

## Report – Finance Committee

### Capital Funding Update

To be presented on Thursday, 18<sup>th</sup> July 2019

To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.

#### SUMMARY

- The Court of Common Council is asked to approve additional budgetary provisions of up to £8.463m to fund seven schemes agreed for progression outside of the Fundamental Review, as outlined in Table 1 below. These schemes were approved (alongside an eighth concerning Bank on Safety) by your Policy and Resources Committee and Resource Allocation Sub-Committee on 4 July 2019.
- Following that decision, your Finance Committee approved these revisions under urgency procedures so as to facilitate the loans. In-year budget adjustments of this nature are required to be considered by the Finance Committee, which is responsible for making subsequent recommendations concerning budget adjustments to the Court.

<b>Table 1: Project Funding Requests</b>	<b>City Fund (excluding Police)</b> £000	<b>City Fund - Police</b> £000	<b>City's Cash</b> £000	<b>Bridge House Estates</b> £000	<b>Total Funding now requested</b> £000
<b>General Reserves</b>					
Corporate IT Service Contract - outsourcing transition and	924	700	392	84	2,100
<b>Police IT Modernisations</b>					
Managed Desktop (including Office 365, Desktop refresh)		3,800			3,800
Security Zone		750			750
Police Intranet/Sharepoint		250			250
Electrical Supply at Walbrook Wharf for electric vehicle charging	1,425				1,425
Walbrook Wharf urgent M&E	138				138
	2,487	5,500	392	84	8,463
<b>On Street Parking Reserve</b>					
Bank on Safety (residual funds to complete interim scheme)	400				400
<b>TOTAL FUNDING NOW REQUESTED</b>	<b>2,887</b>	<b>5,500</b>	<b>392</b>	<b>84</b>	<b>8,863</b>

- Table 1 summarises the 8 funding bids amounting to £8.863m. Corporate Priorities Board have recommended the following sources of funding:
  - £8.463m to be drawn down from the general reserves of the three main funds, including £5.5m for the City Police schemes as a supplement to the police cash limited budget. Since no existing approved financial provision

exists for the £8.463m, approval was sought and approved by Finance Committee and is now requested by the Court of Common Council.

- £400k to be drawn from the balances currently available in the On-Street Parking Reserve.
4. Members have agreed that it is essential to prioritise effectively capital and SRP projects to be progressed, with funding allocated in a measured way by applying a process of prioritisation that enables corporate objectives are met and schemes are affordable.
  5. Earlier in the year, all pre-gateway 5 projects requiring central funding, with a combined estimated cost of £429m, were subjected to an interim assessment against the following criteria:

Projects classified as **essential** which:

- i. Address a risk on the corporate risk register;
- ii. Have a sound business case that clearly demonstrates the negative impact of deferring the scheme, i.e. penalty costs or loss of income, where these are material (if any schemes are deferred, cancelled or scope reduced there will inevitably be some abortive costs); and
- iii. Fall within the following categories:
  - Health and safety compliance
  - Statutory compliance
  - Fully/substantially reimbursable
  - Spend-to-save or income-generating, generally with a short payback period (as a rule of thumb within 5 years)
  - Major renewals of income generating assets
  - Subsidiary categories to allow schemes that will ultimately result in a corporate risk:
    - replacement of critical end-of-life components for core services;
    - schemes required to deliver high priority policies; or
    - schemes with a high reputational impact.

## **RECOMMENDATION**

Members are asked to:

- i) Approve an allocation of up to £8.463m from the reserves of the relevant funds (as outlined in the table above) to allow the seven identified schemes to progress.
- ii) Note that this year's capital funding bids will be assessed initially against the existing prioritisation criteria, pending new criteria to be developed via the Fundamental Review.

All of which we submit to the judgement of this Honourable Court.

DATED this 9<sup>th</sup> day of July 2019.

SIGNED on behalf of the Committee.

**Jeremy Paul Mayhew**  
Chairman, Finance Committee