

FINANCE COMMITTEE

Tuesday, 11 December 2018

DRAFT Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on
Tuesday, 11 December 2018 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)
Deputy Jamie Ingham Clark (Deputy
Chairman)
Deputy Roger Chadwick
Simon Duckworth
John Fletcher
Christopher Hill
Alderman Robert Howard

Michael Hudson
Deputy Wendy Hyde
Deputy Clare James
Alderman Alastair King
Ian Seaton
James Tumbridge
Deputy Philip Woodhouse

Officers:

John Cater	- Committee Clerk
Simon Latham	- Town Clerk's Department
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Philip Gregory	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Paul Wilkinson	- City Surveyor
David Farnsworth	- Town Clerk's
David Drane	- City of London Police
Karen Atkinson	- Chamberlain's Department
Ian Dyson	- Commissioner of the City of London Police
Kevin Mulcahy	- Chamberlain's Department

1. APOLOGIES

Apologies for absence were received from Randall Anderson, Nicholas Bensted-Smith, Sophie Fernandes, Chris Hayward, Gregory Lawrence, Tim Levene, Oliver Lodge, Paul Martinelli, Robert Merrett, Susan Pearson, Henry Pollard and James Thomson.

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

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes of the meeting held on 13th November 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.

Crossrail delays

The Deputy Chamberlain confirmed that TfL had yet to invoice the Corporation for the next payment of £25m. Discussions would take place once the invoice was received.

Painting in the City's art collection

The painting was found to have been part of a bequest of a large collection; unfortunately, the provenance of this specific painting within that collection was unknown.

Meeting with the actuaries

The Deputy Chamberlain confirmed that the meeting with the actuaries had taken place late last month; the Chamberlain would return to Members in due course, if a contribution was needed to keep the pension deficit recovery plan on track.

Internal Legal Charging

The Chairman and the Deputy Chamberlain asked the Committee clerk to circulate the internal legal charging background note to all Members after the meeting.

RESOLVED – that the Committee notes the report.

5. **FINANCE COMMITTEE - WORK PROGRAMME 2018 AND 2019**

The Committee received a Report of the Chamberlain concerning the work programme for 2019.

The Chairman noted that given no major reports were scheduled for March or October, there was a strong likelihood that those months' meetings would be cancelled. The committee clerk would update Members in due course. The Chairman added that, given the work which had been devolved to the Sub-Committees in recent years, holding an average of eight Finance Committee meetings a year was likely to be sufficient.

RESOLVED – that the Committee noted the Report.

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

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

The Chairman of the Finance Grants Oversight and Performance Sub-Committee noted that the Benefits-in-Kind (BIK) work was ongoing and officers were making good progress; in the past BIK had not been subject to sufficient and systematic scrutiny.

RESOLVED – that the Committee noted the report.

a) **Draft public minutes of the Finance Grants Sub-Committee held on 13 November 2018**

RESOLVED – That the draft public minutes of the Finance Grants Sub-Committee meeting held on 13 November 2018 be noted.

7. **RISK MANAGEMENT - TOP RISKS**

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

Focusing on CHB CP001 (Brexit risk to City Corporation procurement and supply Chains), the Chairman asked officers to ensure the Procurement Sub-Committee are able to scrutinise work undertaken within its remit.

On the wider outlook for Brexit, the City Surveyor informed Members that the investment property market remained buoyant.

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.

RESOLVED – that the Committee noted the report.

9. **OVERVIEW OF CENTRAL RISK BUDGETS AND RELATIONSHIP TO CONTINGENCIES**

The Committee considered a Report of the Chamberlain concerning the Central Risk budgets and their relationship to contingencies.

The Chairman requested that a copy of the Report be circulated to all Chairmen and Chief Officers of the Grand Committees.

Additionally, the Chairman reminded officers that with the basic exception of carry forwards, in-year changes to budgets should be avoided; he reiterated that the core role of the Finance Committee is to monitor spending against the original budget, and requests for additional funding should be transparent and scrutinised.

A Member raised concerns that, inevitably, situations would arise where emergency funding would urgently be needed to mitigate problems. It was difficult to predict with much accuracy what level of resources would be

required when these events occurred, citing the frequent cases of fly tipping in Epping Forest, the quantity of which fluctuated from month-to-month. The Chairman reassured the Member that the Corporation would retain a common-sense approach to urgent calls on contingencies, and stressed that variances, where justified, would not be viewed unsympathetically.

RESOLVED – that the Committee approved the following:

- Agree that departments should, in the first instance, seek to re-prioritise local risk budgets when unexpected pressures arise; and that any calls on the Finance Committee contingency should be allocated towards the end of the financial year or in exceptional circumstances (see paragraph 3).
- Note the relationship between central risk and contingency arrangements - in particular that central risk budgets are known for volatile spend or income items; contingencies are for unforeseen items of spend.

10. **PROPOSED 2019/20 REVENUE BUDGETS FOR OPERATIONAL SERVICES**
The Committee considered a Report of the Chamberlain concerning the revenue budgets for operational services in 2019/20.

Members asked for more clarity on whether this was for Finance Committee to approve and the Chairman queried whether this was in fact a matter for the Resource Allocation Sub-Committee; the Deputy Chamberlain responded that for the operational services budget, the Finance Committee was approving the submission into the budget-setting process. Separately, Finance Committee had oversight over the whole financial picture for the organisation and made recommendations to Court on the budget for the coming year and any tax proposals, following Resource Allocation Sub Committees and Policy Committees consideration and prioritisation of resourcing requests.

Members expressed caution that substantial increases were being slipped through. They requested officers to be clearer about the starting figures and any subsequent movement.

Turning to Appendix D, the Deputy Chairman requested that, going forward, more focus should be given to the capital side of the budget and less on the revenue side; big projects will be coming on stream shortly and the focus should reflect this.

The Deputy Chamberlain added that it was also important to keep in mind the knock-on effect i.e. extra financial consequences from capital decisions.

RESOLVED – that the Committee approved the following:

- Review and approve the proposed 2019/20 revenue budgets;

- authorise the Chamberlain to revise these budgets, as set out in paragraph 16, for potential changes to central and departmental support service apportionments and decisions of the Resource Allocation Sub Committee in relation to the Additional Works Programme;
- note the approved capital and supplementary revenue budgets.

11. FINANCIAL REGULATIONS UPDATE

The Committee considered a Report of the Chamberlain concerning financial regulations.

RESOLVED – that the Committee approved the updated Financial Regulations, Part 1 as detailed in paragraph 8 of the main report.

12. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

13. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

14. 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.

15. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

The non-public minutes of the meeting held on 13th November were approved as an accurate record.

16. 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 session at a recent meeting of one of the Committee's Sub-Committees.

a) Draft non-public minutes of the Finance Grants Sub-Committee held on 13 November 2018

The non-public minutes of the Finance Grants Sub-Committee meeting held on 13th November 2018 were noted.

17. ACTION AND KNOW FRAUD CENTRE -CONTRACT

The Committee received a Report of the Commissioner of the City of London Police concerning Action Know Fraud.

18. **MAJOR PROJECTS FINANCING**

The Committee considered a Report of the Chamberlain concerning financing for major projects.

19. **BRIDGE HOUSE ESTATES STRATEGIC REVIEW - UPDATE**

The Committee considered a Report of the Chamberlain concerning the strategic review for Bridge House Estates.

20. **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.

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

Members considered a non-public question 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**

There were no items of urgent business.

23. **EMPLOYMENT MATTERS**

The meeting ended at 3.30 pm

Chairman

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