

FINANCE COMMITTEE

Tuesday, 23 July 2019

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on
Tuesday, 23 July 2019 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)
Deputy Jamie Ingham Clark (Deputy
Chairman)
Randall Anderson
Michael Hudson
Deputy Wendy Hyde
Deputy Clare James
Alderman Gregory Jones QC
Alderman Alastair King
Tim Levene
Alderman Nicholas Lyons
Paul Martinelli

Andrew McMurtrie
Andrien Meyers
Deputy Hugh Morris
Benjamin Murphy
Deputy Henry Pollard
James de Sausmarez
John Scott
Ian Seaton
Deputy Catherine McGuinness (Ex-Officio
Member)
Simon Duckworth (Ex-Officio Member)

Officers:

John Cater	- Town Clerk's Department
Caroline Al-Beyerty	- Chamberlain's Department
Paul Wilkinson	- City Surveyor
Christopher Bell	- Chamberlain's Department
Philip Gregory	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
David Farnsworth	- Town Clerk's
Sean Green	- Chamberlain's Department

1. APOLOGIES

Apologies for absence were received from Rehana Ameer, Nicholas Bensted-Smith, Deputy Roger Chadwick, Dominic Christian, John Fletcher, Oliver Lodge, Deputy Robert Merrett, Alderman Sir Andrew Parmley, Susan Pearson, Graeme Doshi-Smith, Sir Michael Snyder, Deputy James Thomson and Deputy Philip Woodhouse.

The Chairman, on behalf of the Committee, expressed his best wishes to the Chamberlain for a speedy recovery.

The Chairman welcomed Andrien Meyers to the Committee.

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 18th June 2019 be approved as an accurate record.

4. **OUTSTANDING PUBLIC ACTIONS**

The Committee considered 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. **FINANCE COMMITTEE - WORK PROGRAMME 2019 AND 2020**

The Committee received a Report of the Chamberlain concerning the Committee's work programme for the remainder of 2019 and early 2020.

The Interim Chamberlain highlighted potential changes during September and October; she would follow up with the Chairman after today's meeting to discuss the status of the October meeting.

The Chairman pointed out that October meetings in previous years had tended to have been postponed due to the lack of Committee business during that month.

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.

RESOLVED – that the Committee noted the report.

7. **AMENDMENT TO CORPORATE ASSET SUB-COMMITTEE'S TERMS OF REFERENCE**

The Committee received a Report of the Town Clerk concerning an amendment to the Corporate Asset (Finance) Sub-Committee's Terms of Reference.

Members welcomed the amendment; the Deputy Chairman clarified that, broadly, "physical" security relating to buildings and people would be scrutinised by CASC and data security (digital and paperwork) would be overseen by the Digital Services Sub-Committee.

RESOLVED – that the Committee approved the following wording be added to the Terms of Reference for the Corporate Asset Sub-Committee:

“... to provide strategic oversight for security issues across the Corporation’s operational property estate; with the objectives of managing security risk; encouraging consistent best practice across the Estate; and, in conjunction with the Establishment Committee, fostering a culture of Members and officers taking their responsibilities to keeping themselves and the buildings they occupy secure.”

8. DRAFT 2018-19 CITY FUND AND PENSION FUND FINANCIAL STATEMENT

The Committee received a Report of the Chamberlain concerning the 2018-19 City Fund and Pension Fund.

The Chamberlain provided a brief overview of the Report and referred to the discussion at the recent meeting of the Audit and Risk Management Committee; they advised that BDO’s current guidance on the McCloud judgement was for the Corporation to make provision for any liability that could arise in its pension scheme due to McCloud.

The Chairman thanked officers for their annual briefing on this topic to Members the previous day. He requested that, in future, a briefing note was circulated before that session, so Members came in more prepared with questions.

The Chamberlain asked that, given the extended absence of Peter Kane, the second recommendation in the Report be amended to the following: ... “Delegate to the Deputy Chamberlain, in consultation with the Chairman...”

The Chairman added that Members will be made fully aware if any material changes arise before final sign off by BDO at the end of July.

RESOLVED – that the Committee approved the following:

- the 2018-19 City Fund and Pension Fund Statement of Accounts; and
- Delegate to the Deputy Chamberlain, in consultation with the Chairman and Deputy Chairman of Finance Committee, approval of any material changes to the statement of accounts required before the signing of the audit opinion by BDO – which is expected by the end of July

9. DRAFT BRIDGE HOUSE ESTATES ANNUAL REPORT AND FINANCIAL STATEMENTS

The Chairman confirmed that this paper had been withdrawn. The Interim Chamberlain explained that this was due to internal issues with our auditors, BDO; she assured Members that BDO had indicated that they were very impressed by the quality of the accounts.

As a solution, the respective Chairmen and Deputy Chairmen of both the Finance Committee and the Audit and Risk Management Committee propose inviting Finance Members to attend the September ARM Committee meeting on the 24th September at 2pm as “speaking observers” for the item on the BHE

Annual Report. ARM members alone would then vote on whether or not to recommend approval of the Report, and the Chairman and Deputy Chairman of Finance Committee would be expected, having taken on board the comments from FC Members, to approve the Paper under delegated authority procedures shortly thereafter.

The Town Clerk would issue an invitation to Members after today's meeting.

10. PROVISIONAL OUTTURN 2018-19

The Committee received a Report of the Chamberlain concerning the Provisional Outturn for FY 2018/19.

Members expressed their concern with the Barbican Centre's outturn; the Chamberlain indicated that the large variance (circa £3m) was due to both the absence of high profile, "blockbuster" shows over the past year, compared with recent times, and a significant carry forward from FY 2017/18. In response, Members pointed out that the Barbican was a successful commercial operator which had delivered a good track record over the past decade; it should therefore not be unreasonable to examine whether a reduction in subsidies from the centre would be justified. The Chairman added that a topic of discussion at the recent Resource Allocation Sub-Committee Away Day was around the future funding levels for our cultural programmes in general – this would be further explored as the Fundamental Review progressed.

Members again stressed that there needs to be greater clarity presented in the figures between the original approved budget and subsequent in-year-changes; the original budget should be tracked throughout the year. It was also incumbent on Chief Officers to try to minimise carry forwards.

The Chamberlain confirmed that the McCloud revision was not included in the outturn due to the publication date of the Report. The Provision will, however, be in the final accounts following advice from BDO, as per the discussion during ITEM 8.

RESOLVED – that the Committee noted the Report.

11. CAPITAL AND SUPPLEMENTARY REVENUE PROJECTS - 2018/19 OUTTURN AND PRUDENTIAL INDICATORS

The Committee received a Report of the Chamberlain concerning the capital and supplementary revenue projects.

RESOLVED – that the Committee noted the Report.

12. MAJOR WORKS MAINTENANCE FORECASTING AND GAP FUNDING - OPERATIONAL PROPERTY PORTFOLIO

The Committee received a Report of the City Surveyor concerning the major works maintenance forecasting and gap funding.

The Chairman highlighted that the "heavy lifting" in this area was picked up by the Corporate Asset Sub-Committee, with Finance Committee providing a high-

level scrutiny role. The Deputy Chairman confirmed that CASC had recently received a trend analysis paper concerning the operational portfolio “bow wave”.

RESOLVED – that the Committee noted the Report.

13. INITIATION & IMPLEMENTATION OF CHARITIES REVIEW

The Committee received a Report of the Chief Grants Officer & Director of City Bridge Trust (CBT).

In response to a request to set out a financial envelope for the cost of the Review, the Chief Grants Officer responded that the cost would be between £100,000 – £150,000; Members approved that envelope.

A Member asked the Chief Grants Officer to confirm which charities were in scope, as there were “lots of random ones” and we should “seek alignment with the corporate plan”. The Chairman asked that, outside of the usual discussions at the Finance Grants Oversight and Performance Sub-Committee, Ian Seaton be kept updated and effectively made Finance Committee’s point man on this specific area.

RESOLVED – that the Committee approved the following:

- that a comprehensive Charities Review should be undertaken and implemented: led by the CGO and overseen by an appropriate cross-departmental officer working group, with Members being regularly updated and their input sought at relevant committees/charity boards during the course of the Review; and
- to delegate authority to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee, to take the decision as to the allocation of resources for the Review through a request by the CGO to the Finance Committee Contingency Fund held within City’s Cash.

14. REVENUE BUDGET MONITORING TO JUNE 2019

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

RESOLVED – that the Committee noted the Report.

15. CHAMBERLAIN'S DEPARTMENT RISK MANAGEMENT - QUARTERLY REPORT

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

Turning to the Police Funding risk, the Chamberlain confirmed that, in the immediate term, the deficit for 2018/19 was offset by a combination of savings, the Business Rate Premium allocation, and a draw-down on reserves; the Chairman responded that clearly, as a way to meet future deficits, this was

unsustainable; he assured Members that officers were committed to getting the Police's Medium-Term Financial Plan (MTFP) back on track. The Chamberlain confirmed that a Report providing detailed plans would be submitted to Committees for the autumn cycle.

RESOLVED – that the Committee noted the report.

16. **CENTRAL CONTINGENCIES 2019/20**

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.

17. **REPORT OF ACTION TAKEN - PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY/URGENCY PROCEDURES SINCE THE LAST MEETING OF THE COMMITTEE**

The Committee considered 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 Capital Funding.

RESOLVED – that the Committee noted the report.

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

There were no questions.

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

There were no urgent items.

20. **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.

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

The non-public minutes of the meeting held on 18th June 2019 were approved as an accurate record.

22. **OUTSTANDING NON-PUBLIC ACTIONS**

The Committee noted a report of the Town Clerk which set out outstanding actions from previous non-public minutes of the Committee.

23. **NON-PUBLIC REPORT OF THE WORK OF THE SUB-COMMITTEES**

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.

24. BUSINESS TRAVEL & ACCOMMODATION SERVICES PROCUREMENT STAGE 2 AWARD

The Committee considered a Report of the Chamberlain concerning the award of the Business Travel and Accommodation Services contract.

25. IT SERVICE 2020 CONTRACT - SOURCING

The Committee considered a Report of the Chamberlain concerning the IT Service 2020 Contract.

26. BRIDGE HOUSE ESTATES STRATEGIC REVIEW - UPDATE TWO

The Committee received a Report of the Town Clerk concerning the Bridge House Estates Strategic Review.

27. REPORT OF ACTION TAKEN - NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY/URGENCY PROCEDURES SINCE THE LAST MEETING OF THE COMMITTEE

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.

28. 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.

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

The Committee considered an item of urgent business relating to borrowing.

The meeting ended at 3.30 pm

Chairman

Contact Officer: John Cater
tel. no.: 020 7332 1407
john.cater@cityoflondon.gov.uk