

FINANCE COMMITTEE

Tuesday, 7 June 2016

Minutes of the meeting of the Finance Committee held at Committee Room - 2nd Floor West Wing, Guildhall on Tuesday, 7 June 2016 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)	Deputy Jamie Ingham Clark
Deputy Roger Chadwick (Deputy Chairman)	Clare James
Randall Anderson	Deputy Alastair King
Nigel Challis	Adam Richardson
Sophie Anne Fernandes	Alderman William Russell
Lucy Frew	James de Sausmarez
Alderman Timothy Hailes	Ian Seaton
Deputy Brian Harris	David Thompson
Christopher Hayward	Deputy John Tomlinson
Tom Hoffman	Mark Boleat (Ex-Officio Member)

Officers:

Christopher Braithwaite	- Town Clerk's Department
Bob Roberts	- Director of Communications
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Natalie Evans	- Chamberlain's Department
Steve Telling	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Peter Bennett	- City Surveyor
David Pearson	- Director of Culture, Heritage and Libraries

1. APOLOGIES

Apologies for absence were received from Deputy John Barker, Dominic Christian, Simon Duckworth, Alderman Peter Estlin, John Fletcher, Wendy Hyder, Gregory Lawrence, Alderman Professor Michael Mainelli, Deputy Catherine McGuinness, Deputy Robert Merrett, Deputy Henry Pollard, Deputy Dr Giles Shilson and Philip Woodhouse.

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

Jeremy Mayhew and Tom Hoffman declared a non-pecuniary interest in respect of item 14 due to being a Trustee of the City Arts Trust.

Jeremy Mayhew and Mark Boleat declared a non-pecuniary interest in respect of item 23 due to being a Trustee of the Crossrail Art Foundation.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes and summary of the meeting held on 10 May 2016 be approved as an accurate record.

Matters Arising

Review of Sub-Committee

The Chairman advised the Committee that he had requested the Town Clerk, assisted by the Chamberlain and City Surveyor, to undertake a review of the Sub-Committees. The purpose of this review would be to seek to devolve more decision making matters to the Sub-Committees, as he felt that these provided a better forum for in-depth discussion by Members. He explained that he would seek to ensure that all Members of the Grand Committee had the opportunity to serve on Sub-Committees if they desired.

He explained that he would continue to Chair the Efficiency and Performance Sub-Committee but wished to appoint other Members of the Committee to Chair the other Sub-Committees. He informed the Committee that he has approached Simon Duckworth to Chair the Finance Grants Sub-Committee, Deputy Jamie Ingham Clark to Chair the Information Technology Sub-Committee and Nick Bensted-Smith to Chair the Corporate Asset Sub-Committee. He explained that those Members would be consulted by the Town Clerk as part of the review of the Terms of Reference of the Sub-Committees, but he would also welcome any views from other Members of the Committee.

Corporate Asset Sub-Committee

The Town Clerk advised Members that the Policy and Resources Committee had only appointed one Member to the three positions for the Corporate Asset Sub-Committee and had suggested that these vacancies be made available to the wider Court of Common Council. The Town Clerk advised the Committee that this had been discussed with the Chairman and proposed that the composition of Corporate Asset Sub-Committee be amended such that, Finance Committee, Policy and Resources Committee and Property Investment Board should still be given the opportunity to appoint Members to the Sub-Committee. If any vacancies remained following the first meeting of each of these Committees, these would be advertised to the whole Court, for appointment by the Finance Committee.

RESOLVED – That the Committee agrees that the vacancies for appointment to the Corporate Asset Sub-Committee be made available to the Court of Common Council, to be appointed by the Finance Committee.

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.

RESOLVED – That the Committee notes the report.

5. **RESOLUTION FROM THE POLICY AND RESOURCES COMMITTEE - CHAIRMAN'S DISCRETIONARY FUND**

The Committee considered a resolution from the Policy and Resources Committee regarding that Committee's decision to abolish the Finance Committee Chairman's Discretionary Fund, as part of the review of grants.

RESOLVED – That the Committee notes the resolution.

6. **PROVISIONAL OUTTURN - 2015/16**

The Committee considered a report of the Chamberlain which provided the Provisional Outturn for 2015/16. The report advised that the provisional outturn was an overall better-than-budget position of £22.9m, comprising £12.8m, £8.2m and £1.9m respectively for City Fund, City's Cash and Bridge House Estates respectively (a 3.9% budget variance on a combined turnover of £584m).

The Chamberlain advised that there were some areas of variation which would require the assumptions in the Medium Term Financial Plans to be revisited, particularly the timescale for the delivery of projects/works programmes and rental incomes from investment estates.

The Chairman noted that budget underspends were good news if they indicated that tight financial control was being applied, but explained that they could indicate that the initial budgets were overly generous. He commented that he would expect that, excluding underspends due to slippage of projects, appropriate budgeting should lead to a variance of around zero across the Corporation as a whole.

Members commented that the report highlighted the importance of addressing the bow wave of maintenance projects in a timely manner, indicated that the Corporation should review the budget setting process to ensure that budgets were sufficiently tight and that this Committee could seek to hold specific Departments to account where there was a large variance in budget versus spend, particularly where this related to revenue budgets.

RESOLVED – That the Committee notes the provisional revenue outturn position for the year ended 31 March 2016.

7. **FINANCIAL SERVICES DEPARTMENT - QUARTERLY UPDATE**

The Committee considered a report of the Chamberlain which provided an update on the work of the Financial Services Divisions over the previous quarter.

The Chamberlain explained that a question had been asked by a Member at a previous meeting regarding the collection of business rates. Members were advised that the target of 99.75% collection was of business rates net of write offs, and collection against total debit was a target that would be added to future reports. The Committee was advised that the Corporation's current

performance in this measurement was 98.6% collection, against a national average of 97% and an Inner London average of 95.7%.

RESOLVED – That the Committee notes the report.

8. **RISK MANAGEMENT - MONTHLY REPORT**

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

The Chamberlain advised the Committee that the target to reduce the risk in relation to IT Service Provision was likely to slip from 31 December 2016, as the current IT priority was to stabilise the existing provision.

RESOLVED – That the Committee notes the report.

9. **RESPONSIBLE PROCUREMENT STRATEGY 2016-2019**

The Committee considered a report of the Chamberlain which provided the Responsible Procurement Strategy 2016-2019 for the Committee's approval. The Strategy would seek to maximise the benefits that could be gained for the local community, the environment and everyone associated with the Corporation's supply chains. In addition, a specific Procurement Policy had been developed to support the Corporation's published Air Quality Strategy.

A Member asked how the Strategy would promote social inclusion and diversity. The Chamberlain explained that a Responsible Procurement Officer was in post, who would participate in all Procurement Category Board meetings to ensure that social inclusion and diversity promotion policies were included within Invitations to Tender. This would include policies such as targeted employment of socially excluded groups and training with communities and social enterprises. The Chairman suggested that City Procurement could also work with Members to identify best practice in this area from the private sector.

A Member asked whether the Corporation was seeking to be an exemplar of best practice in relation to air quality. The Chamberlain explained that the Procurement Policy was only a part of the work being undertaken in conjunction with parties around the rest of London. A Member, also Chairman of the Planning and Transportation Committee, explained that this was an area in which his Committee was particularly active.

RESOLVED – That the Committee approves the City of London Responsible Procurement Strategy and the Procurement Policy to support the Air Quality Strategy.

10. **REVISIONS TO CITY OF LONDON PROCUREMENT CODE 2015 AND COMPETITIVE PROCUREMENT EXEMPTIONS POLICY**

The Committee considered a report of the Chamberlain which outlined the revisions to the Corporation's Procurement Code 2015.

RESOLVED – That the Committee:

- a) Approves the revised City of London Procurement Code 2015 (Part One) to be effective from 1 July 2016.
- b) Approves the revised Competitive Procurement Exemptions Policy to be effective from 1 July 2016.

11. CITY PROCUREMENT EFFICIENCY AND SAVINGS TARGET 2016/17

The Committee considered a report of the Chamberlain which advised Members of the Efficiency and Savings target set for City Procurement for the financial year 2016/17 of £7.9 million. The Chamberlain explained that this target was lower in absolute terms than the target in the previous year due to the value and number of contracts due to be let in the year being lower than in the previous year. He explained that the percentage target had increased from 11.4% in 2015/16 to 12.2% in 2016/17.

RESOLVED – That the Committee notes the Procurement Efficiency and Savings target of £7.9million for the financial year 2016/17.

12. REVISIONS TO PURCHASE ORDER EXEMPTIONS POLICY

The Committee considered a report of the Chamberlain which provided details of the annual updates made to the Procurement Purchase Order Exemptions Policy which became effective April 2015.

RESOLVED – That the Committee:

- a) Notes the report and the updates to the PO Exemptions Policy to become effective from 1 July 2016.
- b) Notes the removal of the three current exemptions from this policy as a part of this revision:
 - o EX007 – Copyright
 - o EX021 – Escrow agreements for software licenses
 - o EX024 – School examination fees

13. ANNUAL REVISIONS TO THE CORPORATE PURCHASE CARD POLICY

The Committee considered a report of the Chamberlain which outlined the annual revisions which had been made to the City of London Corporation's Purchase Card (P-Card) Policy, which were used for business spending, not staff expenses.

The Chamberlain explained that monthly reports on the use of P-Cards were provided to all Chief Officers, which highlighted instances of potential misuse, failure to claim VAT or potential reputational risks due to the description of expenditures. The Chamberlain also explained that the P-Cards could not be used for expenditure on certain codes, and there were clear links to the employee Code of Conduct in the event of misuse.

A Member asked whether it may be more appropriate for the determination of whether fines could be paid via P-Card to be made on a case-by-case basis by a Corporate decision maker, rather than locally, as it should only be in

exceptional circumstances that the Corporation paid fines for employees. The Chamberlain agreed that this could be appropriate.

A Member asked how the credit levels were determined for P-Cards. The Chamberlain explained the standard credit level was £2,000, but credit levels were determined on a case-by-case basis through the application process, with approvals by Chief Officers and the Chamberlain for credit limits above certain thresholds. The Committee agreed that it may be beneficial to receive information about holders of P-Cards with a credit level of over £5,000. The Chamberlain agreed to provide this information in the annual report which would be submitted to the Committee in September 2016.

RESOLVED – That the Committee notes the revised Purchase Card Policy and the revisions outlined in the report, which will be effective from 1 July 2016.

14. CITY OF LONDON FESTIVAL - THE FUTURE

The Deputy Chairman took the Chair for this item.

The Committee considered a report of the Director of Culture, Heritage and Libraries which requested approval for the Culture, Heritage and Libraries Department to be allocated £20,000 of residual funds from the winding up of the City Arts Trust (initially allocated from the Finance Committee's Contingency Fund) to be dedicated to the modelling of activities to replace the City of London Festival.

A Member noted that the report appeared to indicate that there was a £15,000 cost of writing off a £150,000 loan. The Director of Culture, Heritage and Libraries explained that £15,000 was the sum which was expected to be returned to the Corporation from the original loan, after allocation of the £20,000 referred to within this report.

RESOLVED – That the Committee approves a one-off allocation of up to £20,000 from any balance returned to the Corporation from the City Arts Trust wind-up process with any remainder set against the costs of writing off the Bowler Hat loan.

Following the conclusion of this item, the Chairman resumed the Chair.

15. CHARITIES POOL RISK REGISTER 2015-16

The Committee considered a report of the Chamberlain which provided the key risks for the Corporation of London Charities Pool.

RESOLVED – That the Committee confirms that the report satisfactorily sets out the risks facing the charity and that appropriate measures are in place to mitigate those risks.

16. 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.

RESOLVED – That the Committee notes the report.

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

There were no questions.

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

There were no urgent items.

19. **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.

Item No.

Paragraphs in Schedule 12A

20-25

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

The non-public minutes of the meeting held on 10 May 2016 were approved as an accurate record.

21. **CORPORATE SECURITY SERVICES (MANNED GUARDING) - CONTRACT AWARD REPORT**

The Committee considered and approved a report of the Chamberlain regarding the award of the Corporate Security Services (Manned Guarding) contract. The report within the agenda pack was complemented by a supplementary report which was put around the table at the meeting.

22. **REVIEW OF CASH BALANCES**

The Committee noted a report of the Chamberlain which provided information about the extent of the Corporation's Cash Balance holdings to determine whether any of this balance could be prudently reinvested in alternative asset classes.

23. **CITY FUND - CROSSRAIL PROPERTY - OUTTURN REPORT**

The Committee noted a joint report of the Chamberlain and the City Surveyor which provided an update on the Corporation's funding commitment of £200m from City Fund to Crossrail.

24. **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.

25. **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 2.40 pm

Chairman

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