

## RESOURCE ALLOCATION SUB (POLICY AND RESOURCES) COMMITTEE

Monday, 8 April 2019

Minutes of the meeting of the Resource Allocation Sub (Policy and Resources) Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Monday, 8 April 2019 at 10.00 am

### Present

#### Members:

Deputy Catherine McGuinness (Chairman)	Deputy Edward Lord
Jeremy Mayhew (Deputy Chairman)	Alderman William Russell
Deputy Keith Bottomley	Deputy John Tomlinson
Deputy Jamie Ingham Clark	Alderman Sir David Wootton
Marianne Fredericks	

#### In Attendance

Andrew McMurtrie

#### Officers:

John Barradell	- Town Clerk and Chief Executive
Angela Roach	- Assistant Town Clerk & Director of Members' Services
Peter Lisley	- Director of Major Projects
Simon Latham	- Town Clerk's Department
Emma Cunnington	- Town Clerk's Department
Gregory Moore	- Town Clerk's Department
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Deputy Chamberlain
Philip Gregory	- Chamberlain's Department
Chris Bell	- Chamberlain's Department
Carolyn Dwyer	- Director of the Built Environment
Leah Coburn	- Department of the Built Environment
Emily Black	- Economic Development Office
Roland Martin	- Headmaster, City of London Freeman's School
Jonathan Poyner	- Barbican Centre
Darrell Lunt	- Barbican Centre

#### 1. APOLOGIES

Apologies were received from Henry Colthurst, Simon Duckworth, Christopher Hayward, Deputy Joyce Nash, Alderman William Russell, Deputy Dr Giles Shilson, and Sir Michael Snyder.

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

Deputy John Tomlinson declared an interest in Items 3 and 7 in relation to aspects concerning the Barbican Podiums, as a tenant of the Barbican Estate.

Deputy Jamie Ingham Clark's standing declaration concerning his status as a Church Warden at St Lawrence Jewry was also recorded in relation to the same two items.

### 3. **CAPITAL FUNDING - INTERIM REVISED PRIORITISATION AND PROJECT FUNDING UPDATE**

The Sub-Committee considered a report of the Chamberlain concerning arrangements for the prioritisation and funding of capital projects ahead of the forthcoming fundamental review process.

Members agreed the prioritisation criteria set out at paragraphs 6 and 7; however, it was observed that further detail would be necessary in respect of non-major capital projects which were income-generating or had funding of a "spend-to-save" nature and short payback terms, as the repayments or new income created would need to be factored in to longer-term cashflow forecasts.

A Member observed that it would be important to align policy and funding decisions, noting the unhelpful tendency previously for policy approvals taken at an early stage to be construed as a firm commitment for significant financial backing later on, despite the financial implications not having been sufficiently known. It was stressed that any requests for Member approvals should always identify funding sources; this would be particularly important for items coming through the Projects Sub-Committee. The Director of Major Projects spoke to echo the importance of ensuring the correct structures and rigour were put in place in relation to how projects were managed and presented for consideration.

Discussion ensued in relation to the possibility of spending more money at an earlier stage of projects to help define and drive down costs from their inception. Members did not support the creation of a separate funding pot for this under the control of the Projects Sub-Committee, noting that good project management activities should be embedded within day-to-day business activities and that the early stages of project design should continue to be funded from departmental local risk budgets.

Members were strongly supportive of the introduction of an annual capital bid process, stressing the importance of this being linked to the business planning cycle and flowing through to cashflow forecasts.

It was noted that further clarification was required in respect of the implications two of the projects which it was proposed were to be deferred; namely, the Dominant Footbridge and Holborn Viaduct & Snow Hill Pipe Subways projects. It was advised that officers would provide an update at Policy and Resources Committee later that week to revise the recommendation ahead of the final decision being taken, if necessary.

Members queried the rationale and process associated with identifying the projects to be deferred set out at Appendices 5A and 5B. It was advised that officers had scrutinised each in detail and considered the risk implications associated with all proposals. Based on the information available, it had been

determined that these items could be deferred for a period without significant negative implications; however, each would be subject to ongoing officer review and any items could be brought back to Members to reconsider, should the position change materially. The Chamberlain undertook to circulate further information on each of the projects to be deferred, including the point they were at in the Gateway process and the quantum of funds allocated to date.

The cost associated with delaying or deferring these projects was also the subject of discussion with it conceded that, for some items, there would likely be some abortive costs or additional expense associated with delays; however, this was the only real way to generate sufficient space for Members to step back and review projects in the round, enabling them to prioritise. It was advised that a pragmatic approach would be taken in respect of each deferred project, with projects utilising existing funding approvals to take them up to the next Gateway point or other sensible place to pause. Together with the relatively short period of the fundamental review process, this should mean there would be only a small period of inactivity on many projects, thereby minimising abortive costs.

A Member noted that decisions made now reflected the position at a particular point in time; organisational priorities and risk assessments were always liable to change according to emerging items and, therefore, ensuring flexibility in terms of the ability to revisit decisions or prioritisation in-year would be prudent both now and for any future process.

In relation to the Guildhall Event Chairs project, a Member queried why a trading account was not utilised in respect of the Guildhall's commercial lettings activity generally. This would allow relevant capital purchases or equipment, such as furniture, to be dealt with through the trading account and for material factors such as depreciation to be recognised. The Chamberlain was asked to consider the accounting treatment accordingly.

With reference to the various loans set out in table four and in more detail at Appendix 3, it was observed that these were being put forward in part as a consequence of timing and their being further progressed than other requests, rather than being necessarily related to their priority status. With this in mind, it was asked whether the commitments being made here would compromise the ability to borrow and therefore the viability of any of the other prospective loan-style arrangements to be considered in due course. The Chamberlain confirmed that he did not anticipate decisions made in respect of these loan proposals to have any material impact on the viability of other requests.

In relation to questions concerning projects involving third party funding, the Chamberlain agreed that this would need to be taken into account and appropriate thought would need to be given to the impact on prioritisation. However, it was sometimes the case that projects with such funding still required substantial commitments from the City Corporation but did not necessarily constitute organisational priorities, so careful thought about when and if such projects were embarked upon would be prudent.

It was noted that the fundamental review process was expected to be approximately six months in length. Members emphasised that communication would be particularly important throughout the fundamental review process, to ensure that both Officers and Members were clear on what was being done and the principles being applied. The Chamberlain was also asked to communicate the outcome of this meeting to Chief Officers and Service Committee Chairmen as soon as possible.

RESOLVED: That Members:-

1. Approve the prioritisation of new capital projects in 2019/20 in accordance with the criteria in paragraph 6 and 7 and confirm any additional interim criteria to be applied pending the fundamental review (paragraph 18).
  2. Approve the schemes set out in paragraph 13 (Tables 2 - 4 and Appendices 1 – 4) for release from hold to continue through the Gateway procedure, with a combined value of £89m.
  3. Approve £23.622m of funding for schemes detailed in Appendix 6 as follows:
    - internal loan funding with:
      - payback periods of 5 years or less of up to £3m; and
      - payback periods of more than 5 years of up to £18.818mto be allocated from the reserves of City Fund and City's Cash, subject to other relevant approvals including gateways and Court of Common Council, and with each scheme to be considered on its own merits.
    - funding of up to £1.804m for the other bids be drawn from the unallocated balances remaining in the 2018/19 City Fund and City's Cash provisions for new schemes.
  4. Defer the approval of funding for schemes identified in Appendix 5A and 5B with a current value of £340m pending the fundamental review of services.
  5. Note that the unallocated balances remaining in the 2018/19 annual provisions for new schemes will be returned to the centre.
  6. Approve the introduction of an annual capital bid process to ensure that proposed new schemes are affordable and properly prioritised against criteria developed to reflect the new corporate model.
4. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**  
There were no questions.
5. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**  
There were no urgent items.
6. **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.
7-9	3

7. **NON-PUBLIC APPENDICES: CAPITAL FUNDING - INTERIM REVISED PRIORITISATION AND PROJECT FUNDING UPDATE**  
The Sub-Committee considered the non-public appendices in conjunction with the report at Item 3.
8. **CITY OF LONDON FREEMEN'S SCHOOL - ESTATE DEVELOPMENT PLAN AND PROGRESS**  
The Sub-Committee considered a joint report of the Chamberlain, the City Surveyor, and the Headmaster of the City of London Freemen's School concerning the School's Estate Development Plan.
9. **CYCLICAL WORKS PROGRAMME (CWP) AND ADDITIONAL RESOURCES FOR CITY FUND PROPERTIES**  
The Sub-Committee considered and approved a report of the Chamberlain which sought approval for the proposed 2019/20 Cyclical Works Programme (CWP).
10. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**  
There were no questions.
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 no urgent items.

**The meeting ended at 11.05 am**

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Chairman

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