

FINANCE COMMITTEE

DRAFT MINUTES

Tuesday, 12 December 2017

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on
Tuesday, 12 December 2017 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)
Randall Anderson
Nicholas Bensted-Smith
Deputy Roger Chadwick
Alderman Peter Estlin
Sheriff & Alderman Timothy Hailes
Caroline Haines
Christopher Hayward
Michael Hudson
Deputy Wendy Hyde

Hugh Morris
Deputy Henry Pollard
William Pimlott
Alderman Matthew Richardson
James de Sausmarez
Ian Seaton
Sir Michael Snyder
Deputy Philip Woodhouse
Sir Mark Boleat (Ex-Officio Member)
Deputy Catherine McGuinness (Ex-Officio Member)

Officers:

John Cater	-	Committee Secretary
Peter Lisle	-	Assistant Town Clerk
Peter Kane	-	Chamberlain
Caroline Al-Beyerty	-	Chamberlain's Department
Christopher Bell	-	Chamberlain's Department
Michael Cogher	-	Comptroller and City Solicitor
Paul Wilkinson	-	City Surveyor
Ian Dyson	-	Commissioner of the City of London Police
Sean Green	-	Chamberlain's Department
Esther Sumner	-	Open Spaces Department
Anna Grainger	-	Community & Children's Services Department
Anne Mason	-	Community and Children's Services
David Drane	-	City of London Police

1. APOLOGIES

Apologies for absence were received from Jamie Ingham Clark, Mark Bostock, Dominic Christian, Karina Dostalova, Simon Duckworth, Deputy Tom Hoffman, Gregory Lawrence, Tim Levene, Paul Martinelli, Deputy Robert Merrett, Alderman Russell, Deputy James Thomson.

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 21st November 2017 be approved as an accurate record.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

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

RESOLVED – that Members noted the report.

5. **COMMITTEE'S TERMS OF REFERENCE**

The Committee considered a report of the Town Clerk on the Annual review of the Finance Committee's Terms of Reference. The Report proposed no changes to the Committee's current Terms of Reference.

The Chairman suggested that the Town Clerk should incorporate a brief description of the role and responsibilities of the respective Sub-Committees. The Town Clerk would consult the Chairmen of the Sub-Committee and relevant officers and present the changes to the Court of Common Council to consider in April 2018.

In addition, the Town Clerk distributed an addendum to this item that proposed several changes to the 2018 Finance Committee Sub Calendar. This was an attempt to better align the schedule of Sub-Committee meetings with the Grand Committee. The proposed schedule establishes six separate Committee cycles, with the Subs due typically, to take place a fortnight before the Grand Committee meets.

RESOVLED- that

- As above, the Town Clerk will liaise with the respective Chairmen of the sub Committees to agree some descriptive wording about the roles and responsibilities of the Subs; this will be incorporated in the Terms of Reference document of the Finance Committee and submitted to the Court in April 2018, and;
- the Committee considers the frequency of meetings of the Committee to be adequate

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

Members 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 Members noted the report.

7. DRAFT PUBLIC MINUTES OF SUB-COMMITTEES

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

- Corporate Asset Sub-Committee held on 22nd November 2017;
- Efficiency and Performance Sub-Committee held on 15 November 2017;
- Finance Grants Oversight and Performance Sub-Committee held on 21 November 2017; and
- Information Technology Sub-Committee held on 24 November 2017.

a) Draft public minutes of the Efficiency and Performance Sub-Committee held on 15 November 2017

RESOLVED – That the public minutes and non-public summary of the Efficiency & Performance Sub-Committee meeting held on 15th November 2017 be noted.

b) Draft public minutes of the Finance Grants Sub-Committee held on 21 November 2017

RESOLVED – That the public minutes and non-public summary of the Finance Grants Sub-Committee meeting held on 21 November 2017 be noted.

c) Draft public minutes of the Corporate Asset Sub-Committee held on 22 November 2017

RESOLVED – That the public minutes and non-public summary of the Corporate Assets Sub-Committee meeting held on 22 November 2017 be noted.

d) Draft public minutes of the Information Technology Sub-Committee held on 24 November 2017

RESOLVED – That the public minutes and non-public summary of the Information Systems Sub-Committee meeting held on 24 November 2017 be noted.

8. CHAMBERLAIN'S DEPARTMENT - DRAFT DEPARTMENTAL BUSINESS PLAN 2018/19

Members received a report of the Chamberlain regarding the Chamberlain's Department's Draft Business Plan for 2018/19. The report presented information on the draft high-level business plan, alongside the departmental estimate report.

Picking up on the wording in paragraph 5, the Chairman stressed that officers should be aiming for full alignment, not "closer alignment", between the departmental business plans and the draft outcomes from the Corporate Plan.

This was an important distinction that should be reiterated to relevant officers across the City Corporation.

Furthermore, the Chairman suggested that the Draft Business Plan currently contained a surfeit of bullet points, which had the unfortunate effect of diluting the key messages. The Chamberlain should look at refining the Plan to reduce the number of bullet points.

RESOLVED – that Members noted the Report.

9. **RISK MANAGEMENT - TOP RISKS**

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

In response to a query from a Member, officers confirmed that both red risks (CR16 – Information Security and CR19 – IT Service Provision) were on track to move from red to amber soon.

RESOLVED – that Members noted the report.

10. **CITY PROCUREMENT QUARTERLY PROGRESS**

Members received a Report of the Chamberlain which updated Members on the work of City Procurement, and the key areas of progress since it last reported to the Finance Committee in July 2017.

The Chairman questioned officers as to City Procurement's record of paying Small and Medium Sized Enterprises; timely payment should be a priority for the City as maintaining a healthy cashflow was critical for SMEs. Officers confirmed that (as at October 2017) 96% of all suppliers were being paid within 30 days; of these figures, a further breakdown indicated that 96% of SMEs specifically were being paid within 30 days (84% within 10 days). The Chairman requested that in future these breakdown figures should be reported by officers to the Committee.

In response to a Member querying the outlook for retrospective waivers, officers reiterated that the aim was to eliminate them entirely. A Report would be presented to Finance Committee in February detailing the work undertaken in this area.

Furthermore, it was also agreed that the "cost of service" be part of the next procurement quarterly update, so that Members could put the savings achieved into context and understand the net position of savings delivered.

RESOLVED – that Members noted the Report.

11. **CENTRAL CONTINGENCIES**

Members received a Report of the Chamberlain regarding the current balance of the Finance Committee Contingency Funds.

The Chairman noted that the wording in paragraph 2 had omitted an extra zero for the sum available under the City's Cash Contingency Fund for national and international emergencies.

As this contingency fund had been exhausted in autumn 2017, Members agreed that a further £25,000 should be assigned as an additional exigency sum, available to be accessed by the Town Clerk (in consultation with the Chairman and Deputy Chairman under Delegated Authority) if another crisis occurs before the end of March 2018.

RESOLVED – that Members noted the report.

12. PILOT SCHEME FOR BUSINESS RATES DEVOLUTION IN LONDON

Members received a Joint Report of the Chamberlain and the Remembrancer regarding Business Rates devolution in London.

The Chamberlain outlined that this was a pilot scheme, with the City as the lead authority. The scheme would have a financially neutral starting-point but enable any year-on-year growth in rates revenue to be retained in London—a dividend projected to be worth £240 million in 2018–19. Some of this would be used to establish a new strategic investment fund and the rest would be shared among the participating authorities (with the City of London's projected share £8.2 million).

The Chairman suggested that the case for a Memorandum of Understanding was solid, however, if the pilot became a permanent scheme, a contract would be required.

Furthermore, the Chairman and other Members stressed that officers should be vigilant about how the scheme developed if the pilot proved a success. There was caution about the assumption that London's economy (and consequently its business rates coffers) would continue to grow unabated. When a downturn did occur, it was vital that the City was not left exposed.

RESOLVED – that Members approved the following:

- the Common Council should participate, as a pilot scheme for the 2018-19 financial year, in a business rates pool with the Greater London Authority and the London borough councils;
- the arrangements for the distribution of revenue within the pool should, subject to recommendation (3), be as described in the body of this report;
- the Chairman of the Policy and Resources Committee should be authorised, in consultation with the Chairman of the Finance Committee, to agree to minor variations in the arrangements, if agreed by the other participants in the pool;

- the Common Council should agree to act as the lead authority for the pool and for the strategic investment fund to be established under the pooling arrangements;
- the Town Clerk, the Chamberlain or the Comptroller & City Solicitor (as appropriate) should be authorised, in consultation with the Remembrancer on matters of constitutional or legislative relevance, to take all necessary legal and practical steps for the establishment and administration of the pool and the strategic investment fund, in accordance with the preceding recommendations;
- the Chamberlain should be authorised to draw upon the City Fund reserve to meet the additional costs incurred in the administration of the pool and the strategic investment fund, including those arising from the Common Council's role as lead authority, up to one full-time equivalent post, with the amounts drawn down being refunded, and any future costs met, from additional revenue retained under the scheme as it becomes available;
- oversight of the City Corporation's work in connection with the pool and the strategic investment fund should be referred to the Policy and Resources Committee so far as concerns are about governance and the distribution and deployment of resources, and to the Finance Committee so far as concerns are about financial administration.

13. **THE KENLEY FUND**

Members received a report of the Superintendent of The Commons regarding the Kenley Fund.

RESOVED - Members agreed that the Interest on cash balances held in the Kenley Fund should be credited to the Kenley Fund.

14. **AUTUMN BUDGET 2017**

Members received a Report of the Chamberlain regarding HM Treasury's November Budget.

RESOVLED- that Members noted the Report.

15. **REVENUE AND CAPITAL BUDGETS - OPERATIONAL SERVICES 2018-19**

To note – this Report was listed incorrectly under the non-public section (Item 22 in the Agenda Pack), during the meeting it was taken in the public section of the meeting after item 14.

Members received a Report of the Chamberlain regarding the proposed 2018/19 Revenue Budgets for Operational Services.

Members were concerned that the Report presented two budgets for 2017/18 – the “Original Budget” and the “Latest Budget”; it made the overall position unclear as the “goalposts had been moved during the year”.

The Chairman was of the view that departments should have a starting point and stick to it. A Member stressed that the budget in the Report was misleading and queried whether, in future, officers could bring one Report, that presented both the original budget, and the revised budget with variances. In short if departments have spent more than allocated in their original budget, this should not be obscured and, as a result, the current report “didn’t quite work”. In response, officers emphasised that different departments had their own requirements, and, in terms of reporting, the Chamberlain could present the budget both ways.

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

There were no questions.

17. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

18. EXCLUSION OF THE PUBLIC

RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting, 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.

19. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

The non-public minutes of the meeting held on 21 November 2017 were approved as an accurate record.

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

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

21. REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES

Members received a report of the Town Clerk which advised Members of the key discussions which had taken place during the non-public sections at recent meetings of the Committee’s Sub-Committees.

22. 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 22nd November 2017;
- Efficiency and Performance Sub-Committee held on 15th November 2017;

- Finance Grants Oversight and Performance Sub-Committee held on 21st November 2017; and
- Information Technology Sub-Committee held on 24th November.

a) **Draft non-public minutes of the Efficiency and Performance Sub-Committee held on 15 November 2017**

The non-public minutes of the Efficiency & Performance Sub-Committee meeting held on 15 November 2017 were noted.

b) **Draft non-public minutes of the Finance Grants Sub-Committee held on 21 November 2017**

The non-public minutes of the Finance Grants Sub-Committee meeting held on 21 November 2017 were noted.

c) **Draft non-public minutes of the Corporate Asset Sub-Committee held on 22 November 2017**

The non-public minutes of the Corporate Asset Sub-Committee meeting held on 22 November 2017 were noted.

d) **Draft non-public minutes of the Information Technology Sub-Committee held on 24 November 2017**

The non-public minutes of the Information Technology Sub-Committee meeting held on 24 November 2017 were noted.

23. **ACTION AND KNOW FRAUD CENTRE -CONTRACT SERVICE BUDGET**

Members received a Report of the Commissioner of the City of London Police.

24. **WASTE COLLECTION, STREET CLEANSING AND ANCILLARY SERVICES - PROCUREMENT STAGE 1**

Members received a Report of the Director of the Built Environment and the Chamberlain.

25. **BARBICAN WRITE OFF**

Members received a report of the Director of Community and Children's Services.

26. **CARE COSTS WRITE OFF**

Members received a report of the Director of Community and Children's Services.

27. **DEPARTMENTAL RESPONSE TO CHIEF OFFICER PURCHASE CARDS**

Members received a report of the Chamberlain on the Chief Officers Purchase Card Report.

28. **AGILISYS CONTRACT EXTENSION RECOMMENDATIONS**

Members received a Report of the Chamberlain.

29. **CITY OF LONDON FREEMEN'S SCHOOL - 2016 MASTERPLAN PROGRAMME & PROGRESS**
Members received a Report of the City Surveyor.
30. **CITY FUND & CITY'S ESTATE HIGHWAY DISPOSAL - 22 BISHOPSGATE**
Members received a Report of the City Surveyor.
31. **BRIDGE HOUSE ESTATES, 2 KENNINGTON ROAD, LONDON SE1 - FREEHOLD DISPOSAL**
Members received a Report of the City Surveyor.
32. **GLA ROADS - LAND DISPUTE WITH TRANSPORT FOR LONDON**
Members received a Report of The Comptroller and City Solicitor and The City Surveyor.
33. **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.
34. **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 3.30 pm

Chairman

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