9. The contract supports the Corporate Plan's aim of 'contributing to a flourishing

society' through the aims of:

- People are safe and feel safe.
- People enjoy good health and wellbeing.
- People have equal opportunities to enrich their lives and reach their full potential.

Implications

10. There are no legal and property implications as a result of this report. The ability to procure the contract with agreed budgets for the full term of the contract will enable potential bidders to plan. The uncertainty regarding half of the funding may make the contract unattractive to prospective bidders which may lead to fewer (if any) providers taking part in the tendering exercise.
11. If the grant funding were to be removed part way through the contract, the worker and student element of the contract would need to cease and may make the whole contract financially unviable.
12. The procurement of the contract will be in line with the City's procurement code and be led by City procurement. Any reduction in cost as a result of the tendering exercise would be shared equally between the two funding streams. No additional costs would be sought as the budget for the contract will not be increased.

Conclusion

13. The City Advice Service supports residents, workers and students and confirmation of continued grant funding would facilitate a robust procurement exercise and enable bidders to have certainty of funding for the life of the contract.

Appendices - None

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Commissioning Manager

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Committee	Dated:
Resource Allocation Sub Committee – <i>for decision</i> Policy & Resources Committee – <i>for decision</i>	23/01/20 23/01/20
Subject: Funding request to support an extension of Heart of the City's responsible business programme	Public
Report of: Damian Nussbaum, Director of Innovation & Growth	For Decision
Report author: Jacob Seymour, Head of Operations, Innovation & Growth	

Summary

Heart of the City is a unique charity founded, hosted and core-funded by the City Corporation. It helps City-based companies establish responsible business activities¹. It is governed by an experienced and high calibre board of senior business leaders. The charity is delivering an ambitious five-year business plan impacting 147 member firms and working with 94 major UK companies in 2019 alone.

The charity is meeting its existing commitments under its business plan and is seeking a rollover of its funding from the Corporation in 2020-21. This contribution would continue to complement Corporation work strands on environmental impact reduction, ESG and impact investing, diversity, apprenticeships and social mobility. It would also bolster the City Corporation's regional strategy and its Responsible Business Strategy. City Bridge Trust (CBT) is funding Heart of the City's community-focused work for five years.

The December 2018 Policy & Resources Committee meeting agreed one-year funding for Heart of the City (April 2019 – March 2020) with a decision on longer-term funding postponed due to the Fundamental Review. With the Fundamental Review now taking place next year there is a gap of 12 months funding for the Heart of the City. The proposed contribution for next year remains unchanged from this financial year, at £300,000 for one year.

Recommendations

Members are asked to:

- Note that Policy and Resources Committee has already agreed funding of £300,000 for 2019/20 and we are now asking for approval of a further year pending the outcome of the Fundamental Review;
- Agree the one-year funding for 2020/21; this would be met from City's Cash
- Note that a review will be undertaken in 2020 to better align corporate priorities.

¹ Responsible business activities include a wide range of actions by businesses to support the community, to reduce their impact on the environment, and to support staff health, wellbeing and inclusion. These can range from developing environmentally-friendly products and services, to running support services to improve mental health in the workplace, adopting more inclusive recruitment practices and making use of the supply chain to support the local economy.

Main Report

Background

1. Heart of the City is a charity working with businesses to help them to establish a sustainable programme of responsible business activities. It was founded by the City Corporation, the Bank of England and the predecessor to the Financial Conduct Authority in 2000 and all three founders remain strong supporters. The charity is governed by an experienced and high calibre Board and overseen by a Council of Members made up of senior leaders from businesses across London – details at Appendix One.
2. Heart of the City operates a unique model: it engages the expertise and resources of companies with established responsible business programmes ('Ambassadors'), and these companies support firms (mostly small and medium sized companies – SMEs) to develop a responsible business strategy aligned to their core business.
3. In September 2015 the Policy and Resources Committee agreed a grant of £511,570 over three years (2016/17: £167,000, 2017/18: £170,500, 2018/19: £174,000) and supplemented by a grant from IG (then EDO) of £28,000 per year over the corresponding period, which enabled Heart of the City to develop its first paid-for membership offer. CBT funding supported the charity to deliver in areas of London outside the Square Mile. In 2019 the Policy and Resources Committee agreed to funding for one year of £300,000. Heart of the City has met all the targets set over its most recent funding period (see Appendix Two).
4. In 2017 Heart of the City developed its first pilot in another London borough: Heart of the City Westminster was delivered in partnership with and paid for by Westminster City Council (WCC) and it provided 38 local SMEs with a dedicated local account manager, access to local networks, events and resources, as well as access to Heart of the City's core Foundation Programme.
5. Due to its focus on capacity-building of businesses Heart of the City is not able to secure traditional grant-funding for its work, despite being a registered charity. For the same reason CBT's funding of Heart of the City is focused on its impacts on London's disadvantaged communities rather than its broader work with companies across all areas of responsible business. Heart of the City has had good success in securing membership fees, which now make up 13% of income (£85,000), and continues to attract significant in-kind funding. Last year it secured £236,000 in in-kind support or 37% of income; in total in 2018-19 the charity secured £2 in additional funding for every £1 contributed by the City Corporation.

Current Position

6. Heart of the City conducted a comprehensive review of its work and impact in 2018. It used this learning to refine its offer to businesses and to develop a five-year strategy to run from 2019. Its plan focuses on what is unique and most effective about Heart of the City's work:

- a. Its unique asset base of Ambassador companies
 - b. Its target audience of companies new to responsible business.
- 7. Heart of the City is delivering its strategic aim of reaching a larger number of companies without a proportional increase in its cost base. In order to do this over the five years to 2024 it is focusing its programme on supporting companies at the earliest stage of their responsible business work, and on leveraging the expertise of Ambassador companies to work with a larger number of SMEs. The charity has developed its digital offer and plans to launch a series of income-generating training courses in 2020.
- 8. In 2020 Heart of the City celebrates its twentieth anniversary and it will capitalise on this opportunity by raising awareness of the impact that SMEs have had through its responsible business programme. Over the coming twelve months Heart of the City aims to:
 - a. Work with 46% more companies compared with 2016-18 on its flagship Foundation Programme
 - b. Draw on more of the expertise of its Ambassador companies to support members- securing £250,000 of in-kind funding each year
 - c. Support and deliver more of its programme online - launching a new website providing high quality, open-source content on responsible business to reach companies across the UK
 - d. Launch an income-generating training course to reach smaller companies and those outside London – reaching 40 companies
 - e. Use the opportunity of its twentieth anniversary to raise the profile of small businesses making a positive difference in London through a series of films and targeted communications
 - f. Develop a targeted regional marketing campaign to engage companies in other parts of the UK in responsible businesses, sharing the benefits and learning of large London companies with smaller companies based in other regions.
- 9. The past year has seen interest in responsible business grow yet further. The expectations placed on businesses to demonstrate the positive impact they have on society has grown in line with this. This has been reflected in the strong interest in Heart of the City and its work from businesses across London and beyond. This year the charity worked with a record number of 82 new businesses and in 2020 they will celebrate working with their 1,000th member.
- 10. Heart of the City is currently in discussions with the Corporation about playing a stronger role in the delivery of the Lord Mayor's Dragon Awards, through which the charity aims to showcase the excellence and range of the philanthropic projects connected to the Corporation. It has also led on bringing together the Corporation's responsible business strategy team, the Lord Mayor's Appeal, City Bridge Trust, Business Healthy and the Innovation team to explore ways of collaborating.

Proposal

- 11. To enable Heart of the City to continue to deliver its five-year strategy outlined above, this report proposes to rollover the City Corporation's funding, comprising

£300,000 per year for one year (2020-21). This covers a contribution to the salary costs of 4.5 members of staff of a total team size of 7, the costs of developing the charity's digital delivery platform and a modest operational budget contribution.

	2021-22
Salaries	£270,000
IT development costs	£20,000
Operational budget	£10,000

Table 1: Proposed City Corporation contribution to staff salary and budgets

CoLC grant	£300,000
City Bridge Trust	£95,000
Membership fees	£80,000
Training course	£6,000
In-kind	£250,000
	<hr/> £731,000

Table 2: Funding Forecast 2020/21

12. The funding will enable Heart of the City to continue with its plans to deliver its business plan objectives and reach companies of different sizes and in new geographical areas, through marketing and delivery of its digital offer. Alongside this Heart of the City will continue to deliver its well-regarded and unique flagship Foundation Programme to City-based companies.
13. Providing City Corporation support to continue Heart of the City's impact with smaller business coincides with the focus of activity led by the Innovation Growth (IG) department. IG will engage more extensively with business on related issues covering innovation, inclusion and growth, particularly in sectors such as fintech, cyber security and green finance. By continuing to leverage its contacts effectively and to the City Corporation's benefit, Heart of the City will continue to complement, reinforce and broaden the reach of the City Corporation's own engagement with these sectors and others on thematic areas of responsible business such as good governance, diversity, apprenticeships and social mobility. It will also support the delivery of the City Corporation's recently agreed responsible business strategy.
14. To help ensure appropriate benefit to the City Corporation from the ongoing work of Heart of the City, it is the aim of the charity to make a detailed bid for further funding as part of the Fundamental Review in 2020-21.

Corporate & Strategic Implications

15. This proposal strongly supports the aim in the Corporate Plan 2018/23 that 'businesses are trusted and socially and environmentally responsible'; it would enable the City Corporation to achieve a substantial increase in its impact against this aim. It would also provide a strengthened external engagement tool for the Responsible Business Strategy and would support other key strategies such as the Social Mobility Strategy and Employability Strategy. In view of Heart of the City's

plans to expand its services to businesses outside of London, it would also support and bolster the City Corporation's Regional Strategy.

16. The proposal dovetails neatly with the City Corporation's Philanthropy Strategy. Heart of the City provides best practice advice to companies around philanthropy. It also provides a useful conduit for potential participants in the Lord Mayor's Appeal.

Implications

17. The report sets out the proposed new funding agreement, which commits the City to provide grant funding to Heart of the City for one year from 2020/21, at £300,000. This will follow on from the current one-year agreement ending in March 2019 which has provided £300,000 of funding over this period.

18. It is proposed that this commitment continue to be met from City's Cash. The new agreement will require an uplift in the City's Cash budget in line with the profile of the new agreement which is shown below.

Year	Proposed grant to Heart of the City
2020/21	£300,000

19. There are no legal issues of note relating to the funding procedure, which follows previous funding cycles.

20. There are no HR issues of note relating to the funding.

Conclusion

21. London is the centre for responsible business activities across the UK. Heart of the City is a unique organisation which draws new companies into responsible business for the first time. It has a significant impact on London SMEs and on its Ambassador companies. The City Corporation has been far-sighted in developing and supporting this charity and now there is a marked increase in interest in responsible business there is an opportunity to share Heart of the City's model with a growing audience. Supporting this impactful ongoing work from Heart of the City will enable the City Corporation to further its regional leadership role in responsible business and it will complement its suite of work underway on philanthropy, responsible business and inclusion, and its regional strategy.

Appendices

- Appendix 1 – Heart of the City trustees and Council of Members
- Appendix 2 – Heart of the City achievements 2016-2019

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APPENDICES

Appendix 1 – Heart of the City trustees and Council of Members

Trustee Details

Sir Harvey McGrath - Chairman.

Sushil Saluja – (Deputy Chair) Accenture’s Senior Managing Director for Financial Services in Europe.

Linda Barnard - Bank of England’s Senior Staff Counsellor.

Rachel Engel - Head of the Macquarie Group Foundation, EMEA.

Anthony Impey MBE - founder Optimity.

Rob Powell - Head of Pro Bono & CSR at Weil, Gotshall and Manges.

Arjan van den Berkmortel - Head of Business Banking for the London Region at HSBC.

Carmen Whitelock - Head of Group brand, channels and planning, **RSA**

Giles French - Regulatory Strategy and Trade Director, **City of London Corporation**

Council of Members

The Rt Hon.	Lord Mayor of the City of London	Co-President	Heart of the City
Governor Mark	Carney	Co-President	Heart of the City
Edward	Braham	Senior Partner	Freshfields Bruckhaus Deringer
Ian	Caswell	Chief Executive Officer	Sapphire Systems
Susan	Bright	Managing Partner, UK and Africa	Hogan Lovells
Lord Tim	Clement-Jones	Chairman	Queen Mary University of London
Dhruv	Patel OBE	Chairman	City Bridge Trust

Richard	Hardie	Senior Adviser	UBS
Tom	Heylen	Managing Partner	DLA Piper
Laura	Hinton	Head of People & Executive Board member	PricewaterhouseCoopers
Charles	Jacobs	Senior Partner	Linklaters LLP
Simon	MacKenzie-Smith	Chairman of Corporate & Investment Banking for the UK	Bank of America Merrill Lynch
Paul	Manduca	Chairman	TheCityUK
Catherine	McGuinness	Chairman of Policy & Resources Committee	City of London Corporation
Nick	Owen	UK Chairman	Deloitte LLP
Charles	Randell CBE	Chair	Financial Conduct Authority
Melissa	Fogarty	Co-head of Corporate	Clifford Chance
Peter	Vernon	Chief Executive	Grosvenor
Tiina	Lee	CEO UK & Ireland	Deutsche Bank
Sarah	Mullally DBE	The Rt Rev and Rt Hon	Church of England

Appendix 2 – Heart of the City achievements 2016-19

Over the funding period 2016-19 Heart of the City has directly supported 104 City firms as members to develop their responsible business programmes and has worked with a total of 320 companies across London.

Heart of the City members recorded £2m charitable donations over three years.

The charity has secured a total of £903,499 of in-kind funding.

Heart of the City's events consistently achieve 100% good-excellent ratings from attendees.

Heart of the City records the impact of the companies it works with each calendar year. A snapshot of our impact in 2018:

- 93% of companies on our 2019 Foundation Programme were SMEs
- Members on the 2019 Foundation Programme spanned 13 London boroughs
- Most of our members continue to be from the legal and financial sectors, but there has been an increase in members from the architecture and design, IT and creative industries

Of the 2019 Foundation Programme members who completed our graduation survey:

- Members gave 28,510 hours of employee volunteer time to various community projects (the equivalent of an additional £920,873)
- 95% got involved in their community by volunteering, fundraising or in-kind donations
- 21% had gained a business accreditation or award that year related to responsible business
- The top three benefits identified by these companies were:
 - Stronger brand and client engagement
 - Improved staff retention, recruitment and wellbeing
 - Being part of a useful network of likeminded peers.

Targets and progress: 2019

	Target	Actual
New members	80	82
Membership fees	£57,000	£85,000
Contributor (large firm) engagement	80 companies 100 individuals 95% engagement	94 companies 132 individuals 98% engagement

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