

FINANCE COMMITTEE

Tuesday, 18 September 2018

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on
Tuesday, 18 September 2018 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)
Deputy Jamie Ingham Clark (Deputy
Chairman)
Randall Anderson
Nicholas Bensted-Smith
Chris Boden
Deputy Roger Chadwick
Dominic Christian
John Fletcher
Deputy Tom Hoffman

Michael Hudson
Deputy Wendy Hyde
Alderman Alastair King
Gregory Lawrence
Hugh Morris
Susan Pearson
Deputy Henry Pollard
James de Sausmarez
Deputy Philip Woodhouse

Officers:

John Cater	- Town Clerk's Department
Peter Kane	- Chamberlain
Christopher Bell	- Chamberlain's Department
Philip Gregory	- Chamberlain's Department
Phil Black	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Sean Green	- Chamberlain's Department
Peter Young	- City Surveyor's Department
Ian Dyson	- Commissioner of the City of London Police

1. APOLOGIES

Apologies for absence were received from Karina Dostalova, Simon Duckworth, Christopher Hayward, Alderman Robert Howard, Deputy Clare James, Tim Levene, Oliver Lodge, Paul Martinelli, Deputy Robert Merrett, Alderman Andrew Parmley, William Pimlott, Ian Seaton, Sir Michael Snyder, Deputy James Thomson and James Tumbridge.

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

There was one declaration of interest.

Jeremy Mayhew reminded Members that, in his position as the Chairman of the Finance Committee, he was a Director of City Re Limited (ITEM 14).

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes and summary of the meeting held on 24th July 2018 be approved as an accurate record.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

The Committee received a report of the Town Clerk which set out outstanding actions from previous meetings of the Committee.

RESOLVED – That the Committee noted the report.

5. **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 the recent meetings of the Corporate Asset Sub-Committee (5th September) and Efficiency & Performance Sub-Committee (11th September).

Nick Bensted-Smith, Chairman of the Corporate Asset Sub-Committee, reported that, among other issues, final scoping was taking place for the exterior works at the Mansion House; once this was done, consideration would turn to the potential of merging elements of the project with the refurbishment works at St Lawrence Jewry. An updated Report would be presented to Members at the Corporate Asset Sub-Committee meeting on 1st November, with a view to the Chairman of the Finance Committee then being able to present an update to the Court of Common Council on 6th December (the initial query concerning the exterior appearance of the Mansion House was raised at Court).

Jeremy Mayhew, Chairman of the Efficiency and Performance Sub-Committee, fed back on the Town Clerk's Corporate and Business Planning Report. the Chairman noted the following points:

- The paper summarised changes to the Business Planning cycle and contents.
- A set of common core indicators would be included in the Business Plans to allow cross-departmental comparisons and benchmarking, and views were sought on what E&P would like included.
- A verbal update on members' scrutiny of Business Plans was provided, following on from a discussion at the Chairman's Informal Supper in July, where it was agreed that taking these outside normal committee meetings would be helpful. The Corporate Strategy & Performance Team and Committee Clerks will contact chairmen to work out what would work best and put dates in diaries during November / December, so that finalised Business Plans can be brought to Committees for approval in the new year. It was agreed that where Business Plans are scrutinised by multiple Committees, one meeting be arranged for all relevant Committee members.

- E&P has asked for details of officers' Business Plan scrutiny processes to ensure that they are robust and wants to see Business Planning discussions inform prioritisation and resource allocation.

After outlining his concerns around housing related procurement issues, a Member asked for an update on the status of the Procurement Sub-Committee. The Chairman confirmed that the September meeting of the Sub-Committee had been cancelled due to limited business, and, suggested that the Member speak directly to the Chairman and Deputy Chairman of the Procurement Sub-Committee and key officers in the Procurement team to ensure that his concerns were addressed.

The Deputy Chairman of the Procurement Sub-Committee confirmed that discussions had been taking place between the Procurement team and the Department for Community and Children's Services on these housing issues; he would keep the Member informed going forward. The Chamberlain added that the problems identified were legacy issues, but that all officers were determined to resolve these as a matter of priority.

The Deputy Chairman of the Finance Committee added that, for future iterations of this report, it would be helpful to include reference to all Finance Sub-Committees, even if those Sub-Committees hadn't met over the previous month(s).

RESOLVED – That the Committee noted the report.

6. **CHAMBERLAIN'S KEY WORK STREAMS AND BUSINESS PLAN - UPDATE**

The Committee received a Report of the Chamberlain concerning the department's key workstreams and business plan.

A Member queried the London-wide Strategic Investment Pot (SIP) allocation criteria. The Chamberlain confirmed that the SIP prioritised bids which addressed cross-borough challenges. The Chairman asked the Chamberlain to follow up with the Member to discuss this issue further.

After a Member raised his concerns about in-year revisions to budgets, the Chairman reminded Members that he and the Chamberlain had outlined to senior officers, in unambiguous terms, that in-year revisions would, in general, not be approved; it was now incumbent upon Chief Officers to adhere to their original budgets by prioritising spend, unless there was an overriding reason why this was not possible.

A Member asked about the status of the bow-wave; the Chairman responded that the City has made financial provision and is tackling it more quickly than in previous years, and it was not now expected to grow in size (i.e. new items added to the list). He added that the main concern for the City Surveyor was around ensuring that a sufficient level of project management skills was in place to meet the challenge; this would become particularly acute as the very big projects came on stream over the next three years. The Chairman of the Corporate Asset Sub-Committee noted that the bow-wave had now plateaued

and expected it to come down over the medium term. He added that a thorough conversation on the bow wave had taken place at the last meeting of the Corporate Asset-Sub Committee on 5th September, focused on the Report: “Cyclical Works Programme (CWP) - Proposal for 2019-20”. The Chairman asked Officers to provide the Report to the Member after today’s meeting.

A Member queried the total for the latest round of PIP bids; officers responded that the final sum was £250,000; overall, £1.5m had been allocated since the introduction of the PIP in January 2018, and there were two more rounds to go in this financial year.

A Member noted that the invoice turnaround target (SME’s should be paid within 10 days) had improved by only 8% over the last year (from 72% to 80%), and asked whether this could be improved; the Chamberlain responded that the goal was to keep improving; it should also be noted, he stressed, that the target was an internal one and the legal obligation was 30 days.

The Chamberlain added that the top table on page 21 will be amended for future iterations of the Report to include more explanation.

Finally, Members commended the Report for its clarity.

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.

Focusing on Risk, the Chairman raised the key points from the Commissioner of the City of London Police’s presentation to the Efficiency & Performance Sub-Committee on 11th September:

- Governance piece for the Police with Finance Committee’s role to be clarified and defined in the autumn.
- The Corporation is under-resourced in terms of how it supports the Police Committee, compared with how other authorities are supported across the UK.
- If the Police need new funding for emerging risks/opportunities, then bids will not be heard unsympathetically. The immediate priority is getting its current finances in order.
- £4-5m structural deficit is unsustainable. Officers and Members needed to find a way to close this gap. The Police Committee’s co-opted Member, Andrew Lentin, was concerned with the Deloitte efficiency findings; he was a lot more confident with the work around the Transform Programme.
- The Commissioner and Deputy Chairman of Police Committee (who was in attendance) were confident about hitting their savings targets for 2018/19.
- Members asked the Commissioner to return to the Sub-Committee in December to give greater clarity on the projections for FY2019/20 and

beyond - with doubts around the robustness of the Deloitte work, it was important to nail down the Police's baseline and scale of achievable efficiency savings.

RESOLVED – That the Committee noted the report.

8. **CENTRAL CONTINGENCIES**

The Committee considered a report of the Chamberlain which provided Members with information regarding the current balance of the Finance Committee Contingency Funds for the current year.

The Chairman reminded Members and officers that the Finance Contingency Fund is the option of last resort. When sourcing funding for new projects, officers had to appreciate that resources are finite and should, in the first instance, look to manage and reprioritise their current commitments; in short, officers should always look to remain within their budget envelope. He added that adverse variances needed to be explained, but would not automatically receive censure if the reasons were sound.

The Chairman queried why Central Risk seemingly contained little flexibility. It was inevitable that unexpected events would occur from time-to-time, referencing the recent fire at Epping Forest as a case in point. He informed Members that the Chamberlain would be presenting a Report later this year on contingency funding.

RESOLVED – That the Committee noted the report.

9. **HOUSING DELIVERY - REQUEST FOR BUDGET**

The Committee considered a Report of the City Surveyor concerning housing delivery.

Members were of the view that the appropriate source of funding for the £100,000 was, in the first instance, the City Surveyor's local budget.

RESOLVED – that Members declined the request to source the funding from the Finance Committee's Contingency Fund.

10. **IRRECOVERABLE NON-DOMESTIC RATES**

The Committee considered a Report of the Chamberlain concerning irrecoverable non-domestic rates.

Members were keen to ensure that future iterations of this Report should include a section on lessons learnt.

In terms of the single ratepayer responsible for £1.76m of the total, whilst there were mitigating factors in bringing this specific case to conclusion, officers should in general, whenever possible, expedite these cases.

RESOLVED – that Members approved the write-off of irrecoverable non-domestic rates in the sum of £2,635,943 noting that £754,978 will be met by the

City Corporation and £22,965 from the premium. The debt relates to 33 companies and two individuals dating back to 2012.

11. 2017-18 CITY FUND AND PENSION FUND FINANCIAL STATEMENTS – AUDIT COMPLETION REPORT

The Committee received a Report of the Chamberlain concerning the audit completion report for the 2017-18 City Fund and the Pension Fund.

RESOLVED – that the Committee noted the Report

12. CITY PROCUREMENT QUARTERLY PROGRESS REPORT (SEPTEMBER 2018)

The Committee received a Report of the Chamberlain concerning City Procurement.

The Chamberlain noted the improvement since the introduction of the waiver danger campaign. Members were pleased with the decline in waivers and non-compliant waivers and encouraged the Chamberlain to keep up the good work.

RESOLVED – that the Committee noted the Report.

13. REVENUE OUTTURN 2017/18 - FINANCE COMMITTEE OPERATIONAL SERVICES

The Committee received a Report of the Chamberlain concerning the revenue outturn for 2017/18.

RESOLVED – that the Committee noted the Report.

14. CITY RE LIMITED - PERFORMANCE MONITORING

The Committee received a Report of the Chamberlain concerning City Re Limited.

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

There were three urgent items.

The October meeting of Finance Committee

The Chairman raised the possibility of cancelling the October meeting of the Committee due to the likelihood of limited business. The Chairman wanted to establish the timeline for the Report: "Review of the City of London Police Authority – Resourcing & Governance Arrangements", as it was important to keep up momentum in this area. The Town Clerk and the Chamberlain would provide the Chairman with an update after today's meeting. The Chairman proposed that, in the event of cancellation, any decisions for Finance Committee in the Report could be delegated to the Town Clerk, in consultation

with the Chairman and Deputy Chairman of the Finance Committee, so as to maintain progress. Members agreed to delegate the decision. The Town Clerk would be in touch with Members with an update in due course.

Reporting Schedule

The Deputy Chairman suggested that future agendas should include a standalone item focusing on the high-level departmental reporting schedule; this would give Members a helpful overview of what to expect throughout the year.

Karen Moorhouse

On behalf of the Committee, the Chairman offered many congratulations to Karen Moorhouse, Commercial Contract Manager in the Procurement Team, who was recognised as the Chartered Institute of Procurement and Supply's (CIPS) Young Procurement Professional of the Year during last week's Supply Management Awards. Karen was commended by the judges on her "mature and inclusive approach, raising the profile of procurement. Karen is an excellent role model for rising procurement stars". The Chairman commended Karen, and noted it was further recognition for the City of London Corporation's transformed City Procurement service.

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 24th July were approved as an accurate record.

19. NON-PUBLIC APPENDICES TO ITEM 9.

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

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

21. WOODREDON ESTATE PROPERTIES - DISPOSAL OF WOODREDON HOUSE, THE COACH HOUSE, THE LODGE & LAUNDRY COTTAGE

The Committee considered a Report of the City Surveyor concerning Woodredon Estate properties.

22. PROVISION FOR BAD DEBT

The Committee received a Report of the Chamberlain concerning Bad Debt.

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

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

24. 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.

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

There were no items of urgent business.

The meeting ended at 3.00 pm

Chairman

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