

## **FINANCE COMMITTEE**

**Tuesday, 19 July 2016**

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

### **Present**

#### **Members:**

Jeremy Mayhew (Chairman)	Wendy Hyde
Deputy Roger Chadwick (Deputy Chairman)	Deputy Jamie Ingham Clark
Randall Anderson	Deputy Alastair King
Deputy John Barker	Gregory Lawrence
Nicholas Bensted-Smith	Deputy Robert Merrett
Chris Boden	James de Sausmarez
Nigel Challis	Ian Seaton
Dominic Christian	Deputy Dr Giles Shilson
Simon Duckworth	Deputy John Tomlinson
Alderman Peter Estlin	Philip Woodhouse
John Fletcher	Mark Boleat (Ex-Officio Member)
Alderman Timothy Hailes	Deputy Catherine McGuinness (Ex-Officio Member)
Tom Hoffman	

#### **Officers:**

Peter Lisley	- Assistant Town Clerk
Christopher Braithwaite	- Town Clerk's Department
Bob Roberts	- Director of Communications
Damian Nussbaum	- Director of Economic Development
Liz Skelcher	- Economic Development Office
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Kate Limna	- Chamberlain's Department
Steve Telling	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Peter Bennett	- City Surveyor

### **1. APOLOGIES**

Apologies for absence were received from Sophie Fernandes, Lucy Frew, Deputy Brian Harris, Christopher Hayward, Clare James, Alderman Professor Michael Mainelli, Andrew McMurtrie, Alderman William Russell and David Thompson.

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 and summary of the meeting held on 7 June 2016 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.

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

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

**RESOLVED** – That the public minutes and non-public summary of the following meetings be noted:

- Efficiency & Performance Sub-Committee held on 18 May 2016;
- Information Technology Sub-Committee held on 7 June 2016; and
- Corporate Asset Sub-Committee held on 25 May 2016.

6. **CITY FUND AND PENSION FUNDS FINANCIAL STATEMENTS 2015/16**

The Committee considered a report of the Chamberlain which provided Members with the City Fund and Pension Funds Financial Statements for the year ended 31 March 2016 for the Committee's approval.

The Town Clerk advised the Committee that notes had been circulated of the two briefing sessions which had been provided for Members to advise them of the main issues set out within the Financial Statements. The Town Clerk also advised the Committee that the Financial Statements had been considered by the Audit and Risk Management Committee the previous day and that Committee had recommended the Statements to the Finance Committee for approval. Draft minutes from that meeting were circulated at the meeting.

The Chamberlain advised that the external auditors, although still finalising the audit, were likely to issue an unqualified audit opinion.

A Member asked for clarification regarding whether the usable reserves stated within the Financial Statements were marked for specific purposes. The Chamberlain advised that earmarked reserves were set out at page 55 of the Financial Statements.

Members discussed the triennial valuation of the Pensions Deficit, which was currently being conducted and would advise the Committee of the proposals for the future rate of employee contributions to the Pensions Fund. The Chairman explained that he would seek to draw upon Members' expertise to evaluate the findings of the triennial valuation prior to a recommendation being brought before the Committee in early 2017.

**RESOLVED** – That the Committee:

- a) notes the resolution from the Audit and Risk Management Committee and approve the City Fund and Pension Funds Financial Statements for the year ended 31 March 2016; and
- b) delegates to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee, approval of any material changes to the financial statements required before the signing of the audit opinion by BDO - which is expected to be by the end of August or early September.

**7. REVIEW OF SUB-COMMITTEES**

The Committee considered a report of the Town Clerk which set out the findings of a review which had been conducted of the Finance Committee's Sub-Committees, following the request for such a review by the Chairman of the Committee.

The Chairman explained that, further to his announcement at the last Committee meeting, he wished for other Members of the Finance Committee to be appointed as Chairmen or Deputy Chairmen of some of the Sub-Committee, rather all of these roles being filled by the Chairman and Deputy Chairman of the Grand Committee. He informed the Sub-Committee that he wished for the Chairmanship and Deputy Chairmanship of the Sub-Committees to be as follows:

Corporate Asset Sub-Committee

Chairman: Nick Bensted-Smith

Deputy Chairman: Deputy Brian Harris

Efficiency and Performance Sub-Committee

Chairman: Jeremy Mayhew

Deputy Chairman: Deputy Roger Chadwick

Finance Grants Sub-Committee

Chairman: Simon Duckworth

Deputy Chairman: Philip Woodhouse

Information Technology Sub-Committee

Chairman: Deputy Jamie Ingham Clark

Deputy Chairman: Deputy Roger Chadwick

**RESOLVED** – That the Committee:

- a) Appoints the following Members as Chairman and Deputy Chairman of the following Sub-Committees:  
Corporate Asset Sub-Committee  
Chairman: Nick Bensted-Smith  
Deputy Chairman: Deputy Brian Harris

Efficiency and Performance Sub-Committee

Chairman: Jeremy Mayhew

Deputy Chairman: Deputy Roger Chadwick

Finance Grants Sub-Committee

Chairman: Simon Duckworth

Deputy Chairman: Philip Woodhouse

Information Technology Sub-Committee

Chairman: Deputy Jamie Ingham Clark

Deputy Chairman: Deputy Roger Chadwick

- b) Approves the amended Terms of Reference of the Finance Committee's Sub-Committees set out within Appendices B, C, D and E.
- c) That there be flexibility with regard to the size of the Sub-Committees, with a total of up to 15 Members being able to sit on any particular Sub-Committee.
- d) Requests that the Police Committee create a Special Interest Area (SIA) for Information Technology, with the Member appointed to that SIA being a Member of the IT Sub-Committee.
- e) Requests that the Policy and Resources Committee consider an amendment to the Projects Procedure to provide Corporate Asset Sub-Committee with a strategic role in the Projects Procedure for operational property projects, as set out later in the report.
- f) Requests that the Investment Committee considers an amendment to its Terms of Reference (and subsequently to Standing Orders) to allow Corporate Asset Sub-Committee to be responsible for the disposal of surplus operational properties which are not suitable as investment properties.
- g) Notes that the Grand Committee's Terms of Reference will be reviewed in December 2016.

**8. TO APPOINT TWO MEMBERS OF THE COURT TO THE CORPORATE ASSET SUB-COMMITTEE**

**RESOLVED** – That:

- a) The composition of the Corporate Asset Sub-Committee be extended by one Member for the remainder of 2016/17; and
- b) Nick Bensted-Smith, Alderman Alison Gowman and Gregory Jones QC be appointed to the Corporate Asset Sub-Committee.

**9. TO APPOINT A MEMBER TO THE CENTRAL CRIMINAL COURT SUB (POLICY AND RESOURCES) COMMITTEE**

**RESOLVED** – That Nick Bensted-Smith be appointed to the Central Criminal Court Sub (Policy and Resources) Committee.

10. **EFFICIENCY PLAN**

The Committee considered a report of the Chamberlain which provided Members with information regarding proposals to publish an Efficiency and Sustainability Plan to ensure that there was certainty regarding the Local Government Funding Settlement for 2016/17 to 2019/20).

Members asked for clarification regarding whether Efficiency Plans would require approval by the Department for Communities and Local Government (DCLG) and asked whether further information would be provided within the Efficiency Plan regarding the incentive for Departments to retain an element of their efficiency savings.

The Chamberlain explained that there was no requirement for Efficiency Plans to be approved by DCLG. He explained that it was not intended to provide further information regarding incentives in the Efficiency Plan, as this would be a matter for the Corporation's internal planning, rather than external publication, at this point.

**RESOLVED** – That the Committee notes the milestones for the review and approval of the published Efficiency and Sustainability Plan

11. **LAND VALUE TAX FOR LONDON**

The Committee considered a report of the Chamberlain which advised of a paper which had been published by the Greater London Authority (GLA) exploring the potential benefits of Land Value Tax (LVT) replacing Business Rates and Council Tax in London. The GLA's report had proposed that a feasibility study be undertaken and LVT trialled in London if there is a positive conclusion.

The Chamberlain advised that the GLA's report had been published prior to the Government's announcement of proposals to pilot devolution of greater devolution of Business Rates in London. Therefore, it was likely that the proposals regarding LVT may not be explored.

The Chamberlain advised the Committee that a report providing the Corporation's proposed response to the consultation on the devolution of Business Rates would be submitted to the Committee's next meeting.

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

12. **CENTRAL LONDON WORK & HEALTH PROGRAMME**

The Committee considered a report of the Director of Economic Development concerning the commissioning of the Work and Health Programme (WHP). The report also dealt with the City of London Corporation becoming the accountable body for the Programme and a co-financing organisation, in order to facilitate access to monies from the European Social Fund (ESF) to assist with the funding of the Programme.

The Chairman explained that he would not be content to approve the letting of this contract until it was clearly confirmed that liabilities were shared across all

authorities involved, rather than the Corporation being alone in taking on additional liabilities. The Director of Economic Development confirmed that assurance would be provided of appropriate liability-sharing arrangements between the partners to limit disproportionate liability being placed upon the Corporation.

**RESOLVED** – That the Committee delegates approval the first stage of the standard contract lettings procedure in the Procurement Code to the Town Clerk, in consultation with its Chairman and Deputy Chairman, to agree the high-level evaluation criteria to be applied in the selection process of a provider to deliver the WHP.

13. **BUDGET MONITORING - FIRST QUARTER UPDATE**

The Committee considered a report of the Chamberlain which provided an update to the end of the first quarter for the Corporation's budgets.

The Chamberlain explained that there was a budget pressure in relation to the Police and Corporation IT services, regarding which a further report would be submitted to the Committee's next meeting.

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

14. **CHAMBERLAIN'S BUSINESS PLAN - FIRST QUARTER UPDATE**

The Committee considered a report of the Chamberlain which provided Members with a brief update of assurance that the Chamberlain's department was making good progress in the delivery of the 2015/16 Departmental Business Plan.

**RESOLVED** – That the Committee notes 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.

In relation to IT Service Provision, the Chamberlain explained that a number of Members of the IT Sub-Committee were being consulted regarding proposals to extend the Agilisys IT Service Provision contract. He explained that he had concluded that further resources would be required for the Corporation's and Police's IT provision and a report in relation to this would be brought to the Committee's next meeting.

In relation to Information Security, the Chamberlain advised that a report setting out proposals to develop the Corporation's Information Security systems and processes would be brought before the Committee during the Autumn.

In relation to Brexit, the Chamberlain advised that it was not anticipated that there would be a significant short-term impact on the Corporation's finances or funding, but the longer term outlook was more uncertain.

The Chamberlain also advised the Committee that Steve Telling would be retiring as Deputy Financial Services Director and Chief Accountant. The Committee expressed their gratitude to Mr Telling for his sterling work over the last 30 years with the Corporation's finances.

**RESOLVED** – That the Committee notes the report and the actions taken in the Chamberlain's department to monitor and effectively manage risks arising from our operations.

**16. CITY RE LIMITED - PERFORMANCE MONITORING**

The Committee considered a report of the Chamberlain which provided information on the claims experience and Underwriting Profit and Loss Account for the fourth accounting period of the City Re Limited, from 1 April 2015 to 31 March 2016. The report advised that a retained profit of £140,984 had been achieved.

The report also provided information on the governance arrangements for the captive and of various matters discussed at the last Board meeting on 20 June 2016, including the adoption of the accounts, the dividend policy with regard to the retained profit and the receipt of the auditors' Management Letter and Compliance Reports.

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

**17. 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.

**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.

<b>Item No.</b>	<b>Paragraphs in Schedule 12A</b>
21-24, 26-33	3
25	1, 3

21. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**  
The non-public minutes of the meeting held on 7 June 2016 were approved as an accurate record.
22. **DRAFT NON-PUBLIC MINUTES OF SUB-COMMITTEES**  
The non-public minutes of the following meetings were noted:
- Efficiency & Performance Sub-Committee held on 18 May 2016;
  - Information Technology Sub-Committee held on 7 June 2016; and
  - Corporate Asset Sub-Committee held on 25 May 2016.
23. **PROVISION FOR BAD DEBTS**  
The Committee noted a report of the Chamberlain which advised of the provision for bad and doubtful debts as at 31 March 2016.
24. **NEXT STEPS IN STRENGTHENING THE CITY OF LONDON CORPORATION'S SUPPORT AND PROMOTION OF THE CITY**  
The Committee considered and approved a report of the Town Clerk which advised of proposals to strengthen the Corporation's activities in supporting and promoting the City, which had been approved by the General Purposes Committee of Aldermen, the Resource Allocation Sub-Committee, and the Policy and Resources Committee. In order to allow this work to be commenced during the current year, approval was sought for a budget increase of £1.7m to cover the remainder of the current financial year. This would be funded from City's Cash reserves.
25. **CITY PROCUREMENT RESTRUCTURE TO INCORPORATE NEW COMMERCIAL CONTRACT MANAGEMENT TEAM**  
The Committee considered and approved a report of the Chamberlain which proposed the creation of a new team within City Procurement.
26. **JOINT NETWORK REFRESH PROGRAMME - WIDE AREA NETWORK - PROCUREMENT STAGE 3 (CONTRACT AWARD) REPORT**  
The Committee considered and approved a report of the Chamberlain which sought approval to award the contract for the provision of a Wide Area Network for the City of London Police and City of London Corporation, following the completion of the procurement process.
27. **RECRUITMENT ADVERTISING AND PUBLIC NOTICE ADVERTISING - PROCUREMENT STAGE 1 (PROCUREMENT STRATEGY AND EVALUATION CRITERIA)**  
The Committee considered and approved a report of the Chamberlain which sought approval for the recommended procurement strategy and evaluation criteria to be used in the selection of a supplier for the provision of the corporate Recruitment Advertising and Public Notice Advertising Services contract.

28. **MANAGED SERVICE OF TEMPORARY AGENCY RESOURCE PROCUREMENT STAGE 1 REPORT (PROCUREMENT STRATEGY AND EVALUATION CRITERIA)**

The Committee considered and approved a report of the Chamberlain on behalf of the Corporate Resources Procurement Category Board which sought approval for the recommended evaluation criteria to be used in the selection of a preferred supplier and the supplier shortlist for the provision of a Temporary Agency Resource for the City of London Corporation and the City of London Police.

29. **SMITHFIELD MARKET - TRANSPORT FOR LONDON LEASE TO CITY, SMITHFIELD PLANT ROOM (LINDSEY STREET)**

The Committee considered and approved a joint report of the City Surveyor and the Director of Markets and Consumer Protection regarding the leasing to the City of London Corporation of the Plant Room at Lindsey Street, Smithfield from Transport for London. The facilities had been constructed by Crossrail for the new station at Lindsey Street, Smithfield, but the land was still required in connection with the continued operation of Smithfield Market.

30. **RISK REGISTER FOR BRIDGE HOUSE ESTATES**

The Sub-Committee considered a report of the Chamberlain which provided this Committee's section of the key risks register for Bridge House Estates (BHE) for review.

The Sub-Committee agreed that this item should be considered in public session.

**RESOLVED** – That the Committee:

- a) Confirms that appropriate control measures are in place regarding the one risk currently on the register for this committee, IT service outage; and
- b) confirms that there are no other risks relating to the services overseen by the Finance Committee which should be added to the BHE risk register.

31. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**

The Committee noted a report of the Town Clerk detailing non-public decisions taken under delegated authority and urgency procedures since the last meeting.

32. **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.

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

The Committee considered two items of urgent business relating to property transactions.

**The meeting closed at 2.55 pm**

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Chairman

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