

FINANCE COMMITTEE

Tuesday, 10 April 2018

DRAFT Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on
Tuesday, 10 April 2018 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)	Deputy Wendy Hyde
Deputy Jamie Ingham Clark (Deputy Chairman)	Gregory Lawrence
Randall Anderson	Oliver Lodge
Nicholas Bensted-Smith	Paul Martinelli
Chris Boden	Deputy Henry Pollard
Mark Bostock	William Pimlott
Deputy Roger Chadwick	Alderman Matthew Richardson
Karina Dostalova	James de Sausmarez
Christopher Hayward	Ian Seaton
Deputy Tom Hoffman	Deputy Philip Woodhouse
Michael Hudson	Deputy Catherine McGuinness (Ex-Officio Member)

Officers:

John Cater	-	Committee Clerk
Peter Lisley	-	Assistant Town Clerk
Peter Kane	-	Chamberlain
Caroline Al-Beyerty	-	Chamberlain's Department
Christopher Bell	-	Chamberlain's Department
Sean Green	-	Chamberlain's Department
Phil Black	-	Chamberlain's Department
Michael Cogher	-	Comptroller and City Solicitor
Ian Dyson	-	Commissioner of the City of London Police
Richard Holt	-	Town Clerk's Department

1. APOLOGIES

Apologies for absence were received from Simon Duckworth, Alderman Peter Estlin, Alderman & Sheriff Timothy Hailes, Caroline Haines, Deputy Clare James, Deputy Robert Merrett, Hugh Morris, Alderman William Russell, Deputy James Thomson, Sir Mark Boleat.

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

There were no declarations.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes of the meeting held on 20th February 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 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**

The Committee noted the draft public minutes and verbal updates of the following Sub-Committee meetings:

- Corporate Asset Sub-Committee held on 19th March 2018;
- Efficiency and Performance Sub-Committee held on 21st March 2018; and
- Information Technology Sub-Committee held on 26th March 2018.

a) **Draft public minutes of the Corporate Asset Sub-Committee held on 19 March 2018**

RESOLVED – That the public minutes and non-public summary of the Corporate Assets Sub-Committee meeting held on 19th March be noted.

7. **RISK MANAGEMENT - TOP RISKS**

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

Officers explained that the status for CR23 (City of London Police Funding) had been revised from amber to red. The previous status did not adequately recognise the risks associated with the Police's long-term Budget.

The Commissioner reminded Members that he was clear about distinguishing between the current pressures on the COLP budget and the possibility that new operational challenges may arise in the future which require extra funding. The Chairman emphasised, that whilst a blank cheque would not be provided and value for money remains crucial, if, in the future, a recognised, legitimate need arose to mitigate a new operational challenge, funds could be made available.

The Deputy Chairman informed Members that the status of CR16 (Information Security) was now anticipated to be reduced from red to amber by the end of April.

A Member informed the Committee that the Data Protection Act listed on page 93 (appendix section) displayed the incorrect year (1988) – UK Data Protection Acts were passed in 1984 and 1998.

The Member also sought clarity from officers on the financial impact of a data breach; this was listed as up to £500,000 in the appendix section. He reminded Members that under GDPR the upward limit of the fine was significantly higher. The Comptroller confirmed that the maximum fine is in fact 4% of global turnover. Officers agreed to review and revise the text to reflect this.

RESOLVED – That the Committee notes the report.

8. **CENTRAL CONTINGENCIES**

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

After a recent case of an officer approaching the Chairman for his view on contingency funding for a project, the Chairman reminded Members and officers that the Finance Committee Contingency Fund was for the whole Corporation, but excluded policy initiatives which should be directed to the Policy & Resources Contingency Fund.

On the wider point, Members emphasised that if there were legitimate reasons presented by officers to access the Fund, Members should consider them, the Contingency Fund should not however be “raided for every idea” and if some of the fund remained unspent at the end of the financial year, that was certainly not a reason to spend it.

Members raised a query on whether the £60,000 GLA Roads dispute contingency fund (listed in the appendix), was in addition to the £80,000 originally allocated. Officers confirmed that the £80,000 was additional to the original allocation. £60,000 would be carried forward from the total amount, as the dispute was ongoing and due to go to the Supreme Court. Further detailed queries were raised by a member, to which Officers agreed to respond.

A Member queried the cost of the new Guildhall Club Kitchen servery counter. The Chairman and officers confirmed that the cost amounted to £49,500.

RESOLVED – That the Committee notes the report.

9. **FINAL DEPARTMENTAL BUSINESS PLAN 2018/19 - CHAMBERLAIN'S DEPARTMENT**

Members considered a Report of the Chamberlain concerning the Departmental Business Plan 2018/19.

In response to a query, officers confirmed that City Procurement did not include their forecasted savings in the Plan; the listed £128,000 listed was income.

RESOLVED – that the Committee approved the Chamberlain's Department's high-level Business Plan for 2018/19.

10. **ERADICATION OF PROCUREMENT CODE BREACH WAIVERS (RETROSPECTIVE WAIVERS)**

Members received a Report of the Chamberlain concerning the eradication of procurement code breach waivers.

Members showed significant support for the new measures, including the Waiver Danger Campaign and the new sanctions. Members wanted to ensure that this is imposed to maximum effect, and suggested that the Establishment Committee paper should be a "For Decision" paper, and that the 3 measures for sub-OjEU (Official Journal of the European Union) should be fast-forwarded for repeat offenders over the previous year.

ACTION City Procurement to amend the Report and liaise with Town Clerk's Department to ensure a note goes to Establishment Committee from Finance Committee reflecting this feedback. One Member commended City Procurement on the journey of getting to this level of compliance, and that this final step should be backed by Members and Officers alike.

RESOLVED – That the Committee notes the Report.

11. **FINANCIAL SERVICES DIVISION - QUARTERLY UPDATE**

Members considered a Report of the Chamberlain concerning a quarterly update for the Financial Services Division.

Officers emphasised that the closure of the 2018/19 accounts presents an opportunity to be more radical in the approach taken, as the Corporation moves to having one external auditor for all funds. One benefit should be that the accounts will go out quicker to Members.

A Member queried what action was taken in response to the amber rating for Business Rates collection. Officers responded that the target for collection was split on a quarterly basis, and the collection team was "ahead of where we were this time last year". Officers added that the collection trend was previously part of the Chamberlain's Department's KPIs. This can be incorporated again for future iterations of this Report.

RESOLVED – That the Committee notes the Report

12. **MAJOR WORKS STRATEGIC SOLUTION (AWARD)**

Members considered a Report of the Chamberlain concerning procuring Major Works for the City of London between £1m and £15m.

The Chairman noted that there were parallels between the Strategic Framework proposed in the Report and the Central Government Commercial Framework. Officers emphasised that the Framework presented an opportunity to cut down on delays and bureaucracy.

In response to a query from a Member, officers responded that the Corporation would apply the framework to the City of London's Freeman's School despite the School being outside the Corporation's local authority remit".

Members welcomed the initiative as potentially offering a new flexibility which would better match the needs of the organisation.

Officers confirmed that the term "professional services" applied to any third party involved with our projects.

RESOLVED – that the Committee approved the following:

- Approve the strategy, implementation and procurement route for Major Works between £1m and £15m, which is to develop 4 strategic frameworks for works within an estimated total annual value range £130m to £245m. These will be procured as follows:
 - Framework 1 – £1m-£4.6m/ OJEU threshold (IPG, CPG, Open Space, Police, Markets and Barbican)
 - Framework 2 –£1m to £4.6m/OJEU threshold (Housing)
 - Framework 3 - £4.6m/OJEU to £15million (IPG, CPG, Open Space, Police, Markets and Barbican)
 - Framework 4 - £4.6m/OJEU to £15million (Housing)
- Approve the evaluation criteria; the proposed evaluation criteria of 60% quality of 40% price is in line with the Procurement Code. The proposed weighting towards quality reflects the priority and focus of getting the quality of the service element right.
- Approve undertaking of soft market testing in May 2018 and look to procure a strategic solution in September 2018 with a potential award date in March 2019.

13. UPDATE ON THE FAIR FUNDING REVIEW

Members considered a Report of the Chamberlain concerning the Fair Funding Review.

Members noted that the Corporation was an outlier and that the review carried risks. A Member commended the Report as simple and straightforward and encouraged officers to keep the Committee updated on this issue.

RESOLVED – That the Committee notes the Report.

14. DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES

The Committee considered a report of the Town Clerk which provided information about the actions 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). The decisions related to Bridge House Estates Strategic Review Fund Bids and Culture Mile Funding.

RESOLVED – That the Committee notes the report.

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

Questions were raised as follows -

In February, the Chairman of Finance had queried whether it was necessary for the Chairman and Deputy Chairman to see every item with regards to the Bridge House Estate Strategic Review funding and requested that officers give some thought to a more proportionate approach to approvals.

Officers recommended that individual items over £100k required the four relevant Chairmen's approval or where cumulatively the funding needed over a quarter exceeded £300k, but otherwise officers had delegation. Officers also proposed that a quarterly summary of spend is provided. Members agreed with this proposal.

16. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

17. 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.

18. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

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

19. 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.

20. 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.

21. DRAFT NON-PUBLIC MINUTES OF SUB-COMMITTEES

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

- Corporate Asset Sub-Committee held on 19th March
- Efficiency and Performance Sub-Committee held on 21st March 2018; and
- Information Technology Sub-Committee held on 26th March 2018.

a) **Draft non-public minutes of the Corporate Asset Sub-Committee held on 19 March 2018**

The draft non-public minutes of the Corporate Asset Sub-Committee meeting held on 19 March 2018 were noted.

22. **REPORT ON WAIVERS OVER £50,000: DECEMBER 2017 - MARCH 2018**

Members considered a report of the Chamberlain.

23. **STAGE 1: REPORT FOR CITY OF LONDON FREEMEN'S SCHOOL CATERING, CLEANING AND HOUSEKEEPING SERVICES.**

Members considered a joint Report of the Chamberlain and the Headmaster of the Freeman's School.

24. **PAY AWARD AT THE MUSEUM OF LONDON**

The Committee considered a Report of the Director of the Museum of London.

25. **NON-DOMESTIC RATES - DISCRETIONARY RATE RELIEF**

The Committee considered a Report of the Chamberlain.

26. **POLICE NATIONAL ENABLING PROGRAMME ACCOUNTABLE BODY**

N.B. This Report was taken (as a non-public item) after Item 6a.

The Committee considered a Report of the Commissioner of Police.

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

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

28. **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.

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

There was one item of urgent business.

N.B. This was taken (as a non-public item) after Item 6a

The meeting ended at 3.15 pm

Chairman

Contact Officer: John Cater
tel. no.: 020 7332 1426
john.cater@cityoflondon.gov.uk

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