

FINANCE COMMITTEE

Tuesday, 12 September 2017

Minutes of the meeting of the Finance Committee held at Committee Room - 2nd Floor West Wing, Guildhall on Tuesday, 12 September 2017 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)	Deputy Wendy Hyde
Deputy Jamie Ingham Clark (Deputy Chairman)	Gregory Lawrence
Randall Anderson	Oliver Lodge
Alderman Nick Anstee	Paul Martinelli
Deputy Roger Chadwick	Deputy Robert Merrett
Karina Dostalova	Deputy Henry Pollard
Sheriff & Alderman Peter Estlin	Alderman Matthew Richardson
Caroline Haines	James de Sausmarez
Deputy Tom Hoffman	Ian Seaton
Michael Hudson	Deputy James Thomson

In Attendance

Officers:

Peter Lisley	-	Assistant Town Clerk
Peter Kane	-	Chamberlain
Caroline Al-Beyerty	-	Chamberlain's Department
Christopher Bell	-	Chamberlain's Department
Carla-Maria Heath	-	Chamberlain's Department
Natalie Evans	-	Chamberlain's Department
Richard Jeffrey	-	Comptroller and City Solicitor's Department
Paul Wilkinson	-	City Surveyor
Peter Young	-	City Surveyors
Paul Double	-	City Remembrancer
Commander David Clark	-	City of London Police

1. APOLOGIES

Apologies for absence were received from Nick Bensted-Smith, Chris Boden, Mark Bostock, Alderman Timothy Hailes, Chris Hayward, Deputy Clare James, Tim Levene, William Pimlott, Ian Seaton, Deputy Philip Woodhouse, Sir Mark Boleat and Deputy Catherine McGuinness.

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 non-public summary of the meeting held on 25 July 2017 be approved.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

Members received a report of the Town Clerk which set out outstanding actions from previous meetings of the Committee. Members agreed that the following items could be removed as they had been actioned.

- Central London Forward CESI Programme
- 2016/17 City Fund and Pension Fund and Bridge House Estates Financial Statements

RESOLVED – that the report be noted.

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

Members received a report of the Town Clerk, setting out the key discussions which had taken place during recent meetings of the Committee's Sub-Committees, as follows:

- Finance Grants Oversight and Performance Sub-Committee held on 25th July; and
- Information Technology Sub-Committee held on 14th July.

RESOLVED – that the report be noted.

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

Members received the draft public minutes and non-public summary of recent meetings of the Committee's Sub Committees.

RESOLVED - That:

1. The draft public minutes and non-public summary of the Finance Grants Sub-Committee meeting on 25th July be noted.
2. The draft public minutes and non-public summary of the Information Technology Sub-Committee meeting on 14th July be noted.

7. **CHAMBERLAIN'S DEPARTMENT RISK MANAGEMENT - MONTHLY REPORT**

Members received a report of the Chamberlain which provided updates regarding the top risks within the Departmental Risk Register

RESOLVED – that the report be noted.

8. **IT DIVISION - MEMBER UPDATE**

Members received a report of the Chamberlain which provided an update on the work of the IT Division and the key areas of progress since April 2017. Members noted a drafting error in that there was no 'Appendix B' to this report.

RESOLVED - that the report, with the above amendment, be noted.

9. **REVENUE OUTTURN 2016/17 - FINANCE COMMITTEE OPERATIONAL SERVICES**

Members received a report of the Chamberlain which compared the revenue outturn for the operational services overseen by the Committee in 2016/17 with the budget for the year.

In response to a question about carry forwards, the Chairman advised that he challenged these when appropriate. Members were reminded of the procedure for approving carry forwards and that Town Clerks should be asked for further information about both the limit on carry forwards and the criteria used.

RESOLVED - that the revenue outturn for 2016/17 and local risk budgets totalling £620,000 (to be carried forward to 2017/18) and a central risk carry forward of £819,000 (as set out in Appendix 2) be noted.

10. **CAPITAL AND SUPPLEMENTARY REVENUE PROJECTS - 2016/17 OUTTURN AND PRUDENTIAL INDICATORS**

Members received a report of the Chamberlain which provided details of the 2016/17 outturn for capital and supplementary revenue projects (SRPs) together with the Prudential Indicators for the City Fund.

RESOLVED - that the report be noted.

11. **CENTRAL CONTINGENCIES**

Members received a report of the Chamberlain which provided Members with information regarding the uncommitted balances of the 2017/18 Contingencies.

RESOLVED – that the report be noted.

12. **PILOT SCHEME FOR BUSINESS RATES DEVOLUTION IN LONDON**

Members considered a report of the Chamberlain and the Remembrancer in respect of a pilot scheme for business rates devolution in London. Members noted that London Councils was seeking an 'in principle' view from its constituent authorities and the report was also due to be considered by the Policy and Resources Committee on 21 September 2017.

During the debate and questions on this item, the following points were highlighted:

- Members asked for assurance that any proposals for a longer term commitment come back to them for decision, with an analysis of the benefits and risks;

- Would a 2 year pilot scheme be preferable? i.e. allowing an evaluation after 1 year;
- Members were reassured that no penalties would be incurred during the initial pilot, consistent with the 'no detriment' clause;
- Members noted that the pilot would only apply to growth in business rates and that there were no implications for the method of base allocation within the London region;
- The City of London Corporation stood to gain between £10-20m in 2018/19, should the pilot proceed.

In concluding, the Chairman asked for a note of the above debate to be included in the Finance Committee's Resolution to the Policy and Resources Committee.

RESOLVED, that – the Finance Committee endorse the following recommendation to the Policy and Resources Committee:

The Policy and Resources Committee authorise the Chairman (or her representative), at the next meeting of the London Councils Congress of Leaders, to:

1. express 'in principle' support for the rates retention pilot scheme set out in London Councils' Draft Prospectus, on condition that the final arrangements include sufficient protection for the position of the City Corporation, so that revenue attributable to the City Premium, the City Offset and the City's formula allocation are unaffected and remain under the City's control;
2. support a method of distribution of any financial dividend from the scheme which either gives relatively high weight to the retention, by the Local Authority, of revenue growth where it is generated, or gives equal weight to that factor alongside those of population, need, and collective investment.

13. **BUSINESS RATES REVALUATION SUPPORT - DISCRETIONARY RATE RELIEF SCHEME**

Members considered a report of the Chamberlain on a proposed scheme for the City of London Corporation's distribution of its share of the discretionary fund to City businesses.

Members suggested that a further increase to the amount up to which cases are delegated to the Chamberlain for decision should be considered, from the £10,000 proposed in the report, to £20,000.

RESOLVED - That:

1. Consultation take place on the proposed scheme;
2. Authority be delegated to the Chamberlain, as the Section 151 Officer, to approve the final scheme following the consultation.

14. THE IMPACT OF THE RESPONSIBLE PROCUREMENT STRATEGY AFTER 12 MONTHS

Members considered a report of the Chamberlain on the impact of the Responsible Procurement Strategy after 12 months.

RESOLVED – that the report be noted.

15. SUPPLIER HEALTH & SAFETY APPRAISALS

Members considered a report of the Chamberlain on the Supplier Health and Safety Appraisals. Members noted that this report was before the Committee as there would be cost implications for some suppliers; there was, however, a general agreement that, as this decision sought an incremental and not a fundamental change in policy, officers should consider an amendment to their Scheme of Delegation, to avoid the need for taking this and similar reports to Committees.

RESOLVED – that the Safety Schemes in Procurement Accreditation be approved as a requirement for suppliers delivering goods, works and service contracts that have health and safety implications.

16. ACCOUNTING TREATMENT FOR CITY OF LONDON CORPORATION'S SOCIAL INVESTMENT FUND

Members considered a report of the Chamberlain on the accounting treatment for the City of London Corporation's Social Investment Fund.

RESOLVED - That:

1. The designation of the net value of distributed income, alongside gains and losses on divestment/maturity and the returned underlying capital to the SI Fund, be approved.
2. The transfer of the cumulative impact of all distributed income to date, from inception of the fund from the BHE General Unrestricted Fund and designated against the SI Fund (being a £0.55m adjustment), be approved.
3. The reinvestment of any additional balances, that are designated to the SI Fund in line with its' previously agreed purposes, be approved.

17. FINANCIAL SUPPORT WITH MAJOR WORKS FOR LEASEHOLDERS

Members considered a report of the Director of Community and Children's Services on financial support with major works for leaseholders. Members noted that Option 21c had been approved by the Community and Children's Services Committee last week.

The Assistant Director (Community and Children's Services) explained how this type of interest-free scheme was very common and the proposal before Members was to change the upper and lower limits of the scheme.

Members noted that, although the rates for the mandatory schemes are prescribed by the Housing Act, the City of London Corporation has some flexibility over the rates for discretionary loans. Members noted that, whilst the option before them, at 21c in the report, would have a marginal impact on the HRA, the proposal also recognised the new demands on Leaseholders as part of the Five Year Major Works Programme and reflected a sensible balance between the City's competing duties and powers. Members also noted the merits on keeping the scheme as simple as possible to avoid unnecessary administration costs.

Members noted that the works to Great Arthur House would be finished at the end of the year and were sympathetic to the difficulties experienced by tenants during this project.

RESOLVED – That the maximum threshold for the discretionary scheme be increased to £72,500 with an interest-free period of three years.

18. DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES

The Committee received a report of the Town Clerk which provided information of the action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Orders 41(a) and 41(b). Members noted a decision in respect of granting of a donation in the sum of £25,000 to the British Red Cross' South Asia Floods appeal.

RESOLVED – that the report be noted.

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

There were no questions.

20. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

The following items of urgent business were raised –

- The Committee noted a further delegated decision in respect of a donation in the sum of £25,000 to the British Red Cross' Emergency Appeal in the aftermath of Hurricane Irma, to be drawn from the City Cash Contingency Fund for National & International Disasters. As this decision had been approved the previous day, the Chairman agreed that Members be notified at today's meeting of the Finance Committee.
- The Committee noted that October Finance Committee would be cancelled. The next meeting of the Committee would take place on 21st November.

21. 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.

22. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

The non-public minutes of the meeting held on 25th July were approved.

23. OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS

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

24. 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 non-public session at recent meetings of the Committee's Sub-Committees, as follows:

- Finance Grants Oversight and Performance Sub-Committee held on 25th July; and
- Information Technology Sub-Committee held on 14th July.

RESOLVED – that the report be noted.

25. DRAFT NON-PUBLIC MINUTES OF SUB-COMMITTEES

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

- Finance Grants Oversight and Performance Sub-Committee held on 25th July; and
- Information Technology Sub-Committee held on 14th July.

RESOLVED – that the above draft minutes be noted.

26. PURCHASE OF THE FREEHOLD OF 20 & 21 ALDERMANBURY (CITY'S ESTATE) - CHARTERED INSURANCE INSTITUTE

The Committee considered and approved a report of the City Surveyor

27. KEY MESSAGING FOR LONDON: 2017 AND BEYOND

The Committee received a report of the Director of Communications.

28. APPLICATION FOR DISCRETIONARY RATE RELIEF

The Committee received a report of the Chamberlain.

29. PROVISION FOR BAD DEBTS

The Committee received a report of the Chamberlain.

30. **DEBTOR BALANCES AND WRITE OFF REPORT 2016-17: CITY OF LONDON POLICE**
The Committee considered and approved a report of the Commissioner, City of London Police.
31. **FORMER TENANTS RENT ETC. ARREARS WRITE OFFS - CITY FUND AND CITY'S ESTATE**
Members considered and approved a report from the Comptroller and City Solicitor and the City Surveyor.
32. **REPORT ON WAIVERS AT £50K AND OVER GRANTED SINCE THE LAST FINANCE COMMITTEE**
The Committee noted a report of the Chamberlain.
33. **MINOR WORKS MEASURED TERM CONTRACTS - TENDER UPDATE**
The Committee received a report of the Chamberlain.
34. **LOSS OF EUROPEAN SOCIAL FUND (ESF) FUNDING FOR CENTRAL LONDON FORWARD PROGRAMME, FINANCE CONTINGENCY FUND BID**
The Committee considered a report of the Chamberlain.
35. **ADMITTED BODY STATUS FOR THE AWARDED SUPPLIER FOR THE LOCAL AREA NETWORK (LAN) SERVICES CONTRACT**
The Committee considered a joint report of the Chamberlain and the Comptroller and City Solicitor.
36. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
The Committee noted a report of the Town Clerk.
37. **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.
38. **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 whilst the public were excluded.

The meeting ended at 3.45 pm

Chairman

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