



## Resource Allocation Sub (Policy and Resources) Committee

**Date:** MONDAY, 3 FEBRUARY 2025  
**Time:** 1.45 pm  
**Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

### 11. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

- a) **Investment Governance** (Pages 3 - 18)  
Report of the Town Clerk.

**For Decision**  
(Pages 3 - 18)

Item received too late for circulation in conjunction with the Agenda.

**Ian Thomas CBE**  
Town Clerk and Chief Executive

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## City of London Corporation Committee Report

<b>Committee(s):</b> Resource Allocation Sub-Committee Investment Committee – For decision Finance Committee – For decision	<b>Dated:</b> 3 February 2025 Delegated authority Delegated authority
<b>Subject:</b> Investment governance	<b>Public report:</b> For Decision
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• <b>delivers Corporate Plan 2024-29 outcomes</b></li> </ul>	All outcomes - the City Corporation's investment portfolio provides the financing behind delivery of the Corporate Plan outcomes
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	n/a
<b>Report of:</b>	Town Clerk
<b>Report author:</b>	Ben Dunleavy

### Summary

Members, at meetings of the Investment and Finance Committees and the Resource Allocation Sub-Committee, have asked officers to explore possible revisions to two elements of investment governance; to move the responsibility for asset allocation (i.e. the split between property and financial investments) from the Resource Allocation Sub-Committee to the Policy and Resources Committee and to increase the thresholds for investment property transactions as set out in Standing Orders.

The Investment Committee in October 2024 also supported a revision to its composition, with the effect of changing its quota of Members co-opted from the Court to be Members appointed by the Court.

Changes to terms of reference and Standing Orders require approval by Policy and Resources Committee and the Court of Common Council.

## **Recommendation(s)**

Members of the Resource Allocation Sub-Committee, Investment, and Finance Committees are asked to endorse the following to the Policy and Resources Committee, for onward recommendation to the Court of Common Council:

### *Resource Allocation Sub-Committee and Investment Committee*

- Change the terms of reference for the Investment Committee, the Resource Allocation Sub-Committee and the Policy and Resources Committee as set out in Appendices 1a, 1b and 1c

### *Investment Committee and Finance Committee*

- Change the thresholds in Standing Orders as set out at paragraphs 12 and 18, and in Appendix 2

### *Investment Committee only*

- Revisions to the Committee's composition to increase the number of Members appointed by the Court of Common Council from six to eight, and to remove the positions co-opted by the Committee from the Court

## **Main Report**

### **Background**

#### *Asset allocation*

1. The Resource Allocation Sub-Committee is responsible for determining the appropriate investment proportions between property and non-property assets (item (b) in the Sub-Committee's terms of reference, attached as Appendix 1b). This decision is based on information provided by the Investment Committee (the first item in the Committee's terms of reference, attached as Appendix 1a).

#### *Property transaction thresholds*

2. The thresholds for property transactions (both investment and operational) are contained at Part 9 of the Standing Orders (SO 55, 57 and 58).
3. This report refers only to the investment property assets for City Fund and City's Estate as defined at SO 55.1 (i.e. not including investment property assets managed by City Bridge Foundation or operational property assets). However, for clarity, this Standing Order is also included in the relevant appendices.

#### *Composition*

4. The Investment Committee's composition currently provides for the Committee to co-opt up to two Members from the Court of Common Council.

### **Current Position**

#### *Asset allocation*

5. In 2023, the Investment Committee considered the principles of investment asset allocation, and agreed that the City Corporation should adopt target strategic ranges between property and non-property assets in the City's Estate portfolio.

These recommendations were presented to, and approved by, the Resource Allocation Sub-Committee in October 2024.

6. At meetings of both the Investment Committee and the Resource Allocation Sub-Committee in October 2024, Members requested that the terms of reference for both committees should be reviewed to revise the relationship between committees and the responsibility for determining the appropriate investment proportion between assets. It was suggested at both meetings that the role of the Resource Allocation Sub-Committee should be removed, with the Policy and Resources Committee taking the decision over asset allocation, as informed by Investment Committee.

#### *Standing Order thresholds*

7. Members have also requested that officers review the thresholds for investment property transactions in the Standing Orders. The current thresholds, as set out at Appendix 2a, require Court of Common Council approval for all transactions of £5m and above.
8. Members of the Resource Allocation Sub-Committee, at their informal annual away day, noted that the current arrangements hindered the dynamic management of the investment property portfolio, especially at a time when funds were required to support the City Corporation's capital commitments.
9. Members across the Investment and Finance Committees, and Resource Allocation Sub-Committee, have echoed this opinion at meetings in Autumn 2024, and directed officers to consider revisions to the Standing Orders.

#### *Composition*

10. At the Investment Committee's October meeting, Members supported a change to the Committee's composition to increase the number of Members appointed by the Court of Common Council from six to eight, and to remove the positions co-opted by the Committee from the Court. The revised composition is set out at Appendix 1a. Members felt that this method would be a fairer way of appointing Members onto the Committee.

#### **Options**

11. Set out below are four options; further information is included in the proposals section.
12. Option 1 – The first option is to revise the terms of reference of the Committees in line with the steer provided by Members above, to amend the Investment Committee's composition, and to revise the thresholds for investment property transactions in the Standing Orders. This option is recommended.
13. Option 2 – The alternative option would be to retain the existing terms of references. However, as has been noted, the current arrangements are seen to be holding up effective and dynamic decision-making around the City Corporation's investment portfolio. Members of the Investment Committee at its meeting in October felt it would be fairer to increase the number of places on the Committee elected by the Court.

14. Further information on the above options is included in the proposals section below.

## **Proposals**

15. Options 1 proposes to remove the responsibility of the Resource Allocation Sub-Committee for determining the appropriate investment proportions between City's Estate property and non-property investment assets, so that the Policy and Resources Committee would make this decision directly, as informed by the Investment Committee. This proposal was discussed at the Resource Allocation Sub-Committee meeting in October, where Members felt that a direct recommendation from Investment Committee to the Policy and Resources Committee would help to expedite decision-making.
16. Appendices 1a-c provide revised terms of reference for each Committee with the relevant changes. Removals are struck out, anything added is underlined.
17. Option 1 also proposes to increase the thresholds for investment property transactions in the Standing Orders, so that all transactions below £20m would be approved under delegation to officers, with transactions of £50m and over requiring approval from the Court of Common Council. All transactions between these two limits would require approval from both the Investment and Finance Committees. The City Surveyor Scheme of Delegations would also need to be amended to incorporate the amended delegation in respect of City Fund and City's Estate property acquisitions and disposals.
18. This is recommended as it would allow for more flexible and agile decision-making. Members would retain oversight of the strategic direction of the investment portfolio, but increased authorisation to officers would mean that decisions on property transactions could be made in a more timely manner.
19. Members may also wish to consider if, in the long-term, the thresholds for property transactions should be separated out from the Standing Orders into a set of guidelines, similar to the Procurement Code, with authority to amend this delegated by the Court to the Investment, Finance and Policy and Resources Committees.
20. Finally, Option 1 seeks approval of the change to the Investment Committee's composition, with the effect of removing the positions co-opted by the Committee from the Court, and increasing the number of Members appointed by the Court from six to eight.
21. As well as more open method of appointing Members onto the Committee, this would remove a further layer of governance, through negating the need for a ballot to co-opt Members at the first meeting of the civic year, and therefore aligns with aspirations of streamlining governance which sit behind the other recommendations in the report.

## **Corporate & Strategic Implications**

### **Strategic implications**

22. The changes will support the delivery of the Corporate Plan 2024-2029 through improving the governance around the City Corporation's investments which help provide funding for the services in the Corporate Plan and in supporting the Investment Strategy.

### **Financial implications**

23. The changes would not require any additional spending.

### **Resource implications**

24. The recommendations will not require any additional resource. Raising the Standing Order thresholds would also reduce the number of transaction reports written by officers for Committee approval.

### **Legal implications**

25. The Comptroller and City Solicitor's department has been consulted, and their comments incorporated in the report.

### **Equalities implications**

26. The proposals in the report will not have any impact (positive or negative) on people protected by existing equality legislation.

### **Climate implications**

27. There are no climate implications.

### **Security implications**

28. There are no security implications.

### **Conclusion**

29. The recommended revisions to the above aspects of the governance of the City Corporation's investment assets will allow for more agile and dynamic decision-making at a time when the City Corporation is required to draw on its investment portfolio to support a range of activities, including its capital programme.

### **Appendices**

*Deletions are in the appendices are marked by being struck through; additions are underlined*

- Appendix 1a - Revised terms of reference for the Investment Committee
- Appendix 1b – Revised terms of reference for the Resource Allocation Sub-Committee
- Appendix 1c - Revised terms of reference for the Policy and Resources Committee
- Appendix 2 – Revisions to Standing Orders

### **Background Papers**

#### **Ben Dunleavy**

Governance and Member Services Manager

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## INVESTMENT COMMITTEE

### Composition

A Non-Ward Committee consisting of:

- ~~Six~~ Eight\* Members of the Court of Common Council
- Two Members appointed by the Policy and Resources Committee
- Two Members appointed by the Finance Committee
- ~~Up to Two Members to be co-opted from the Court by the Committee, with relevant experience~~
- the Chairman or a Deputy/Vice Chairman of the Policy and Resources Committee, or their nominee (from the Membership of that Committee) (ex-officio)
- the Chairman or Deputy Chairman of the Finance Committee or their nominee (from the Membership of that Committee) (ex-officio)
- Up to four co-opted External Members with relevant experience, with voting rights, appointed by the Committee.

### Terms of Reference

#### Investment Proportions

To inform the decision taken by the ~~Resource Allocation Sub-Committee~~ Policy and Resources Committee on the appropriate investment proportions between property and non-property assets.

#### Property

- a) To determine and approve management and investment matters relating to property within the City's ~~Estate Cash~~ and City Fund in accordance with the management plans and investment strategies
- b) to acquire, manage or dispose of all City property within its remit;
- c) to determine specific property ownerships in accordance with policies established by the Policy and Resources Committee and the Court of Common Council in relation to the extent of properties to be held by the City of London Corporation for strategic purposes, including within the City itself;
- d) to report during the year to the Court of Common Council in relation to its activities and the overall performance of the investment property portfolios

#### Finance

- e) To approve the appointment of and to monitor the performance of investment managers of the following funds:
  - i. City's Estate
  - ii. Charities Pool
  - iii. Hampstead Heath Trust
  - iv. The Sir William Coxen Trust\*

Appendix 1a

Together with such other funds as are under the City of London Corporation's control;

- f) to review the investment strategy for the securities investments of City's Estate, Hampstead Heath Trust Fund, Sir William Coxen Trust\* and the Charities Pool;
- g) to authorise investments and approve the overall parameters within which the investment fund managers will be authorised to operate;
- h) to invest all new monies in respect of the Charities Pool;
- i) to invest such other sums as are from time to time allocated for this purpose;  
and
- j) to monitor the activities of the Chamberlain in connection with ~~his~~ their role as banker to the City of London Corporation.

\* to oversee the investments of the Sir William Coxen Trust, reporting back and providing advice to the Committee of Aldermen to Administer the Sir William Coxen Trust Fund, which would then take any necessary decisions.

## Resource Allocation Sub-Committee

### **Composition (*agreed by the Court of Common Council*)**

Chairman of the Policy and Resources Committee (Chairman)

Chairman of the Finance Committee (Deputy Chairman)

The Deputy Chairmen of the Policy and Resources Committee

The Deputy Chairman of the Finance Committee

Chairman of the General Purposes Committee of the Court of Aldermen

The Senior Alderman below the Chair

The Chairman of the Corporate Services Committee

Past Chairmen of Policy and Resources Committee providing that they are Members of the Committee at the time.

Seven Members of the Policy and Resources Committee

### **Terms of Reference**

- a) to have power to determine the City Corporation's programme for repairs, maintenance and cyclical replacement of plant & equipment in respect of all operational and noninvestment properties, including the prioritisation of the various schemes and projects;
- b) ~~to determine the appropriate investment proportions between property and non-property assets;\*~~
- c) to recommend to the Grand Committee the extent of properties held by the City of London Corporation for strategic purposes, including within the City of London itself;
- d) to recommend to the Grand Committee the allocation of operational property resources for service delivery;
- e) to be the reporting and oversight body for the review of Operational Property;
- f) to be responsible for the effective and sustainable management of the City of London Corporation's operational property portfolio, to help deliver strategic priorities and service needs, including;
  - i. agreeing the Corporate Asset Management Strategy;
  - ii. responsibility for reviewing and providing strategic oversight of the Corporation's Asset Management practices and activities and advising Service Committees accordingly;
  - iii. responsibility for reviewing and providing strategic oversight of the Corporation's Facilities Management practices and activities and advising Service Committees accordingly;
  - iv. to maintain a comprehensive Property Database and Asset Register of information which can be used in the decision making process;

## Appendix 1b

- v. in line with Standing Orders 53 (Asset Management Plans) and 56 (Disposal of Surplus Properties) and the duties set out within legislation, including the Localism Act 2011 and the Housing and Planning Act 2016, to monitor the effective and efficient use of all operational property assets;
  - vi. oversight of the management of operational leases with third parties, occupation by suppliers and those granted accommodation as benefits-in-kind; and
  - vii. in accordance with Standing Orders 57 and 58, the Sub Committee can make disposals of properties which are not suitable to be retained as investment property assets.
- g) in accordance with thresholds stipulated within Standing Orders 55, 56 and 57, the Sub-Committee can approve acquisitions and disposal of operational properties which are not suitable to be re-use or to be retained as investment property assets.
- h) the power to commission from Service Committees periodic management information on asset management performance including, where relevant:
- i. third party agreements, income, rent arrears (including HRA)
  - ii. efficiency of operational assets including vacant space and utilisation in accordance with Standing Order 56.
- i) to be responsible for the upkeep, maintenance and, where appropriate, furnishing for operational properties (including the Guildhall Complex) which do not fall within the remit of another Service Committee;
- j) to monitor major capital projects relating to operational assets to provide assurance about value for money, accordance with service needs and compliance with strategic plans;
- k) to consider, at the annual joint meeting of the Resource Allocation Sub-Committee with Committee Chairs and the Efficiency and Performance Working Party, the annual programme of repairs and maintenance works (including surveys, conservation management plans, hydrology assessments and heritage landscapes) planned to commence the following financial year, and to monitor progress in these works (when not included within the Project procedure);
- l) to be responsible for strategies, performance and monitoring initiatives in relation to energy;
- m) to monitor and advise on bids for Heritage Lottery funding;
- n) to provide strategic oversight for security issues across the Corporation's operational property estate; with the objectives of managing security risk; encouraging consistent best practice across the Estate; and, in conjunction with the Corporate Services Committee, fostering a culture of Members and officers

## Appendix 1b

taking their responsibilities to keeping themselves and the buildings they occupy secure;

- o) to recommend to the Grand Committee an appropriate allocation of financial resources in respect of the City Corporation's capital and revenue expenditure;
- p) to meet with Chairmen of Service Committees to advise on the status of the City Corporation's budgets and the recommended allocation of financial resources overall and discuss any emerging issues;
- q) to set the annual quantum for each City's Estate and City Fund grants programme (including for City's Estate funded open spaces grants);
- r) to consider the annual performance reports for all grants programmes from the Finance Committee;
- s) to consider funding bids in respect of the Community Infrastructure Levy Neighbourhood Fund of over £50,000; and
- t) to consider and make recommendations in respect of matters referred to it by the Grand Committee including matters of policy and strategy.

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## Policy and Resources Committee

### Terms of Reference

To be responsible for:-

#### **General**

- (a) considering matters of policy and strategic importance to the City of London Corporation including matters referred to it by other Committees and/or Chief Officers;
- (b) the review and co-ordination of the governance of the City of London Corporation including its Committees, Standing Orders and Outside Bodies Scheme, reporting as necessary to the Court of Common Council, together with the City Corporation's overall organisation and administration;
- (c) overseeing, generally, the security of the City and the City of London Corporation's security and emergency planning;
- (d) the support and promotion of the City of London as the world leader in international financial and business services and to oversee, generally, the City of London Corporation's economic development activities, communications strategy and public relations activities locally and globally;
- (e) the use of the City's Armorial bearings;
- (f) general matters not otherwise expressly provided for within the terms of reference of any other Committee;
- (g) the functions of the Court of Common Council as walkway authority and under Part II of the City of London (Various Powers) Act 1967 (excluding the declaration, alteration and discontinuance of City Walkway) for the purposes of promoting works to the Barbican Podium;
- (h) approving the City Corporation's annual contribution to the London Councils' Grants Scheme and agreeing, alongside other constituent councils, the proposed overall budget;
- (i) making recommendations to the Court of Common Council in respect of:
  - (i) the appointment of the Town Clerk & Chief Executive, Comptroller & City Solicitor and Remembrancer;
  - (ii) the Corporate Plan, Community Strategy, and other corporate strategies, statements or resolutions;
  - (iii) the issuing of levies to all the constituent councils for their contributions to the London Councils' Grants Scheme, for which the Court of Common Council is a levying body; and
  - (iv) the promotion of legislation and, where appropriate, byelaws;

#### **Resource Allocation**

- (j) determining resource allocation in accordance with the City of London Corporation's strategic policies;
- (k) to determine the appropriate investment proportions between property and non-property assets\*

#### **Corporate Assets**

- (l) (i) determining the overall use of the Guildhall Complex; and
  - (ii) approving overall strategy and policy in respect of the City Corporation's assets;

#### **Projects (Capital and Supplementary Revenue)**

- (m) considering all proposals for capital and supplementary revenue projects, and determining whether projects should be included in the capital and supplementary revenue programme as well as the phasing of any expenditure;

#### **Hospitality**

- (n) arrangements for the provision of hospitality on behalf of the City of London Corporation;

#### **Privileges**

- (o) Members' privileges, facilities and development;

#### **Sustainability**

- (p) strategies and initiatives in relation to sustainability;

#### **Business Improvement Districts**

- (q) responsibility for the functions of the BID Proposer and BID Body (as approved by the Court of Common Council in October 2014);

#### **Sub-Committees**

- (r) appointing such Sub-Committees as are considered necessary for the better performance of its duties including the following areas:-
  - \* Resource Allocation (including Operational Property)
  - Outside Bodies
  - Communications and Corporate Affairs
  - Freedom Applications

## Appendix 1c

Capital Buildings  
Competitiveness  
† Civic Affairs  
Equality, Diversity and Inclusion  
Member Development and Standards

\* The constitution of the Resource Allocation Sub Committee is set by the Court of Common Council and comprises the Chairman and Deputy Chairmen of the Grand Committee, past Chairmen of the Grand Committee providing that they are Members of the Committee at that time, the Chairman of the General Purposes Committee of Aldermen, the Chairman and Deputy Chairman of the Finance Committee, the Chairman of the Corporate Services Committee, the Senior Alderman below the Chair and seven Members appointed by the Grand Committee.

† the Working Parties or Sub Committees responsible for hospitality and Members' privileges shall be able to report directly to the Court of Common Council and the Chair able to address reports and respond to matters in the Court associated with these activities.

(s) **Standards and Code of Conduct**

Following the decision of the Court of Common Council on 14 January 2021, the Committee shall have responsibility for the following matters, previously under the purview of the Standards Committee, until such time as the Court determines otherwise:-

- (i) promoting and maintaining high standards of conduct by Members and Co-opted Members of the City of London Corporation and to assist Members and Co-opted Members to observe the City of London Corporation's Code of Conduct;
- (ii) preparing, keeping under review and monitoring the City of London Corporation's Member Code of Conduct and making recommendations to the Court of Common Council in respect of the adoption or revision, as appropriate, of such Code of Conduct;
- (iii) keeping under review, monitoring and revising as appropriate the City of London Corporation's Guidance to Members on the Code of Conduct;
- (iv) keeping under review by way of an annual update by the Chief People Officer and Executive Director of HR, the City of London Corporation's Employee Code of Conduct and, in relation to any revisions, making recommendations to the Corporate Services Committee;
- (v) keeping under review and monitoring the Member/Officer Charter and, in relation to any revisions, making recommendations to the Corporate Services Committee;
- (vi) advising and training Members and Co-opted Members on matters relating to the City of London Corporation's Code of Conduct.

(t) **Freedom Applications**

Responsibility for all matters relating to Freedom Applications;

(u) **Capital Buildings**

Responsibility for all projects with an estimated budget of £100 million or more, or which have been otherwise referred to the Committee, which have been approved in principle by the Court of Common Council and are being directly delivered by the City of London Corporation;

(v) **Operational Property**

Responsibility for the effective and sustainable management and strategic plans for the City of London Corporation's operational property portfolio; this includes the monitoring of capital projects, acquisitions and disposals, and the upkeep, maintenance and, where appropriate, furnishing for operational properties (including the Guildhall Complex), together with responsibility for strategies, performance, and monitoring initiatives in relation to energy usage, and for monitoring and advising on bids for Heritage Lottery funding.

(y) **Benefices**

All matters relating to the City's obligations for its various benefices.

(x) **Equality Diversity and Inclusion**

To have oversight of the City of London Corporation's policies and practices in respect of equality and inclusion, including the implementation of the Equality Act 2010 and other relevant legislation through the establishment of the Equality, Diversity and Inclusion joint Sub Committee with the Policy & Resources Committee.



Appendix 2

**Standing Order 55.2 - Acquisitions**

City Fund

Total Acquisition Costs	Approval by
Less than <del>£20,000,000</del> <u>£5,000,000*</u>	<del>Investment Committee and Finance Committee</del> <u>Officer Delegation</u>
<del>£20,000,000 to less than £50,000,000</del> <del>£5,000,000 and above</del>	<del>Investment Committee and Finance Committee and Court of Common Council</del>
<u>£50,000,000 and above</u>	<u>Investment Committee, Finance Committee and Court of Common Council</u>

City's Estate

Total Acquisition Costs	Approval by
Less than <del>£20,000,000</del> <u>£5,000,000</u> (subject to funding being available in the relevant Designated Sales Pool)*	<del>Investment Committee and Finance Committee</del> <u>Officer Delegation</u>
<del>£20,000,000 to less than £50,000,000</del> <del>£5,000,000 and above</del>	<del>Investment Committee and Finance Committee and Court of Common Council</del>
<u>£50,000,000 and above</u>	<u>Investment Committee, Finance Committee and Court of Common Council</u>

*\*If funding is not available in the relevant Designated Sales Pool the approval of the Court of Common Council shall also be required.*

**Standing Order 57.2 - Freehold Disposals**

City Fund & City's Estate

Anticipated Receipt	Approval by
Less than <del>£20,000,000</del> <u>£1,000,000</u>	<del>Investment Committee</del> <u>Officer Delegation</u>
<del>£205,000,000 and above</del> <u>to less than £50,000,000</u>	Investment Committee and Finance Committee
<u>£50,000,000 and above</u>	Investment Committee, Finance Committee and Court of Common Council

## Standing Order 58.1 - Leasehold Disposals/Surrenders

City Fund & City's Cash

Anticipated Receipt	Approval by
Less than £20,000,000 <del>£2,500,000</del>	Officer Delegation
<u>£20,000,000 to less than £50,000,000</u> <del>£2,500,000 to less than £5,000,000</del>	Investment Committee and Finance Committee
<u>£50,000,000 and above</u>	Investment Committee, Finance Committee and Court of Common Council