

## FINANCE COMMITTEE

Tuesday, 22 September 2015

**Minutes of the meeting of the Finance Committee held at the Guildhall EC2 at 1.45 pm**

### **Present**

#### **Members:**

Roger Chadwick (Chairman)	Wendy Hyde
Jeremy Mayhew (Deputy Chairman)	Deputy Jamie Ingham Clark
Randall Anderson	Alderman Vincent Keaveny
Deputy John Barker	Deputy Alastair King
Nicholas Bensted-Smith	Gregory Lawrence
Chris Boden	Alderman Professor Michael Mainelli
Nigel Challis	Deputy Robert Merrett
John Fletcher	Deputy Henry Pollard
Stuart Fraser	James de Sausmarez
Lucy Frew	David Thompson
Christopher Hayward	Deputy John Tomlinson
Tom Hoffman	Philip Woodhouse

#### **Officers:**

Peter Lisley	Assistant Town Clerk
Fern Aldous	Town Clerk's Department
Christopher Braithwaite	Town Clerk's Department
Peter Kane	Chamberlain
Caroline Al-Beyerty	Chamberlain's Department
Christopher Bell	Chamberlain's Department
Graham Bell	Chamberlain's Department
Beth Forge	Chamberlain's Department
Kate Limna	Chamberlain's Department
Ian Dyson	City of London Police
Michael Cogher	Comptroller and City Solicitor
Peter Young	City Surveyor's Department
Sarah Greenwood	Community and Children's Services

### **1. APOLOGIES**

Apologies for absence were received from Mark Boleat, Alderman Charles Bowman, Deputy Anthony Eskenzi, Alderman Peter Hewitt, Clare James, Oliver Lodge, Deputy Alastair Moss, Adam Richardson, Ian Seaton and Sir Michael Snyder.

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

Gregory Lawrence declared a non-pecuniary interest in respect of item 24 due to being a leaseholder at Spitalfields Market.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – That the public minutes and summary of the meeting held on 21 July 2015 be approved as an accurate record.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

The Committee considered a report of the Town Clerk which set out actions outstanding from previous meetings of the Committee.

The Chamberlain updated Members with progress for the approval of the Audited 2014/15 City Fund and Pension Fund Financial Statements. The Committee was advised that the accounting treatment for long leasehold disposals had been agreed with the auditors and it had been confirmed that the land element of these transactions would have to be treated as deferred income.

**RESOLVED** – That the Committee notes the report.

5. **DRAFT PUBLIC MINUTES OF SUB-COMMITTEES**

5.1 **Draft public minutes of the Information Technology Sub-Committee held on 9 June 2015**

**RESOLVED** – That the public minutes and non-public summary of the Information Systems Sub-Committee meeting held on 9 June 2015 be noted.

5.2 **Draft public minutes of the Efficiency and Performance Sub-Committee held on 17 July 2015**

**RESOLVED** – That the public minutes and non-public summary of the Efficiency & Performance Sub-Committee meeting held on 17 July 2015 be noted.

5.3 **Draft public minutes of the Corporate Asset Sub-Committee held on 28 July 2015**

**RESOLVED** – That the public minutes and non-public summary of the Corporate Assets Sub-Committee meeting held on 28 July 2015 be noted.

6. **RESOLUTION FROM THE MARKETS COMMITTEE - REVENUE OUTTURN REPORTS**

The Committee received a resolution from the Markets Committee regarding the presentation of Revenue Outturn Reports to that Committee. The Markets Committee had requested that, in future, their Revenue Outturn Reports were provided in commercial format, with expenditure shown as a negative value (in

brackets), rather than in the public sector format, where income was shown as a negative value (in brackets).

The Finance Committee discussed the Markets Committee's resolution. The Chairman noted that the presentation of Outturn Reports and Accounts had been an area of significant discussion in the past. The Committee expressed concern that the approach suggested by the Markets Committee would create inconsistency between Committees within the Corporation, and this may lead to confusion for members of the public when reading Committee papers. The Committee agreed that it would be preferable to maintain consistency across all Committees, and therefore requested that the Markets Committee reconsider their request regarding the presentation of Revenue Outturn Reports.

**RESOLVED** – That the Finance Committee notes the resolution of the Markets Committee and requests that the Markets Committee reconsider their request regarding the presentation of Revenue Outturn Reports.

## 7. **CITY PROCUREMENT - QUARTERLY UPDATE**

The Committee considered a report of the Chamberlain which provided an update on the work of City Procurement over the last quarter.

The Chairman welcomed the progress outlined in the report and Members asked a number of questions regarding the report, particularly in relation to working with small and medium sized enterprises (SMEs), the target for invoices with purchasing orders (POs) and compliance with no PO no Pay within the City of London Police.

The Chamberlain advised that working with SMEs was a particular focus for the Corporation and SMEs were given individual coaching in the use of the new procurement systems to assist SMEs and to advise them of the benefits of this approach. The Chamberlain advised that the target for invoices with POs was 97% and progress with this would be assisted by work to ensure that the procurement process fitted in with the internal processes of the Police. The Chamberlain also advised that where POs were not provided for purchases, City Procurement assumed that this was an error on the part of the Corporation Officer and ensured that training was provided to ensure that a PO was provided in future, rather than assuming an error on the part of the contractor.

Members also asked for an update in relation to the issue which had previously been raised regarding the exclusion of legal fees from the no PO, no pay scheme. The Chamberlain advised that this was something that City Procurement would conduct a further review of, but had not had the resources to conduct a thorough review at this point. The Committee was also assured that legal fees were a very small proportion of the overall procurement package.

Members requested that future iterations of this report provided information on trends to allow analysis of the direction of performance.

**RESOLVED** – That the Committee notes the report.

8. **CITY OF LONDON PROCUREMENT CODE 2015**

The Committee considered a report of the Chamberlain which provided the Committee with the City of London Procurement Code 2015.

Members provided a number of small amendments to the Procurement Code prior to its submission to the Court of Common Council, namely:

- The addition of a further clause in rule 35 to clarify that Officers must also ensure that contracts are within the approved budgets.
- Amending the word “substantial” in rule 34.2(c) to “material”.
- Amending the word “ensure” in rule 51.1 to the word “establish”.

**RESOLVED** – That the Committee recommends that the Court of Common Council approves the City of London Procurement Code 2015, Part One (subject to the agreed amendments), to be effective from 1 November 2015.

9. **CITY OF LONDON PURCHASING CARD POLICY**

The Committee considered a report of the Chamberlain which outlined the new Purchasing Card Policy 2015, which replaced interim purchasing card guidance which had been provided to Chief Officers and departments in February 2015.

Members asked that further controls be placed in to the Policy regarding the returning of Purchasing Cards when the user leaves the Corporation, and requested that reference be made to the Leavers’ Policy in relation to this. The Chamberlain confirmed that this was included within the Policy and assured Members that Purchasing Cards were cancelled when users left the Corporation.

Members queried the clause within the Policy regarding the sharing of users’ personal information with Lloyds Bank. The Chamberlain advised that this clause had been included on the advice of the Comptroller and City Solicitor’s Department on the basis of the contract between the Corporation and Lloyds Bank.

Members queried who was responsible for signing off Chief Officer transactions. The Chamberlain explained that he signed off all Chief Officer transactions with the exception of his own, which were signed off by the Town Clerk. Members were not entirely content with the arrangement that the Town Clerk sign off the Chamberlain’s transactions and that the Chamberlain sign off the Town Clerk’s transactions, although the Chairman noted that it would be difficult to create a perfect system in this respect.

The Committee agreed that the Policy should be reviewed on an annual basis.

**RESOLVED** – That the Committee approves the City of London Corporation Purchasing Card Policy 2015, to be effective from 1<sup>st</sup> October 2015.

10. **SUPERFAST CITY BROADBAND - MEMBERS' UPDATE**

The Committee considered a report of the Chamberlain which provided Members with an update in relation to the Superfast City Broadband project.

The Chamberlain explained that the Corporation and the City of London Police had offered the use of their existing street lighting and CCTV installations for the siting of wireless connectivity.

**RESOLVED** – That the Committee notes the report.

11. **CYBER SECURITY RISKS**

The Committee considered a report of the Chamberlain which provided details of the current risks in relation to Cyber Security which faced the Corporation.

The Chamberlain explained that his Department would also meet with Graeme Smith CC, who was a Cyber Security expert, to ensure that the steps taken by the Corporation were appropriate.

In response to a question from a Member, the Chamberlain confirmed that the IT Department did conduct IT health checks, which included penetration checks. He explained that the security of the Corporation's IT systems had been improved by the incorporation of the City of London Police in the same system, as the Corporation now benefitted from the higher standards which were required by the Police.

Members noted that there had recently been notification from Apple of the opportunity to update to iOS 9, which had been followed by an email from the IT Department for Members to not update until the security of the iOS update had been confirmed. However, this email had only come after some Members had updated. Members requested that in future such notifications were given prior to the update becoming available. The Chamberlain assured Members that this would happen in future. The Chamberlain also stated that options for Member briefings and Member training regarding information security would be explored.

**RESOLVED** – That the Committee notes the report.

12. **RISK MANAGEMENT - MONTHLY REPORT**

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

**RESOLVED** – That the Committee notes the report.

13. **CENTRAL CONTINGENCIES**

Consideration was given to a report of the Chamberlain which provided the Committee with information regarding the current balance of the Finance Committee Contingency Funds for the current year.

The Chairman asked for confirmation of what donations the Corporation had previously made to the Syrian Refugee Crisis. The Town Clerk advised that the Corporation had made a £50,000 donation to the Disaster Emergency Committee's (DEC's) Syrian Refugee appeal in 2013. This donation had been spent in Syria and neighbouring countries to provide relief to the refugees

there. The Chairman advised the Committee that he would keep apprised of developments with this issue.

**RESOLVED** – That the Committee notes the report.

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

In relation to agenda item 9, a Member asked whether any Members held purchasing cards. The Chamberlain advised that he did not believe that any Members held purchasing cards.

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

There was one item of urgent business.

City of London Police – Medium Term Financial Plan and Budget Update

The Committee considered a joint report of the Chamberlain and the Commissioner of the City of London Police which provided an updated draft medium term financial plan for the City of London Police, indicating a deteriorating financial position through to 2017/18.

The Chairman indicated that the subject of the City of London Police's finances would be the subject of a Finance Committee Breakfast in October or November. He suggested that this could be jointly hosted by the Chairman of the Police Committee

A Member, who was also Chairman of the Police Committee, agreed that a breakfast workshop regarding this subject would be welcome and Members should be given the opportunity to discuss the future of the City of London Police. He confirmed that this was a period of great uncertainty for Police in light of the review of the funding formula and the different kind of police work conducted by the City of London Police in comparison to other forces, focusing as it did on the physical and financial security of the businesses of the City. The Member also indicated that it may be time to consider an increase to the Business Rates Premium.

Members asked whether there would be any benefits to further collaboration with the Metropolitan Police and what lobbying activities the Corporation and the Police were undertaking. The Chairman of the Police Committee explained that the City of London Police did work extensively with the Metropolitan Police, but both organisations were funded through many different funding schemes depending on the types of work undertaken and their role in that work. The Chairman of the Police Committee also explained that the Corporation and Police worked closely with Ministers and Shadow Ministers to ensure that they were aware of the current situation for the City of London Police.

Members agreed that a breakfast event to provide a forum for a discussion of the Police's finances and the future of the City of London Police would be welcomed.

The Chairman thanked Members for their contributions to this discussion, and noted that the Committee would be interested to hear the outcome of the discussion of this report at the Police Committee later in the week.

**RESOLVED** – That the Committee notes the report.

16. **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.

<b>Item No.</b>	<b>Paragraphs in Schedule 12A</b>
17-22, 24-26	3
23	1, 3
27	1, 2, 3, 4

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

The non-public minutes and summary of the meeting held on 21 July 2015 were approved as an accurate record.

18. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**

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

19. **DRAFT NON-PUBLIC MINUTES OF SUB-COMMITTEES**

19.1 **Draft non-public minutes of the Information Technology Sub-Committee held on 9 June 2015**

The non-public minutes of the Information Systems Sub-Committee meeting held on 9 June 2015 were noted.

19.2 **Draft non-public minutes of the Efficiency and Performance Sub-Committee held on 17 July 2015**

The non-public minutes of the Efficiency & Performance Sub-Committee meeting held on 17 July 2015 were noted.

19.3 **Draft non-public minutes of the Corporate Asset Sub-Committee held on 28 July 2015**

The non-public minutes of the Corporate Asset Sub-Committee meeting held on 28 July 2015 were noted.

20. **PROPOSED CRITERIA FOR CHARITIES JOINING THE CITY OF LONDON CHARITIES POOL**

The Committee considered and approved a report of the Chamberlain which provided the Committee with proposed criteria for charities seeking to join the City of London Charities Pool.

21. **COMMUNITY SAFETY PROJECT - CITY ESTATES**

The Committee considered and approved a report of the Director of Community and Children's Services which requested that the Finance Committee approve a waiver to the City of London Procurement Regulations to allow the extension of a contract for an existing pilot project to address low level nuisance experienced by residents in City estates.

The extension of the contract had been approved in principle by the Housing Management and Almshouses Sub-Committee on 14 September.

22. **GATEWAY 4/5 OPTIONS APPRAISAL - OPEN MEDIATED WI-FI**

The Committee considered and approved a report of the Chamberlain which provided the Gateway 4/5 Options Appraisal for the Open Mediated Wi-Fi project.

23. **ADMITTED BODY STATUS AND THE LOCAL GOVERNMENT PENSION SCHEME - WESTMINSTER DRUG PROJECT**

The Committee considered and approved a report of the Chamberlain which requested the Committee to consider granting the Westminster Drugs Project Admitted Body status within the Local Government Pension Scheme.

24. **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.

25. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

The Chairman asked a question regarding the Local Government Pension Fund, which the Chamberlain answered.

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

There was two items of urgent business, relating to the sale of Bernard Morgan House and the opportunity to purchase a property prior to it being made available on the open market.

27. **CHAMBERLAIN'S DEPARTMENTAL UPDATE**

The Committee considered and approved a report of the Chamberlain regarding the creation of a new post and the restructuring of a division within the Chamberlain's Department. This report had been considered and approved by the Establishment Committee the previous week. The Town Clerk clarified



that approval would also be needed from the Court of Common Council for one aspect of the proposals.

**The meeting closed at 3.30 pm**

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Chairman

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