

FINANCE COMMITTEE

Tuesday, 10 November 2020

Minutes of the meeting of the Finance Committee held virtually on Tuesday, 10 November 2020 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)
Deputy Jamie Ingham Clark (Deputy Chairman)
Munsur Ali
Rehana Ameer
Randall Anderson
Nicholas Bensted-Smith
Dominic Christian
Graeme Doshi-Smith
Alderman Sir Peter Estlin
Alderman Prem Goyal
Michael Hudson
Deputy Wendy Hyde
Deputy Clare James
Alderman Gregory Jones QC

Tim Levene
Oliver Lodge
Alderman Nicholas Lyons
Paul Martinelli
Andrew McMurtrie
Hugh Morris
Susan Pearson
James de Sausmarez
John Scott
Deputy James Thomson
Mark Wheatley
Deputy Philip Woodhouse
Sheriff Christopher Hayward (Ex-Officio Member)

Officers:

John Cater	- Committee Clerk
Peter Kane	- Chamberlain
Paul Wilkinson	- City Surveyor
Michael Cogher	- Comptroller and City Solicitor
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Sean Green	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Karen Atkinson	- Chamberlain's Department
Sanjay Odedra	- Communications Team
Jack Joslin	- The City Bridge Trust
Steven Reynolds	- Chamberlain's Department
Neilesh Kakad	- Chamberlain's Department
Ian Jarman	- Communities and Children's Services
Nicholas Richmond-Smith	- Chamberlain's Department
Oliver Watling	- Chamberlain's Department

1. APOLOGIES

Apologies for absence were received from Roger Chadwick, Gregory Lawrence, Catherine McGuinness, Robert Merrett, Ian Seaton, and Sir Michael Snyder.

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

Mark Wheatley declared a non-pecuniary interest in respect of item 12 due to being the City of London Vice-President of the British Red Cross.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes of the meeting held on 13th October 2020 be approved as an accurate record.

In response to a query concerning City Re and captive insurance, the Chairman confirmed that, subsequent to the Finance Committee meeting in October, discussions had taken place with the Department of Innovation and Growth (IG) to explore whether there was scope for the UK to expand into the captive insurance market. IG would be continuing these discussions with other stakeholders in the insurance market in the coming months and would report back to Finance Committee by March 2021.

The Chairman re-emphasised that the pause for any additional expenditure on the Centre for Music project remained in place, and the project would only be re-started with the approval of the Court of Common Council.

4. **FORWARD WORKPLAN**

The Committee received a joint Report of the Town Clerk and the Chamberlain concerning the Committee's workplan for the next eight months.

RESOLVED – that the Committee noted the Report.

5. **APPOINTMENT TO DIGITAL SERVICES SUB-COMMITTEE**

The Committee considered a Report of the Town Clerk concerning an appointment from the Court of Common Council to the Digital Services Sub-Committee.

RESOLVED – that the Committee approved that Dawn Wright is appointed to the Digital Services Sub Committee for the remainder of the 2020/21 civic year.

6. **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 a recent meeting of the Procurement Sub-Committee (N.B. Procurement was the only Sub to have met since the last meeting of Finance Committee)

RESOLVED – That the Committee noted the report.

7. **RISK MANAGEMENT - TOP RISKS**

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

The Chamberlain provided a brief overview. He confirmed that the IT risk around Resilience had been merged with that around Business Continuity.

The Chairman added that, more broadly, the recent bi-lateral meetings (between Chief Officers, Members and the Chamberlain's team) had proved fruitful; he asked that, in preparation for the November meeting of the Court of Common Council, the Clerk distribute a note from the Chamberlain outlining the Corporation's in-year (2020/21) financial position. In summary, the damage wrought by the pandemic had amounted to a hit of £36m across all three Funds and, whilst we may receive £12m in compensation from central government, under the Sales, Fees and Charges Compensation Scheme, this would still leave a substantial net negative impact of circa £23.4m.

The Chamberlain stressed that, in terms of two specific areas of risk; i) the Barbican Centre, which had been particularly affected by the COVID restrictions since March, was making good progress in finding savings; ii) the scale of the hit to the Corporation's commercial rental income was becoming clearer and would play a significant part in budget planning for 2021/22.

The Chamberlain added that departmental Chief Officers were working constructively with his team to scope out the 12% savings target for next year. Whilst a lot of hard work lay ahead, achieving this target would be a key component in our efforts to stabilise the Corporation's medium-term financial outlook. Reports would come back to the Committee over the coming months providing Members with updates on these budget discussions.

The Chamberlain added that the Government's Spending Review was due on 25 November; this would present the headline numbers; the more granular detail and the Corporation's allocation would become apparent in December. It was anticipated that the Settlement was unlikely to contain much good news.

The Deputy Chairman added that, Members should be conscious that whilst the initial work around the 2021/22 budget had been positive, unknowns may still creep into the plans, e.g. bad debts will take some time to flow through. The full cost of COVID could not yet be determined and the full repercussions will take years to emerge.

RESOLVED – That the Committee notes the report.

8. **2019-20 CITY FUND AND PENSION FUND FINANCIAL STATEMENT**

The Committee considered a Report of the Chamberlain concerning the 2019-20 City Fund and Pension Fund Financial Statement.

Members noted the net asset position, at the end of March, which showed a £195m increase over the course of the 2019-20 f/y. The position since March, with the advent of COVID, was more volatile, with further turbulence possible up to the end of 2020-21.

RESOLVED – that the Committee approved the following:

- the 2019-20 City Fund and Pension Fund Statement of Accounts: and;

- Delegate to the Chamberlain, in consultation with the Chairman and Deputy Chairman of the 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 November.

9. **CITY'S CASH FINANCIAL STATEMENTS 2019/20**

The Committee considered a Report of the Chamberlain concerning the City's Cash Financial Statements for 2019-20.

RESOLVED – that the Committee approved the following:

- note that the external auditor BDO LLP intends to give an unqualified audit opinion;
- consider the contents of the Audit Management Report issued by BDO LLP; and
- approve delegated authority for the Chairman and Deputy Chairman of the Finance Committee to approve and sign the City's Cash Financial Statements on behalf of the Court of Common Council, taking account of any observations from the Audit and Risk Management Committee on 3 November (which had been distributed

10. **CITY'S CASH TRUST FUNDS AND SUNDRY TRUST FUNDS ANNUAL REPORTS AND FINANCIAL STATEMENTS 2019/20**

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

RESOLVED – that the Committee approved the following:

- note that the external auditor BDO LLP intends to give an unqualified audit opinion;
- consider the contents of the Audit Management Report issued by BDO LLP; and
- delegate approval of the Annual Reports and Financial Statements for the City's Cash Trust Funds and the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2020 to the Chairman and Deputy Chairman, taking account of any observations from the Audit and Risk Management Committee on 3 November.

11. **KEY WORKSTREAMS AND BUSINESS PLAN UPDATE**

The Committee received a Report of the Chamberlain which provided an update on key areas of work underway in the Chamberlain's department.

RESOLVED – that the Committee noted the Report.

12. **DONATIONS - INTERNATIONAL DISASTER FUND**

The Committee received a Report of the Chief Grants Officer/Director of City Bridge Trust concerning the International Disaster Fund (IDF).

The Chairman clarified that the decision to approve any donation is delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee; this has proved an effective method as we can react speedily to unfolding disasters.

Officers clarified that this Report provided an update on the direction of travel, a decision paper would be coming back to Members in January/February 2021 to determine both the budget for next year and the mechanism around providing donations. It would be helpful to measure, if possible, how effective the donations are in encouraging others to donate.

RESOLVED – that the Committee noted the Report.

13. **CITY PROCUREMENT QUARTERLY PROGRESS REPORT (NOVEMBER 2020)**

The Committee received a Report of the Commercial Director concerning the work of City Procurement over Q1 – Q2 of 2020/21.

The Chairman and the Chamberlain commended Chris Bell who will be leaving the Chamberlain's team shortly for a new commercial role with the City of London Police. Chris's valuable contribution over the last several years has been significant and they wished him well in his new role.

RESOLVED – that the Committee noted the Report.

14. **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 the Committee noted the report.

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

There were no questions.

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

The following item of urgent business was raised –

Update to the Code of Corporate Governance concerning delegation of write off limits and discretionary business rate relief.

As part of the response to the Covid-19 pandemic, Members agreed some amendments to the scheme of delegation to officers. These temporary measures expired on 31st October 2020.

A late report to today's Finance Committee requested that the revised levels of delegation for write-offs and the delegation of decisions for discretionary business rate relief are continued until they can be updated within the Code of Corporate Governance.

The report also requested that the Head of Revenues is given delegated authority to determine and award the grants for the Government business rate grant schemes. These grants are being delivered to support businesses through the pandemic.

In response to a concern about the scale of the thresholds proposed in the paper, the Chamberlain proposed keeping Members regularly up-to-date on decisions relating to higher cost decisions taken by his department; he would submit a Report to the March Finance Committee, giving Members a chance to approve (or not) a permanent change to the thresholds.

RESOLVED – that the Committee approved the following:

The amendments to the following changes to the Scheme of Delegations to Officers:

- To increase temporarily the limits to write-offs of debts due to the City of London Corporation which are irrecoverable up to £100,000 (Head of Revenues) and up to £500,000 (Chamberlain) with any amount in excess of £500,000 to be submitted to Finance Committee for approval. Finance Committee to receive a report for information on any write-offs over £25,000 and a Report in March 2021 giving Members a chance to approve (or not) a permanent change to the thresholds.
- To authorise the granting of discretionary rate relief under section 47 and section 49 of the Local Government Finance Act 1988 up to £25,000 per annum.
- To delegate authority to the Head of Revenues to determine and award all business grant payments under the government support schemes.

17. 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.

18. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

The non-public minutes of the meeting held on 13th October 2020 were approved as an accurate record.

19. REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES

The Committee received a report of the Town Clerk which advised Members of the key discussions which had taken place during a recent meeting of the

Procurement Sub-Committee (N.B. Procurement was the only Sub to have met since the last meeting of Finance Committee)

20. **CIVIL PARKING & TRAFFIC ENFORCEMENT**

The Committee considered a Joint Report of the Chamberlain and the Director of the Department of the Built Environment concerning civil parking and traffic enforcement.

21. **SEMI-INDEPENDENT / SUPPORTED ACCOMMODATION PLACEMENTS (16-25YRS)**

The Committee considered a Joint Report of the Chamberlain and the Director of Community & Children's Services concerning accommodation placements for 16- 25-year olds.

22. **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.

23. **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.

24. **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 3.05 pm

Chairman

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