

FINANCE COMMITTEE

Tuesday, 18 February 2014

Minutes of the meeting of the Finance Committee held at Guildhall on Tuesday, 18 February 2014 at 1.45pm

Present

Members:

Roger Chadwick (Chairman)	Deputy Robert Howard
Jeremy Mayhew (Deputy Chairman)	Wendy Hyde
George Abrahams	Clare James
Deputy John Barker	Deputy Alastair King
Randall Anderson	Jamie Ingham Clark
Nigel Challis	Robert Merrett
Simon Duckworth	Ian Seaton
Deputy Anthony Eskenzi	Sir Michael Snyder
Kevin Everett	David Thompson
Stuart Fraser	Deputy John Tomlinson
Lucy Frew	Philip Woodhouse
Alderman John Garbutt	Christopher Boden
Brian Harris	Gregory Lawrence
Ann Holmes	
Tom Hoffman	

In Attendance:

George Gillon, Chief Commoner

Officers:

Simon Murrells	- Assistant Town Clerk
Julie Mayer	- Town Clerk's Department
Chris Bilsland	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Suzanne Jones	- Chamberlain's Department
Steve Telling	- Chamberlain's Department
Richard Jeffrey	- Comptroller and City Solicitor's Department
Peter Bennett	- City Surveyor
Adrian Leppard	- Commissioner, City of London Police
Eric Nisbett	- City of London Police

1. APOLOGIES

Apologies were received from John Fletcher, Sheriff and Alderman Sir Paul Judge, Oliver Lodge, Deputy Henry Pollard, Alderman Neil Redcliffe, John Scott and Mark Boleat

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

Mr Mayhew and Mr Hoffman declared general interests in respect of item 13 (City of London Festival) by virtue of their position as trustees of the City of London Festival

Mr Harris declared a general interest in respect of item 11 (NNDR Review of Discretionary Rate Relief) by virtue of his position as Vice President of the Council of the London Chamber of Commerce and Industry.

Mr Mayhew declared a general interest in respect of item 11 (NNDR Review of Discretionary Rate Relief) by virtue of his position as a member of the Council of the London Chamber of Commerce and Industry.

Mr Mayhew declared a general interest in respect of item 22 (Free Travel for Regular Officers – ATOC Contract) by virtue of his role as a non-executive adviser to MOPAC.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED: that, the public minutes and non-public summary of the meeting held on 21st January 2014 were approved as an accurate record, subject to an amendment recording a declarable pecuniary interest for Mr Ian Seaton in respect of agenda item 13 (Council Tax Discount for Second Homes). Mr Seaton had declared an interest and left the room when the item was discussed.

4. **MINUTES OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE**

RESOLVED: That the public minutes and non-public summary of the Efficiency & Performance Sub Committee meeting held on 22 January 2014 be noted.

Matter arising

Members noted that the vacancy to this sub committee would be filled after the Annual Meeting of the Court on 1st May 2014.

5. **MINUTES OF THE INFORMATION SYSTEMS SUB-COMMITTEE**

RESOLVED: That the public minutes and non-public summary of the Information Systems Sub Committee meeting held on 21 January 2014 be noted.

6. **CITY OF LONDON PROCUREMENT SERVICE (CLPS) - PURCHASE ORDER COMPLIANCE**

The Committee received a report of the Chamberlain in respect of the CLPS, which provided an update on the measures being introduced to improve purchase order (PO) compliance at a departmental level.

In response to a question about officers at the Barbican Centre experiencing some issues with system compatibility, the Director advised that she was not aware of this and would follow it up with the centre.

RESOLVED, that:

1. The proposed change of focus within the CLPS be noted; and
2. the activities undertaken to date be noted.

7. **BUDGET MONITORING REPORT**

This report was deferred to the next meeting of the Committee. The Town Clerk would email the current draft to members.

8. **REVENUE AND CAPITAL BUDGETS 2013/14 AND 2014/15**

The Committee considered the Chamberlain's Revenue and Capital Budgets report for 2013/14 and 2014/15. Members were advised to read the report in conjunction with agenda item 9, City Fund: 2014/15 Budget report and Medium Term Financial Strategy.

RESOLVED, that:

1. The latest approved revenue budgets for 2013/14 be noted.
2. The 2014/15 budget be approved.
3. The capital budgets be approved
4. Authority be delegated to the Chamberlain, to determine the financial of the capital budgets.
5. The report be recommended to the Court of Common Council for approval,

9. **CITY FUND: 2014/15 BUDGET REPORT AND MEDIUM TERM FINANCIAL STRATEGY**

The Committee received a report of the Chamberlain, which presented the 21014/15 Budget Report and Medium Term Financial Strategy. It also recommended setting the levels of business rates and council tax.

In response to a question about the forthcoming service based reviews, the Chamberlain advised that any new Government in 2015 would be likely to inherit the spending reviews. It would therefore be prudent to assume that all savings would be permanent and irreversible. A member suggested that officers should not presume future assistance from City's Cash.

The Chairman of the Financial Investment Board advised members that the last meeting of the Board had approved the Treasury Management Statement and Annual Investment Strategy 2014/15.

RESOLVED, that: The Court of Common Council be requested to approve the following:

- Approve the overall financial framework and the revised Medium Term Financial Strategy for the City Fund
- Approve the City Fund Net Budget Requirement of £110.4m Note the change in anticipated earnings from cash deposits to
- 0.75% across the planning period
- Continue the policy of allowing City Police to draw from its reserves over the medium term on a managed basis, subject to a minimum £4.5m being retained
- Note that no provision in the revenue estimates is made for growth or reduction in business rates, any changes being met from the use of balances

- Approve that the annual uprating of applicable amounts, premiums, disregarded income, or capital in relation to the Local Council Tax Reduction Scheme 2014-2015 as it applies to working age claimants, be in accordance with the uprating to be applied under the Housing Benefit Regulations which take effect from 1 April each year; and the annual uprating of non-dependent income and deductions, and income levels relating to Alternative Council Tax Reduction, or any other uprating as it applies to working age claimants, shall be adjusted in line with inflation levels by reference to relevant annual uprating in the Housing Benefit Scheme, or The Prescribed Council Tax Reduction Scheme for Pensioners.

Key decisions

The key decisions are in setting the levels of Non Domestic Rates and Council Tax. The recommendations provide for the continuation of the City's business rate premium at 0.4p in the £ and for the City's Council Tax (excluding the Greater London Authority precept) to remain unchanged.

Business Rates

- Retain the City Business Rate Premium at 0.4p in the pound in 2014/15, but advise ratepayers of a possibility of an increase in 2015/16 if there is a further reduction in in the specific government grant for the Police's capital city responsibilities
- Set, inclusive of this premium, a Non-Domestic Rate multiplier of 48.6p for 2014/15 together with a Small Business Non-Domestic Rate multiplier of 47.5p
- Note that the Greater London Authority is in addition levying a Business Rate Supplement in 2014/15 of 2p in the £ on properties with a rateable value greater than £55,000
- Delegate to the Chamberlain the award of the following discretionary rate reliefs awarded under Section 47 of the Local Government Finance Act 1988: relief of up to £1,000 to retail premises; 50% relief from non-domestic rates for up to 18 months between 1st April 2014 and 31st March 2016 on retail premises that become occupied, having been empty for at least one year; and exemption from empty rate for new rating assessments completed between 1st October 2013 and 30th September 2016 for up to 18 months

Council Tax

- Based on a zero increase over 2013/14, determine the provisional amounts of Council Tax for the three areas of the City to which are added the precept of the Greater London Authority
- Determine that the relevant (net of local precepts and levies) basic amount of Council tax for 2014/15 will not be excessive in relation to the requirements for referendum
- Approve that the cost of highways, transportation planning, waste disposal, drains and sewers, open spaces and street lighting functions for

2014/15 be treated as special expenses to be borne by the City's residents outside the Temples

Other recommendations:

All other recommendations are largely of a technical and statutory nature; the only one to highlight for particular attention is that it is proposed that the City of London Corporation remains debt free, although this is to be reviewed.

Recommendations

Following the Committee's consideration of this report, it is recommended that the Court of Common Council is requested to:

Capital expenditure

- Note the proposed financing methodology of the capital programme in 2014/15
- Approve the Prudential Code indicators
- Approve the following resolutions for the purpose of the Local Government Act 2003, that:
 - At this stage the affordable borrowing limit (which is the maximum amount which the Corporation may have outstanding by way of borrowing) be zero
 - The prudent amount of Minimum Revenue Provision is zero
 - Any potential borrowing requirement and associated implications will be subject to a further report to Finance Committee and the Court of Common Council
- Note the continued pursuit of the approved financing methodology for the Corporation's funding commitment towards the cost of Crossrail, in particular each future year's budget report will give an update on funding progress

Chamberlain's assessment

To take account of the Chamberlain's assessment of the robustness of estimates and the adequacy of reserves

10. IRRECOVERABLE NON-DOMESTIC RATES AND COUNCIL TAX

The Committee considered an annual report of the Chamberlain, which sought to write off irrecoverable Non-Domestic Rates and Council Tax. The Finance Committee had delegated authority to the Chamberlain to write off amounts up to £5,000 for Non Domestic Rates and £1,000 for Council Tax.

RESOLVED, that:

1. Irrecoverable non-domestic rates in the sum of £1,144,960 be written-off, noting that £328,375 will be met by the City Corporation and £9,906 from the premium; and
2. Irrecoverable Council Tax in the Sum of £3,111 be written off.

11. **NON-DOMESTIC RATES - REVIEW OF DISCRETIONARY RATE RELIEF**

The Committee considered a report of the Chamberlain, which set out the results of this year's annual review of discretionary non-domestic rate relief, currently granted under Section 47 of the Local Government Finance Act 1988. The report asked members to consider whether any changes from the present levels of relief were required.

RESOLVED, that:

Discretionary relief be continued at the levels previously determined for all the organisations reported, noting that the estimated cost of £100,200 be borne by the City Fund and £2,770 be met from the premium for 2014/15.

12. **COUNCIL TAX CHARGES FOR EMPTY PROPERTIES**

The Committee considered a report of the Chamberlain, which advised members of the various options for discounts for council tax, for empty properties, and the possible consequences of changing the current level of discounts.

The Business Support Director agreed to review the criteria for empty property discount and to bring back a further report on the options for standardising or reducing discounts in some cases.

RESOLVED, that: the current level of discount be maintained, subject to the Finance Committee receiving a further report on the timescales for removing the discretion.

13. **CITY OF LONDON FESTIVAL FUNDING**

The Committee considered a report of the Director of Culture, Heritage and Libraries in respect of the City of London Festival, which organises a diverse range of performances and events across the Square Mile every summer. Members were assured that the Festival Board fully understood its liability to the City of London Corporation.

RESOLVED, that:

A loan of £150,000 to the City Arts Trust be approved, to cover the costs of a temporary pop-up venue, to be repaid over not more than five years, subject to formal terms to be drawn up by the City Comptroller, the money to come from the Finance Committee City's Cash Contingency Funds.

14. **PUBLIC HEALTH CONTRACT**

The Committee considered a report of the Director of Community and Children's Services, which proposed two waivers for public health commissioned services. The report advised members on the arrangements for commissioning public health services in 2013/14 and the results of an initial review of these commissioned services, including a full review of five services and full tender of others. In order to ensure continuity of service, whilst these actions were being completed, it was proposed that the current contracts be extended, and therefore waivers were sought for granting these contracts.

RESOLVED, that:

1. The waiver for the Boots smoking cessation contract be approved.
2. The waiver for the London Borough of Hackney SLA be approved.

15. CORPORATE GOVERNANCE - SCHEME OF DELEGATIONS AND THE PROJECT PROCEDURE

The Committee considered a report of the Town Clerk in respect of the Scheme of Delegations and the Project Procedure. Members noted that the Scheme of Delegation to Chief Officers had been reviewed and a number of changes proposed. Members noted that the scheme would also be presented to the Court of Common Council. Several amendments had been made since the publication of the agenda and these had been tabled.

In response to a question, the Chamberlain advised that there were no changes proposed to his scheme of delegation. Members suggested that this could have been expressed more clearly in the appendix.

RESOLVED, that:

1. The delegation relating to the Chamberlain, as set out in the appendix to the report be approved.
2. The Policy and Resources' Committees agreement to a number of revisions to the Projects Procedure be noted, one of which being that the Finance Committee will now receive periodic updates on the City's capital expenditure, rather than being part of the routine approval process for projects over £2m.
3. The upper threshold for categorising projects be noted as having increased from £2m to £5m.

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

There were no questions.

17. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

The Chairman agreed to accept an item of urgent business as follows:

London Councils: Local Government Pension Scheme Collective Investment Vehicle – report of the Chamberlain

The Committee considered a report of the Chamberlain in respect of the Local Government Pension Scheme. This report followed on from work undertaken at London Councils on the potential for more collaboration between boroughs that wished to be included, in the management and investment of pension funds. In response to questions, the Chamberlain advised that the City of London Corporation would not be putting its investments through the CIV at this stage, just seeking approval to participate in the scheme.

RESOLVED, that:

The Court of Common Council be recommended to:

1. Note the work being undertaken to establish a collective investment vehicle, in the form of an authorised contractual scheme (the "ACS"), and the incorporation of a private company limited by shares, to act as the Authorised Contractual Scheme Operator (the "ACS Operator"), for local authority pensions in London ("the Arrangements");

2. Endorse that a London Local Government Pensions Scheme Collective Investment Vehicle be established, structured and governed as outlined in this report;
3. Agree to become a shareholder in the ACS Operator, and to contribute £1 to the ACS Operator as initial capital;
4. Appoint the Chairman of Policy and Resources Committee as the elected member who will have power to act for the City Corporation in exercising its rights as a shareholder of the ACS Operator;
5. Appoint the Chairman of the Financial Investments Board to act as the nominate deputy in this shareholder capacity.
6. Agree that the Chamberlain be appointed as one of the interim Directors of the ACS Operator;
7. Agree that a representative body, in the form of a new sectoral joint committee (the "Pensions CIV Joint Committee"), is established pursuant to the existing London Councils Joint Agreement to act as a representative body for those local authorities that resolve to participate in the Arrangements; and
8. Agree that, in the event that all local authorities resolve to participate in the Arrangements, that the Leaders Committee will undertake the role described as being for the Joint Committee.

18. 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 the Schedule 12A of the Local Government Act.

Item No.	Paragraph(s) in Schedule 12A
19-25	3

19. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the non-public minutes of the meeting held on 21 January 2014 be approved as an accurate record.

20. NON-PUBLIC MINUTES OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE

RESOLVED: That the non-public minutes of the Efficiency & Performance Sub Committee meeting held on 22 January 2014 be noted.

21. NON-PUBLIC MINUTES OF THE INFORMATION SYSTEMS SUB-COMMITTEE

RESOLVED: that the non-public minutes of the Information Systems Sub Committee meeting held on 21 January 2014 be noted.

22. FREE TRAVEL FOR REGULAR OFFICERS- ATOC CONTRACT

The Committee considered a report of the Commissioner of Police in respect of a new formal agreement between the City of London Police and the Association of Train Operating Companies (ATOC) and agreed a number of recommendations thereon.

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

The Committee considered an item of urgent business, from the City Surveyor, in respect of 4/14 Tabernacle Street and agreed a recommendation thereon.

The meeting ended at 3.10 pm

Chairman

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