

## FINANCE COMMITTEE

Tuesday, 18 October 2016

**Minutes of the meeting of the Finance Committee held at the Guildhall EC2 at 2.30 pm**

### **Present**

#### **Members:**

Jeremy Mayhew (Chairman)	Christopher Hayward
Deputy Roger Chadwick (Deputy Chairman)	Tom Hoffman
Randall Anderson	Wendy Hyde
Deputy John Barker	Clare James
Nicholas Bensted-Smith	Alderman Professor Michael Mainelli
Nigel Challis	Paul Martinelli
Simon Duckworth	Sheriff & Alderman William Russell
Deputy Anthony Eskenzi	James de Sausmarez
Sheriff & Alderman Peter Estlin	Ian Seaton
John Fletcher	David Thompson
Alderman Timothy Hailes	Deputy John Tomlinson
Deputy Brian Harris	Philip Woodhouse

#### **Officers:**

Peter Lisley	-	Assistant Town Clerk
Christopher Braithwaite	-	Town Clerk's Department
Peter Kane	-	Chamberlain
Caroline Al-Beyerty	-	Chamberlain's Department
Christopher Bell	-	Chamberlain's Department
Mona Lewis	-	Chamberlain's Department
Simon Woods	-	Chamberlain's Department
Michael Cogher	-	Comptroller and City Solicitor

#### **1. APOLOGIES**

Apologies for absence were received from Chris Boden, Mark Boleat, Dominic Christian, Sophie Fernandes, Deputy Jamie Ingham Clark, Deputy Catherine McGuinness, Deputy Robert Merrett and Deputy Henry Pollard.

#### **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 20 September 2016 be approved as an accurate record, subject to the addition of

Alderman Tim Hailes to the list of those Members who had submitted apologies.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

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

The Chairman advised the Committee that a report regarding proposals to implement the Efficiency Plan would be submitted to the Efficiency and Performance Sub-Committee in November 2016.

The Chairman also advised the Committee that Randall Anderson and Paul Martinelli had offered to assist Clare James in her work in acting as the Lead Member for the Triennial Valuation of the Pension Fund.

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

5. **REPORT OF THE WORK OF THE SUB-COMMITTEES**

The Committee considered a report of the Town Clerk which advised Members of the key discussions which had taken place during recent meetings of the Committee's Sub-Committees.

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

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

**RESOLVED** – That the Committee notes the draft public minutes and non-public summary of the following Sub-Committee meetings:

- Corporate Asset Sub-Committee held on 23 September 2016; and
- Information Technology Sub-Committee held on 30 September 2016.

7. **FINANCE COMMITTEE REPRESENTATIVE TO THE BARBICAN CENTRE BOARD**

**RESOLVED** – That Wendy Hyde be appointed as the Finance Committee's representative to the Barbican Centre Board.

8. **CHAMBERLAIN'S DEPARTMENT ORGANISATION STRUCTURE**

The Committee considered a report of the Chamberlain which provided Members with an overview of the current staffing structure of the Chamberlain's Department.

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

9. **IT DIVISION - QUARTERLY UPDATE**

The Committee considered a report of the Chamberlain which provided an update on the work of the IT Division over the previous quarter.

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

10. **RISK MANAGEMENT - QUARTERLY UPDATE**

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

The Chamberlain advised the Committee that the risk in relation to funding reductions had been reduced to green. He advised that this risk would be replaced with a new risk, which would focus on ensuring that value for money and continuous improvement were achieved across the Corporation.

The Chairman commented that any additional headroom in budgets should, in his view, be focused on addressing capital issues, rather than to increase revenue budgets.

A Member queried whether the impact rating for the risk in relation to Cyber Security referred to a breach for the Corporation or the City of London Police and, if the latter, queried whether the impact should be higher. The Chamberlain explained that the Corporation and Police worked together on Cyber Security to ensure that appropriate security levels were applied to all systems. Members requested that the Chamberlain consider whether this risk could be split into separate risks for the Corporation and Police to allow a more accurate assessment of the impact of the risk.

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

11. **CHAMBERLAIN'S DEPARTMENTAL BUSINESS PLAN - HALF YEAR UPDATE**

The Committee considered a report of the Chamberlain which provided Members with an update on progress being made with the Chamberlain's Departmental Business Plan for 2016/17.

The Chamberlain explained that the KPI measuring IT availability did not accurately demonstrate the current performance of the IT system. He advised Members that he would replace this KPI with a KPI which provided a more accurate measure of performance.

A Member queried whether the KPI measuring staff engagement was appropriate, as it demonstrated that staff were aware of the overall objectives of the Chamberlain's Department, but this did not necessarily demonstrate that they were engaged with achieving those objectives. The Chamberlain explained that the Department conducted a full staff survey to measure engagement within the Department, and KPI was felt to provide an appropriate summary of overall engagement within the Department. The Chamberlain commented that he would be happy to share the information from future staff surveys with Members of the Committee.

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

12. **REVENUE OUTTURN 2015/16 - FINANCE COMMITTEE OPERATIONAL SERVICES**

The Committee considered a report of the Chamberlain which compared the revenue outturn for the operational services overseen by the Finance Committee in 2015/16 with the budget for the year. The report also detailed the carry forward requests which had been approved.

The Chamberlain explained that the overspend for the Guildhall Complex within the City Surveyor's Department and the underspend for the Guildhall Complex for the Remembrancer's Department were both intrinsically related to the increased use of Guildhall. The Chamberlain explained that additional costs for the increased use were accrued by the City Surveyor's Department, while the additional income was credited to the Remembrancer's Department. The Chamberlain advised Members that he intended to create a trading account for the use of Guildhall. This would ensure that financial information was captured in an accurate manner, which would inform decisions regarding the use of Guildhall.

**RESOLVED** – That the Committee notes the revenue outturn for 2015/16 and the budgets totalling £347,000 to be carried forward to 2016/17.

13. **REVIEW OF THE CORPORATE PURCHASE CARD POLICY AFTER 12 MONTHS**

The Committee considered a report of the Chamberlain which provided Members with a review of the City of London Purchasing Card (P-Card) Policy, one year after the Policy had been created.

Members discussed the number of staff with P-Cards with a credit limit of over £5k, the types of spending which were made by these cardholders, and the appropriate types of controls to ensure appropriate use of all P-cards. Members suggested that it may be appropriate, as was common practice in the private sector, to link P-Cards to the cardholder's personal bank account.

Members agreed that the Chamberlain would submit a report to the Committee's next meeting, providing further information regarding the use of P-Cards with a credit limit of over £5k, the controls for the use of P-Cards, and the advantages and disadvantages of P-Cards expenditure being charged to the cardholder's personal bank account before being reclaimed.

**RESOLVED** – That the Committee:

- a) Notes the impact of the P-card Policy;
- b) Notes the analysis of the cardholder community and credit limits;
- c) Notes the proposed trial to re-route purchases of less than £100 to a P-Card to review potential efficiencies, savings and investigate risks of a permanent intervention of this nature; and
- d) Agrees that a report be submitted to the Committee's next meeting providing further information regarding the use of P-Cards with a credit limit of over £5k, the controls for the use of P-Cards, and the advantages

and disadvantages of P-Cards expenditure being charged to the cardholder's personal bank account before being reclaimed.

**14. LONDON LOCAL GOVERNMENT PENSION SCHEME - COLLECTIVE INVESTMENT VEHICLE - ADMITTED/ADMINISTERING BODY**

The Committee considered a joint report of the Chamberlain and Comptroller and City Solicitor which considered the pension arrangements for the staff employed by the London Collective Investment Vehicle (CIV), and considered issues in relation to the admission of these staff to the City of London Corporation's Local Government Pension Scheme.

Members agreed that the proposals were appropriate, but only so long as there was no additional spending by the Corporation over and above costs to all members of the CIV.

A Member queried whether it would be appropriate for the cost of the external legal fees to be shared by all members of the CIV, rather than being borne by the Corporation. The Chamberlain agreed to investigate whether this would be appropriate.

**RESOLVED** – That the Committee approves:

- a) that advice is sought from Eversheds LLP in relation to legal issues described in the report;
- b) that the estimated expenditure on external legal fees of up to £6,250 is paid from the Finance Committee's contingency fund; and
- c) in principle, the proposal to allow CIV employees to access the City Corporation's pension scheme, so long as legal advice indicates that there will be no additional cost to the Corporation.

**15. CENTRAL CONTINGENCIES**

The Committee considered a report of the Chamberlain which provided Members with information regarding the current balance of the Finance Committee Contingency's Funds for the current year.

The Chairman advised the Committee that a donation of £30,000 had been made to the British Red Cross's Hurricane Matthew emergency appeal.

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

**16. DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**

The Committee considered a report of the Town Clerk which outlined an action taken by the Town Clerk under delegated authority and urgency procedures since the last meeting. The action taken was to provide responses to the Department for Communities and Local Government's consultations on "100% Business Rates Retention" and "Fair Funding Review: Call for evidence".

**RESOLVED** – That the Sub-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.

<b>Item No.</b>	<b>Paragraphs in Schedule 12A</b>
20-32	3
33	2

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

The non-public minutes of the meeting held on 20 September 2016 were approved as an accurate record.

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

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

22. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**

The Committee noted a report of the Town Clerk which advised Members of the key discussions which had taken place during the non-public sessions at recent meetings of the Committee's Sub-Committees.

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

The Committee noted the draft non-public minutes of the following Sub-Committee meetings:

- Corporate Asset Sub-Committee held on 23 September 2016; and
- Information Technology Sub-Committee held on 30 September 2016.

24. **NON-PUBLIC APPENDIX - LONDON COLLECTIVE INVESTMENT VEHICLE (CIV) - ADMISSION TO THE LOCAL GOVERNMENT PENSION SCHEME WITH THE CITY OF LONDON CORPORATION**

The Committee noted a non-public appendix to the joint report of the Chamberlain and Comptroller and City Solicitor regarding the admission of employees of the London CIV to the Local Government Pension Scheme with the City of London Corporation.

25. **IT DIVISION BUDGET**

The Committee noted a report of the Chamberlain which detailed the current position of the IT Division's budget within the Chamberlain's Department.

**26. INSURANCE (DECEMBER PROGRAMME): PROCUREMENT STAGE 3 (TENDER RESULTS) REPORT**

The Committee considered and approved a report of the Chamberlain which set out the results of the tendering exercise for Property Insurance and Contractor All-Risk policies and sought approval to award the contracts and charging structure.

**27. BARBICAN MARKETING MEDIA AGENCY - PROCUREMENT STAGE 1 REPORT**

The Committee considered and approved a report of the Chamberlain which sought the approval for the recommended procurement strategy and evaluation criteria to be used in the selection of a supplier for the provision of the Barbican Marketing Media Agency services contract.

**28. FORMER COMMERCIAL TENANT - RENT ARREARS**

The Committee noted a joint report of the Comptroller and City Solicitor and the City Surveyor which advised the Committee of a potential request to write off a debt from rent arrears. The report advised that whether a decision was required, and the amount of debt to be written off, would be dependent on a decision of the Property Investment Board regarding whether to issue a court claim for the arrears and the outcome of the court claim (should it be made).

**29. REPORT OF NON-URGENT WAIVERS OF £50K AND ABOVE, GRANTED SINCE THE LAST FINANCE COMMITTEE MEETING**

The Committee noted a report of the Chamberlain which updated Members on non-urgent waivers over £50,000 which had been approved by the relevant Spending Committees, in accordance with the Waiver Approval Process set out within the Corporation's Procurement Code.

**30. 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 delegated authority since the last meeting.

**31. 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.

**32. 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.

**33. CONFIDENTIAL MINUTES OF THE LAST MEETING**

The Committee approved the confidential minutes of the last meeting.

**The meeting closed at 3.50 pm**

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Chairman