

## **FINANCE COMMITTEE**

**Tuesday, 13 November 2018**

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on  
Tuesday, 13 November 2018 at 1.45 pm

### **Present**

#### **Members:**

Jeremy Mayhew (Chairman)	Deputy Clare James
Deputy Jamie Ingham Clark (Deputy Chairman)	Alderman Alastair King
Randall Anderson	Oliver Lodge
Nicholas Bensted-Smith	Deputy Robert Merrett
Chris Boden	Hugh Morris
Deputy Roger Chadwick	Susan Pearson
Simon Duckworth	William Pimlott
John Fletcher	Deputy Henry Pollard
Christopher Hill	Ian Seaton
Deputy Tom Hoffman	Deputy James Thomson
Alderman Robert Howard	James Tumbridge
Michael Hudson	Deputy Philip Woodhouse
Deputy Wendy Hyde	

#### **Officers:**

John Cater	- Committee Clerk
Peter Lisley	- Assistant Town Clerk
Simon Latham	- Town Clerk's Department
Peter Kane	- Chamberlain
Paul Wilkinson	- City Surveyor
Ian Dyson	- Commissioner of the City of London Police
Michael Cogher	- Comptroller and City Solicitor
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Philip Gregory	- Chamberlain's Department
John James	- Chamberlain's Department
Mike Saunders	- Community and Children's Services Department
Sean Green	- Chamberlain's Department
Kate Smith	- Town Clerk's Department
Alison Bunn	- City Surveyor's Department

### **1. APOLOGIES**

Apologies for absence were received from Christopher Hayward, Tim Levene, Paul Martinelli and Alderman Andrew Parmley.

The Chairman thanked Karina Dostalova and James De Sausmarez for their contribution to the Committee, both stepped down last month. He welcomed Christopher Hill and Kevin Everett to the Committee in their stead.

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

Alderman Howard and Alderman King declared a non-pecuniary interest in respect of item 32 due to their position as Aldermen.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – That the public minutes and summary of the meeting held on 18<sup>th</sup> September 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.

Mansion House

Officers confirmed that they had been in discussions with the Chairman of the Finance Committee about him presenting an update to Members at December's Court of Common Council. Officers added that conservationists had suggested the frequency of stone cleaning at Mansion House should be every 30 plus years.

Business Plans

The Town Clerk provided an update on the business planning process; to provide opportunities for Members to scrutinise the thinking put into the drafting of departmental Business Plans and to enable good links between strategy and the allocation of resources, several meetings are being arranged.

The plan is, first, to have a pre-Court of Common Council 'Business Plan Surgery' where Members can ask questions to inform discussions with their Chairmen and Deputy Chairmen. Next, Chairmen and Deputy Chairmen of the relevant Committees will be invited to attend meetings to discuss four clusters of Business Plans – Corporate, Services, Culture and City. Finally, a themed summary of the four cluster discussions will be sent to Chief Officers, Chairmen and Deputy Chairmen to help shape a useful discussion at Committees in February and March where Business Plans will be presented for approval.

Contingency Funding Strategy

The Chairman expressed his disappointment that the Report had yet to reach Members and stressed that he would like to see the draft of the Report, before it is submitted to December Finance Committee.

Reporting schedule

In response to concerns about the format of this Report, the Chairman and Deputy Chairman requested that officers should mirror the forward plan that goes to Efficiency and Performance Sub-Committee.

**RESOLVED** – that Members 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 recent meetings of the Committee's Sub-Committees.

Corporate Asset Sub-Committee

The Chairman of the Sub-Committee informed Members that the Sub-Committee had received a Report of the City Surveyor concerning Guildhall yard.

The City Surveyor informed Members that temporary solutions had been implemented to help mitigate flood risk.

A Member queried whether the Corporation's insurance would cover flooding to the Guildhall Art Gallery basement, where much of the Corporation's art collection was stored.

The City Surveyor and the Chamberlain would follow up with the insurance team and update the Sub-Committee in January.

Efficiency and Performance Sub-Committee

The Chairman recapped on the comments from the Town Clerk in Item 4 concerning business planning. He reiterated the importance of this endeavour, and encouraged officers and Members to work as one, to ensure the Business plans are robust and given the attention they deserve.

Information Technology Sub-Committee

The Chairman of the Sub-Committee spoke about the digital declaration. The declaration publicly commits the City to embrace and develop digital ways of working, digital citizen and business engagement, and skills development. There was also an expectation that organisations signing the declaration agree they will collaborate on digital projects sharing skills and knowledge.

In addition, the Chairman asked Members to endorse a change of name to the Sub-Committee; Members agreed that henceforth the name of the Sub would be the Digital Services Sub-Committee.

Procurement Sub-Committee

The Chairman of the Sub-Committee updated Members on the City Procurement Quarterly Progress Report, the action Plan to improve 10-day payment performance, and the London Living Wage Accreditation.

**RESOLVED** – that Members notes the report.

**6. REPORTING TIMETABLE**

The Committee received a Report of the Chamberlain concerning the reporting timetable for the Chamberlain's department.

The Chairman and Deputy Chairman reiterated that officers should mirror the forward plan that goes to Efficiency and Performance Sub-Committee.

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

7. **CITY'S CASH FINANCIAL STATEMENTS 2017/18**

The Committee considered a Report of the City Surveyor concerning City's Cash Financial Statements.

The Chairman suggested that, with the delays to Crossrail, the City should hold back from paying the final £50m until the project was delivered (now estimated in December 2019). Officers would examine options and report back.

The Deputy Chamberlain added that during the year a painting in the City's art collection was identified as having been stolen by the Nazis during the Second World War. The City returned the painting to members of the original owner's family during the year and the painting's carrying value of £1.2m has been treated as an impairment. Members asked her if officers could investigate the provenance of the painting to ascertain how the City bought the painting in the first place. The Deputy Chamberlain would ask colleagues to look into it and report back in due course.

A Member asked whether he could receive an assurance that the City's 20-year pension deficit elimination plan is on track, as the reduction in year 5/20 appears too small. In response the Deputy Chamberlain explained that the actuarial value of the deficit was healthy, and the progress in reducing the deficit over the last several years should encourage Members. She added that officers would be meeting the actuaries later in November for an update meeting and would report back to Members on their comments at the December Finance Committee meeting. The Chairman asked the Deputy Chamberlain to continue to work with Clare James on pensions issues.

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

- considered the contents of the Audit Management Report issued by Moore Stephens LLP;
- approved the City's Cash Financial Statements for the year ended 31 March 2018 taking account of any observations from the Audit and Risk Management Committee; and
- agreed that the Financial Statements are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.

8. **CITY'S CASH TRUST FUNDS AND SUNDRY TRUST FUNDS ANNUAL REPORTS AND FINANCIAL STATEMENTS 2017/18**

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

A Member queried how the entities listed on page 239 were incorporated into the accounts. The Deputy Chamberlain would take this query away and go back to the Member directly.

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

- considered the contents of Moore Stephens LLP Management Letter;
- approved the Annual Reports and Financial Statements for City's Cash Trust Funds and the Sundry Trust Funds, taking account of any observations from the Audit and Risk Management Committee; and
- agreed that the Annual Reports and Financial Statements are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.

9. **REVENUE BUDGET MONITORING TO SEPTEMBER 2018**

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

Members noted the continued surplus created by the property investment portfolio; they queried whether this was a case of systemic under-budgeting. The Chairman asked officers to consider whether the budget was too fat.

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

10. **CHAMBERLAIN'S BUSINESS PLAN - 2ND QUARTER UPDATE**

The Committee received a Report of the Chamberlain concerning the Chamberlain's Department's Business Plan.

The Chairman emphasised that significant discussion had taken place around the major projects, and that this was the first occasion in many years, that the City might borrow considerable sums of money. He stressed that approval to borrow had not been given, but it was important to put a strategy in place so that the City could move quickly if needs be; Rothschilds have been engaged as advisors.

The Chairman asked officers to amend the scorecard table on page 45; the current version wasn't as clear as it could be.

**RESOLVED** – that Members noted the Report

11. **CHAMBERLAIN'S DEPARTMENT RISK MANAGEMENT - QUARTERLY REPORT**

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

In a response to a query concerning CR16 (Information Security), the Chamberlain reassured Members that it was prudent to keep the risk at red for now, with, all being well, a reduction to amber envisaged in January.

A Member also asked officers to amend the terminology in the risk register; the Data Protection Act 1998 needed to be updated as it had been superseded by the DPA 2018 (which, in turn, supplements GDPR). He also asked who was providing oversight for information security across the piece, as it was important to recognise that this risk included paper, as well as IT. The Deputy Chairman and the Chamberlain responded that Audit and Risk Management Committee and the Data Services Sub-Committee were, in the first instance, the lead Committees.

The Chairman reiterated his ongoing concerns around CR23 (Police Funding) and would turn to them in more depth later in the meeting.

**RESOLVED** –that Members noted the report.

12. **IT DIVISION - QUARTERLY MEMBER UPDATE**

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

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

13. **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 Members noted the report.

14. **BREXIT CONTINGENCY FUNDING**

The Committee considered a Report of the Chamberlain concerning establishing a contingency funding pot for Brexit related activities.

A Member asked what the rationale was for the final sum of £2m. Officers responded that determining the precise amount required was difficult as the various permutations of Brexit were inherently still quite uncertain.

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

- Endorsed the creation of a Brexit Contingency Fund of £2m in 2018/19 with provision to carry forward any unspent balance into 2019/20 for onward approval by the Court of Common Council.
- Delegated to the Town Clerk, in consultation with the Chair and Deputy Chair of Policy and Resources Committee, authority to agree bids of up to £100k to the fund.
- Endorsed the criteria and reporting framework set out in the report for the fund.

15. **LONDON BUSINESS RATES 100% PILOT POOL: FINANCIAL ADMINISTRATION FOR STRATEGIC INVESTMENT POT**

The Committee considered a Report of the Chamberlain concerning administration for the London wide Strategic Investment Pot (SIP).

**RESOLVED** – that Members approved the following

- Approve the financial administration arrangements for the Strategic Investment Pot, as laid out in paragraph 6.
- Delegate authority to the Comptroller and City Solicitor, in consultation with the Chamberlain, to complete, make minor amendment to and execute the agreements with accountable boroughs for the SIP.
- Authorise the Chamberlain to make the payments required under the agreements up to the total SIP allocations agreed by the Policy and Resources Committee.
- Note that, if the pilot is extended to 2019/20, there will be further SIP allocations made for the balance of any 2018/19 funds. If no changes are proposed to the arrangements, officers will not seek further approvals in the same form once resources are allocated.

16. **LIVING WAGE ACCREDITATION - POTENTIAL ENHANCEMENTS**

The Committee received a Report of the Chamberlain concerning Living Wage accreditation.

**RESOLVED** – that Members noted the Report

17. **REVIEW OF THE CITY OF LONDON POLICE AUTHORITY - RESOURCING & GOVERNANCE ARRANGEMENTS**

The Committee received a Joint Report of the Town Clerk and the Chamberlain concerning resourcing and governance of the City of London Police Authority.

The Chairman began the discussion by emphasising that, since the introduction of the Police and Crime Commissioners across England and Wales in 2012, the City had not adequately resourced and fully fulfilled its role as the City of London Police Authority. This was a distinct and important role which requires robust, strategic direction.

He thanked officers for raising this Report with the Finance Committee (the decisions were for Policy and Resources Committee, Establishment Committee and Court of Common Council); furthermore, he proposed that the name of the Police Committee be changed to the Police Authority Board to better reflect its role.

The Commissioner added that it was important to recognise that the City of London Police was different to other forces and, for its relative size, took on a leadership role for a number of national policing projects.

A Member was concerned that appointing a new staff member at Grade I was possibly overegging things. He was supportive of the Police, but wanted to ensure officers were delivering on efficiencies and value for money. The Chairman responded that Policy and Resources would be reviewing and deciding on the recommendations on Thursday 15<sup>th</sup> November and that was the appropriate forum to scrutinise the Grade I appointment.

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

**18. INCENTIVISING EFFICIENT DEMAND MANAGEMENT - LEGAL SERVICES CHARGING**

The Committee considered a Report of the Chamberlain concerning internal charging for legal services.

The Chairman began by pointing out that he was perhaps a more enthusiastic exponent of internal charging than some City officers. He stressed that the benefit for officers and Members alike would be the ability to make choices, informed by a knowledge of costs, between outsourcing or using internal services. The use of charging in the Legal Services division was a logical first step and, from this pilot project, officers and Members would need to consider carefully the lessons and encourage the right behaviours, with a view to then deciding on where and when internal charging should next be rolled out.

He and other Members expressed concerns that the proposed new Case Management System could not be utilized by other departments. If the pilot was a success and roll out of internal charging to other departments was to commence, it was important, both from a cost perspective and for staff, to have one system that could be applied across the piece. The Chairman requested a paper come back to Members giving more granular detail on the proposed charging costs and to reassure Members that the system can be applied across departments.

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

- Note the progress made in moving to an internal trading account model for C&CS legal services.
- Agree to progress under option 2 of this report, which recommends implementing the internal trading account for legal services from 2019/20.

**19. ANNUAL ON-STREET PARKING ACCOUNTS 2017/18 AND RELATED FUNDING OF HIGHWAY IMPROVEMENTS AND SCHEMES**

The Committee received a Report of the Chamberlain concerning the annual on-street parking accounts for 2017/18.

A Member asked for clarity on two points concerning why income was expected to fall over the next five years and why income from penalty charge notices,



had to go automatically into the On-Street Parking Reserve. The Chairman asked officers to respond to the Member offline.

Separately, a Member asked for a bit more clarify on the granular details of the accounts presented, the Chairman again asked officers to respond to the Member offline.

**RESOLVED** – that Members noted the Report

20. **BUSINESS RATES UNCOLLECTABLE DEBT & WRITE-OFF REVIEW**

The Committee considered a Report of the Chamberlain concerning Business rates.

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

- noted the contents of the report.
- approved increased write-off authorisation limits for all debt types from £5,000 to £20,000
- agreed to a change in process to allow cases in liquidation to be written off 24 months after the commencement of the process
- agreed to the use of a third-party company to review debt before write-off.

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

The Committee received a report of the Town Clerk which provided information of the action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Orders 41(a) and 41(b). The decision related to the approval of a donation to the sum of £40,000 from the International Disasters Fund to support the Disaster Emergency Committee's Indonesian appeal.

**RESOLVED** – that Members noted the report.

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

There were no questions.

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

There were no urgent items.

24. **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.

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

The non-public minutes of the meeting held on 18<sup>th</sup> September were approved as an accurate record.

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

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

**27. WASTE COLLECTION, STREET CLEANSING AND ANCILLARY SERVICES - CONTRACT AWARD**

The Committee considered a Report of the Chamberlain concerning the contract award for waste collection, street cleansing and ancillary services.

**28. HOUSING RESPONSIVE REPAIRS, MAINTENANCE AND VOIDS SERVICES CONTRACT AWARD**

The Committee considered a Report of the Chamberlain concerning the contract award for housing responsive repairs, maintenance, and voids services.

**29. ADDITIONAL RESOURCES REQUEST FOR THE CITY SURVEYOR'S DEPARTMENT**

The Committee considered a Report of the City Surveyor concerning an additional resources request.

**30. BRIDGE HOUSE ESTATES: FRIARS HOUSE, 160 BLACKFRIARS ROAD - TWO NEW 150 YEAR LEASES**

The Committee considered a Report of the City Surveyor concerning Friars House, 160 Blackfriars Road

**31. RENNIE GARDEN, BLACKFRIARS ROAD SE1 - LICENCE FOR WORKS & 150-YEAR LEASE (BRIDGE HOUSE ESTATES)**

The Committee considered a Report of the City Surveyor concerning Rennie Garden.

**32. 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.

**33. 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.

**34. 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 3.45 pm**

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Chairman

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