

PLEASE BRING THIS AGENDA WITH YOU

1

The Lord Mayor will take the Chair at ONE
of the clock in the afternoon precisely.



COMMON COUNCIL

SIR/MADAM,

You are desired to be at a Court of Common Council, at **GUILDHALL**, on
THURSDAY next, the **5th day of March, 2015**.

JOHN BARRADELL,
Town Clerk & Chief Executive.

*Guildhall,
Wednesday 25th February 2015*

Ian David Luder, B.Sc. (Econ.)

Alan Colin Drake Yarrow

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Aldermen on the Rota

- 1 Question - That the Minutes of the last Court are correctly recorded?
- 2 Resolutions on Retirements, Congratulatory Resolutions, Memorials.
- 3 The Right Honourable The Lord Mayor's report on overseas visits.
- 4 Statement from the Chairman of the Policy and Resources Committee.
- 5 Docquets for the Hospital Seal.
- 6 List of applicants for the Freedom of the City:
(A list of names, together with those of the nominators, has been separately circulated).
- 7 The Remembrancer's report of measures introduced into Parliament which may have an effect on the services provided by the City Corporation.

Subordinate Legislation

Title	with effect from
The Housing Benefit and Housing Benefit (Persons who have attained the qualifying age for state pension credit) (Income from earnings) (Amendment) Regulations 2015, S.I. No. 6	9 February 2015
The Neighbourhood Planning (General) (Amendment) Regulations 2015, S.I. No. 20	9 February 2015
The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, S.I. No. 57	20 February 2015
The Public Contracts Regulations 2015, S.I. No. 102	26 February 2015
The Non-Domestic Rating (Small Business Rate Relief) (England) (Amendment) Order 2015, S.I. No. 106	2 March 2015
The Local Government Finance Act 1988 (Non-Domestic Rating Multipliers) (England) Order 2015, S.I. 135	1 April 2015
The Local Audit (Appointing Person) Regulations 2015, S.I. No. 192	10 February 2015
The Control of Noise (Code of Practice for Construction and Open Sites) (England) Order 2015, S.I. 227	6 April 2015
The Accounts and Audit Regulations 2015, S.I. No. 234	1 April 2015

(The text of the measures and the explanatory notes may be obtained from the Remembrancer's office.)

- 8 To appoint Members to The Honourable The Irish Society
- (A) To appoint three Aldermen for terms of up to three years

Nominations of the Court of Aldermen:-

Alison Jane Gowman
William Anthony Bowater Russell
Sir David Hugh Wootton

- (B) To appoint four Common Councilmen for terms of three years

Nominations received:-

**denotes a Member standing for re-appointment*

*Brian Harris
 Christopher Michael Hayward
 Vivienne Littlechild, J.P.
 Gregory Percy Jones QC
 * Richard David Regan, O.B.E., Deputy
 *Ian Christopher Normal Seaton
 Jeremy Lewis Simons, MSC
 Patrick Thomas Streeter

- (C) To appoint the Governor and Deputy Governor of the Honourable The Irish Society

- 9 To appoint the following:-

- (A) Trust for London (two vacancies for five year terms expiring in April 2020)

**denotes a Member standing for re-appointment*

Nominations received:-

Kevin Malcom Everett, DSc
 *Sophie Anne Fernandes
 Edward Lord, OBE, JP

- (B) City and Metropolitan Welfare Charity (one vacancy for the balance of a term expiring in March 2017)

Nominations received:-

Mark Raymond Peter Henry Delano Wheatley
 Edward Lord, OBE, JP

- (C) City Arts Trust (one vacancy for a four year term expiring in March 2019)

**denotes a Member standing for re-appointment*

(No contest)

Nominations received:-

*John Douglas Chapman, Deputy

- (D) City of London Archaeological Trust (four vacancies for four year terms expiring in May 2019)

**denotes a Member standing for re-appointment*

(No contest)

Nominations received:-

Paul Nicholas Martinelli
 *Hugh Fenton Morris
 *John George Stewart Scott, JP, BA(Hons), FRPSL
 *Jeremy Lewis Simons, MSc

- (E) Guild Church Council of St Lawrence Jewry (three vacancies for one year terms expiring in March 2016)
**denotes a Member standing for re-appointment*
 (No contest)

Nominations received:-

- *Roger Arthur Holden Chadwick
- *Simon D'Olier Duckworth, OBE, DL
- *Gregory Percy Jones, QC

- (F) Mitchell City of London Charity & Educational Foundation (three vacancies for five year terms expiring March 2020)
**denotes a Member standing for re-appointment*
 (No contest)

Nominations received:-

- *John Alfred Barker, OBE, Deputy

- (G) St Luke's Parochial Trust (one vacancy for a four year term expiring in March 2019)
**denotes a Member standing for re-appointment*
 (No contest)

Nominations received:-

- *John Alfred Barker, OBE, Deputy

10 **QUESTIONS**

11 **MOTIONS**

12 **AWARDS AND PRIZES**

13 **FINANCE COMMITTEE**

(Roger Arthur Holden Chadwick)

17 February 2015

(A) **City Fund 2015/16 Budget Reports and Medium Term Financial Strategy including Non Domestic Rates and Council Taxes for the Year 2015/16**

We have considered as to the Non-Domestic Rates and Council Taxes to be levied to meet the City Fund budget requirement during the year ensuing including the proposal to levy:

- an unchanged premium multiplier of 0.004 on the Non-Domestic Rate and Small Business Rate multipliers to enable the City to continue to support the City of London Police, security and contingency planning activity within the Square Mile at an enhanced level; and
- an unchanged Council tax of £857.31 for a Band D property (excluding the GLA precept).

We submit a printed and circulated report thereon: City Fund – 2015/16 Budget Report and Medium Term Financial Strategy.

We **recommend** that the report be agreed to and that the Court do pass a Resolution

in the following terms:-

Overall Financial Framework - Revenue

1. Approve the overall financial framework and the revised Medium Term Financial Strategy for the City Fund noting, in particular, that the forecasts include the Service Based Review savings/increased incomes agreed by the Policy and Resources Committee; and that the achievement of these savings/increased incomes are anticipated to offset the impact of assumed reductions in Government Grants, to leave the fund with small surpluses (effectively break-even) across the period.
2. Approve the City Fund Revenue Budgets.
3. Other major assumptions are:
 - an allowance of 2% has been included in 2015/16 for pay and prices which then reduces year on year until 2018/19 when a freeze is assumed, reflecting public sector finance constraints;
 - a neutral position with regard to the Government's system of Business Rates Retention – i.e. no speculation as to growth or reduction; any changes will therefore be an addition or reduction to balances;
 - anticipated earnings from cash balances have been reduced to 0.5% for 2015/16 and 2016/17 after which a marginal increase to 0.75% is assumed; and
 - the annual provisions included for additional revenue works projects reflect detailed programmes for 2014/15 and 2015/16. For the years 2016/17 to 2018/19 an assumption has been included of £2.5m a year. This is a reduction of 19% on the provisions included for 2015/16

City Police

4. Note that continuing significant cuts in Government Grants for both core policing and dedicated capital city security responsibilities would, if left unchecked, result in deficits across the financial forecast period with the Police Reserve being exhausted early in 2017/18. This position is not sustainable and options for balancing the budget with a minimum balance on the general reserve of £4m across the period are to be presented to the Police Committee before the summer recess in July.

Council Tax

5. From April 2013, council tax reduction replaced council tax benefit and in accordance with Section 10 of the Local Government Finance Act 2012 which amended Section 13A of the Local Government Finance Act 1992, local authorities have to make their own local schemes if not applying the Government default scheme. The City adopted the default scheme for 2013/14 and amended the scheme for 2014/15 by applying the annual uprating of applicable amounts. There is no intention to amend the scheme for 2015/16 other than to apply the annual uprating of applicable amounts.
6. The Common Council of the City of London hereby agrees, therefore, that the annual uprating of applicable amounts, premiums, disregarded income, or capital in relation to the Local Council Tax Reduction Scheme 2015-2016 as it applies to working age claimants, be in accordance with the uprating to be

applied under the Housing Benefit Regulations which take effect from 1 April each year and the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014; and the annual uprating of non-dependent income and deductions, and income levels relating to Alternative Council Tax Reduction, or any other uprating as it applies to working age claimants, shall be adjusted in line with inflation levels by reference to relevant annual uprating in the Housing Benefit Scheme or The Prescribed Council Tax Reduction Scheme for Pensioners.

7. It be noted that in 2012 the Finance Committee delegated the calculation of the Council Tax Base to the Chamberlain and the Chamberlain has calculated the following amounts for the year 2015/16 in accordance with Section 31B of the Local Government Finance Act 1992:

- (a) 6239.59 being the amount calculated by the Chamberlain (as delegated by the Finance Committee), in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as the City's Council Tax Base for the year; this amount includes a calculation of the amount of council tax reduction; and
- (b) Parts of Common Council's Area

Inner Temple	Middle Temple	City excl. Temples (special expense area)
84.61	69.98	6085.00

being the amounts calculated by the Chamberlain, in accordance with the Regulations, as the amounts of the City's Council Tax Base for the year for dwellings in those parts of its area to which the special items relate.

8. For the year 2015/16 the Common Council determines, in accordance with Section 35(2) (d) of the Local Government Finance Act 1992, that any expenses incurred by the Common Council in performing in a part of its area a function performed elsewhere in its area by the Sub-Treasurer of the Inner Temple and the Under Treasurer of the Middle Temple shall not be treated as special expenses, apart from the amount of £13,238,000 being the expenses incurred by the Common Council in performing in the area of the Common Council of the City of London the City open spaces, highways, waste disposal, transportation planning and road safety, street lighting, drains and sewer functions.
9. That the following amounts be now calculated by the Common Council for the year 2015/16 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:

- (a) £372,800,000 Being the aggregate of the amounts which the Common Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act, including the local precepts issued by the Inner and Middle Temples
- (b) £367,450,737 Being the aggregate of the amounts which the Common Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act;
- (c) £5,349,263 Being the amount by which the aggregate at 9(a) above exceeds the aggregate at 9(b) above, calculated by the Common Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year;
- (d) £857.31 Being the amount of 9(c) above, divided by the amount at 7(a) above, calculated by the Common Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year;
- (e) £13,574,312.09 Being the aggregate amount of all special items referred to in Section 34(1) of the Act, including the local precepts issued by the Inner and Middle Temples;
- (f) £1,318.20 CR Being the amount at 9(d) above less the result given by dividing the amount at 9(e) above by the amount at 7(a) above, calculated by the Common Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(g) Parts of Common Council's Area

Inner Temple	Middle Temple	City excl. Temples (special expense area)
£	£	£
857.31	857.31	857.31

being the amounts given by adding to the amount at 9(f) above the amounts of the special item or items relating to dwellings in those parts of the Common Council's area mentioned above divided in each case by the amount at 7(b) above, calculated by the Common Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one of the special items relate; and

(h) Council Tax Valuation Bands

Valuation Bands	Inner Temple	Middle Temple	City excl Temples (special expense area)
	£	£	£
A	571.54	571.54	571.54
B	666.80	666.80	666.80
C	762.05	762.05	762.05
D	857.31	857.31	857.31
E	1,047.82	1,047.82	1,047.82
F	1,238.34	1,238.34	1,238.34
G	1,428.85	1,428.85	1,428.85
H	1,714.62	1,714.62	1,714.62

being the amounts given by multiplying the amounts at 9(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which, in that proportion, is applicable to dwellings listed in valuation band D, calculated by the Common Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

10. It be noted that for the year 2015/16 the Greater London Authority has proposed the following amounts in precepts issued to the Common Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

<u>Valuation Bands</u>	<u>Precepting Authority</u>
	Greater London Authority
	£
A	57.42
B	66.99
C	76.56
D	86.13
E	105.27
F	124.41
G	143.55
H	172.26

11. Having calculated the aggregate in each case of the amounts at 9(h) and 10 above, the Common Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby proposes the following amounts as the amounts of Council Tax for the year 2015/16 for each of the categories of dwelling as shown below:

Council Tax Valuation Bands Inclusive of GLA Precept

Valuation Bands	Inner Temple	Middle Temple	City excl Temples (special expense
	£	£	£
A	628.96	628.96	628.96
B	733.79	733.79	733.79
C	838.61	838.61	838.61
D	943.44	943.44	943.44
E	1,153.09	1,153.09	1,153.09
F	1,362.75	1,362.75	1,362.75
G	1,572.40	1,572.40	1,572.40
H	1,886.88	1,886.88	1,886.88

12. The Common Council of the City of London hereby determines that the following amounts of discount be awarded:
- i. to dwellings in Class B as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State under the provisions of Section 11A of the Local Government Finance Act 1992 (i.e. second homes) - Nil for the financial year beginning on 1st April 2015:
 - ii. to dwellings in Class C as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State under the provisions of Section 11A of the Local Government Finance Act 1992:
 - (a) in the case of a vacant dwelling that has been such for a continuous period of less than 6 months ending immediately before the day in question: 100% for the financial year beginning on 1st April 2015;
 - (b) in the case of a vacant dwelling that has been such for a continuous period of 6 months or more: nil for the financial year beginning on 1st April 2015.(i.e. a dwelling that is unoccupied and substantially unfurnished will qualify for a discount from the date the dwelling became vacant of 100% for the first six months (less one day) and nil thereafter)
 - iii. to dwellings in Class D as defined in the Council Tax (Prescribed

Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State under the provisions of Section 11A of the Local Government Finance Act 1992 (i.e. vacant uninhabitable dwellings or vacant dwellings undergoing major works to make them habitable or vacant dwellings where major repair works have taken place): 100% for the financial year beginning on 1st April 2015.

13. The Common Council of the City of London hereby determines that its relevant basic amount of council tax for 2015/16, calculated in accordance with Section 52ZX of the Local Government Finance Act 1992 is not excessive in accordance with the Referendums Relating to Council Tax Increases (Principles) (England) Report 2015/16.

Non Domestic Rates

14. The Common Council of the City of London being a special authority in accordance with Section 144(6) of the Local Government Finance Act 1988 hereby sets for the chargeable financial year beginning with 1st April 2015, a Non-Domestic Rating Multiplier of 0.497 and a Small Business Non-Domestic Rating Multiplier of 0.484 in accordance with Part II of the Schedule 7 of the said Act. (Both multipliers are inclusive of the City business rate premium of 0.004 which is unchanged from the current year.)
15. In addition, the levying by the Greater London Authority of a Business Rate Supplement in 2015/16 of 0.020 (i.e. 2.0p in the £) on hereditaments with a rateable value greater than £55,000, to finance its contribution to Crossrail, be noted.
16. A copy of the said Council Taxes and the Non-Domestic Rating Multipliers, signed by the Town Clerk, be deposited in the offices of the Town Clerk in the said City, and advertised within 21 days from the date of the Court's decision, in at least one newspaper circulating in the area of the Common Council.

Capital Expenditure and Financing for the Year 2015/16

Having considered the circulated report, we further **recommend** that your Honourable Court do pass a resolution in the following terms:-

17. The City Fund capital budget be approved and its final financing be determined by the Chamberlain, apart from in regard to any possible borrowing options.
18. The continued pursuit of the approved financing methodology for the Corporation's funding commitment towards the cost of Crossrail be noted, particularly that each future year's budget report will give a detailed update on funding progress.
19. For the purpose of Section 3(1) of the Local Government Act 2003, for the financial years 2015/16 to 2017/18, the Court of Common Council hereby determines that at this stage the amount of money (referred to as the "Affordable Borrowing Limit"), which is the maximum amount which the City may have outstanding by way of borrowing, shall be £0.
20. For the purpose of Section 21(A) of the Local Government Act 2003, for the

financial year 2015/16, the Court of Common Council hereby determines that the prudent amount of Minimum Revenue Provision is £0, apart from any specific requirement arising from any property leases which have to be treated as finance leases.

21. Any potential borrowing requirement and associated implications will be subject to a further report to Finance Committee and the Court of Common Council.
22. The Chamberlain be authorised to lend surplus monies on the basis set out in the Annual Investment Strategy, with an absolute limit of £200m for maturities in excess of 364 days.
23. The following Prudential Indicators be set:

Prudential indicators for affordability, prudence, capital expenditure and external debt:

	2015/16	2016/17	2017/18
Estimates of the ratio of financing costs to net revenue stream:			
HRA	0.50	0.25	0.25
Non-HRA	(0.39)	(0.40)	(0.40)
Total	(0.30)	(0.33)	(0.33)
Estimate of the incremental impact of capital investment decisions on the Council Tax - compared to 2014/15 estimates and expressed as a Band D equivalent	£ 19	£ (189)	£ (242)
Estimate of the incremental impact on average weekly rent of capital investment decisions on housing rents	£ 2.84	£ 4.04	£ 4.10
Estimates of Capital Expenditure	£m	£m	£m
HRA	22.532	5.056	0.200
Non-HRA	246.682	32.204	26.324
Total	269.214	37.260	26.524

Estimates of Capital Financing Requirement – underlying need to borrow	£m	£m	£m
HRA	10.492	10.282	10.076
Non-HRA	(12.434)	(12.224)	(12.018)
Total	(1.942)	(1.942)	(1.942)
Net borrowing/(Net investments)	Period 2014/15 to 2017/18 £m (75.658)		
Capital financing requirement – underlying need to borrow	(1.942)		

Prudential Indicators for Treasury Management:

	2015/16	2016/17	2017/18
Operational Boundary for External Debt	£m	£m	£m
Borrowing	0	0	0
Other Long Term Liabilities	0	0	0
Total	0	0	0
Authorised Limit	£m	£m	£m
Borrowing	0	0	0
Other Long Term Liabilities	0	0	0
Total	0	0	0
Upper Limit - Fixed Interest Rate Exposure	100%	100%	100%
Upper Limit-Variable Interest Rate Exposure	100%	100%	100%
Upper limit for Principal Sums Invested for > 364 days	£200m	£200m	£200m
Maturity Structure of New Fixed Rate Borrowing During 2015/16	Upper Limit %	Lower Limit %	
Under 12 months	0	0	

<i>12 months and within 24 months</i>	<i>0</i>	<i>0</i>
<i>24 months and within 5 years</i>	<i>0</i>	<i>0</i>
<i>5 years and within 10 years</i>	<i>0</i>	<i>0</i>
<i>10 years and above</i>	<i>0</i>	<i>0</i>

Local Indicator focusing on revenue reserves:

	<i>2015/16</i>	<i>2016/17</i>	<i>2017/18</i>
	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
<i>Times cover by dividing unencumbered revenue reserves by annual revenue deficit/(surplus) - bracketed figures denote annual surpluses</i>	<i>(30.2)</i>	<i>(16.2)</i>	<i>(5.5)</i>

Other Recommendations

24. The Treasury Management Strategy Statement and Annual Investment Strategy 2015/16 are endorsed.
25. The Chamberlain's assessment of the robustness of budgets and the adequacy of reserves be endorsed.

17 February 2015

(B) Revenue and Capital Budgets 2014/15 and 2015/16

We submit a printed and circulated report which summarises the revenue and capital budgets for each of the City's three main funds, City Fund, City's Cash and Bridge House Estates together with the budgets for central support services within Guildhall Administration (which initially 'holds' such costs before these are wholly apportioned). The report accompanies the Summary Budget Book which includes all the City's budgets at a summary level in a single document. The Summary Budget Book is available in the Members' Reading Room, and on the City Corporation's website. Further copies can be provided on request.

We therefore **recommend** approval of the revenue and capital budgets for City's Cash, Bridge House Estates and Guildhall Administration for the financial year 2015/16 (the budgets for City Fund having already been considered under part A above).

14 POLICY AND RESOURCES COMMITTEE

(Mark John Boleat)

22 January 2015

(A) Public Sector Pensions Reform - Establishing a Local Pensions Board (Local Government Pension Scheme)

In March 2011, the Independent Public Service Pensions Commission published its

final report of the review of public service pensions. The report made clear that change is needed to “make public service pension schemes simpler and more transparent, fairer to those on low and moderate earnings”.

In order to meet the requirements of the Public Services Pensions Act 2013, the Local Government Pension Scheme (LGPS) was reformed, effective from 1st April 2014. The Act also made legislation as to the overall governance of pension schemes, in particular that a local Pensions Board be established by 1st April 2015; the Board need not be operational at this point. The Pensions Board must include employer and scheme member representatives in equal numbers.

We submit a printed and circulated report thereon **recommending** that the Court agree the to the creation of a Pensions Board to ensure that the City of London Corporation complies with the requirements of the Public Services Pensions Act 2013.

2 February 2015

(B) Report of Urgent Action Taken: London Councils Grants Scheme 2015/16 Levy

The budget for the London Councils Grants Scheme (LCGS) and the City of London Corporation’s contribution to the Scheme is considered on an annual basis by your Policy and Resources Committee. The City of London Corporation is also responsible for issuing the annual levies for contributions to all the constituent councils of the LCGS. This element of the Grants Scheme can only be considered and approved by the Court of Common Council if at least two-thirds of the constituent councils (i.e. 22 out of 33 of the London local authorities) have approved the total expenditure to be incurred under the Scheme.

Having received confirmation from London Councils that the budget and contributions had been agreed by over two thirds of the Constituent Councils, the approval of the Court was sought under the urgency procedures to allow the levies to be issued before the statutory deadline of 15 February 2015.

We **therefore** submit a printed and circulated report advising that on 2 February 2015 approval was given, in accordance with Standing Order No. 19, to issue the levies.

15 HOSPITALITY WORKING PARTY OF THE POLICY & RESOURCES COMMITTEE
(Deputy John Bennett, Chief Commoner)

27 January 2015

(A) Applications for the Use of Guildhall

In accordance with the arrangements approved by the Court on 21 June 2001 for the approval of applications for the use of Guildhall, we now inform the Court of the following applications which have been agreed to:-

Name	Date	Function
Advertising Week Europe	Monday 23 March 2015	Reception
AE3 Media	Friday 19 June 2015	Lunch
BASE London	Monday 29 June 2015 Tuesday 30 June 2015	Set up day Conference

City of London Pensioners' Reunion Committee	Friday 4 September 2015	Lunch
London School of Economics	Saturday 5 September 2015	Graduation
Cass Business School	Monday 14 September 2015	Dinner
Government of Gibraltar	Monday 12 October 2015	Reception
Standard Chartered Bank Pensioners' Association	Friday 16 October 2015	Lunch
UK Theatre	Sunday 18 October 2015	Lunch
City of London School for Boys	Monday 2 November 2015	Prize Giving
Brook Green UK	Saturday 7 November 2015	Dinner
City of London School for Girls	Tuesday 10 November 2015	Prize Giving
London Councils Summit	Saturday 21 November 2015	Conference
National Society for the Prevention of Cruelty to Children	Wednesday 2 December 2015	Dinner
Staff Christmas Lunches	Wednesday 16 December 2015 Thursday 17 December 2015 Friday 18 December 2015	Lunch
City Property Association	Thursday 10 March 2016	Lunch
Royal Aeronautical Society	Wednesday 18 May 2016	Dinner
Weizmann UK	Sunday 5 June 2016	Dinner

27 January 2015

(B) Armed Forces Flag Day

It is proposed that the City of London Corporation hosts a flag raising ceremony followed by light refreshments at Guildhall on the afternoon of Wednesday 24 June 2015 to mark the seventh annual Armed Forces Flag Day.

This event responds to an established national initiative and will provide an opportunity for the City to show its support for the Armed Forces and to raise awareness of the contribution made to our country by those who are currently serving, as well as veterans. Guests will include serving and retired personnel, cadets, City residents who are veterans, Masters and Clerks of Livery Companies, city workers, school children from the City's schools, and members of the general public.

We recommend that appropriate hospitality therefore be granted and that arrangements are made under the auspices of the Hospitality Working Party; the cost to be met from City's Cash and within the approved cost parameters.

This would be a Full Court event.

27 January 2015

(C) Battle of Britain

It is proposed that the City of London Corporation hosts a lunchtime reception on Tuesday 15 September 2015 at Guildhall following the Service of Thanksgiving to be

held in St Paul's Cathedral, to mark the 75th anniversary of the Battle of Britain.

The Service of Thanksgiving in St Paul's Cathedral will be attended by guests including senior officers of the Royal Air Force, representatives from the Royal Air Forces Association, the Royal Air Force Benevolent Fund, veterans and serving RAF personnel, cadets and representatives from foreign forces.

We **recommend** that appropriate hospitality be granted for a reception at the Guildhall and that arrangements are made under the auspices of the Hospitality Working Party; the cost to be met from City's Cash and within the approved cost parameters.

This will be a Full Court event.

27 January 2015

(D) Report of Urgent Action Taken: Event to mark the end of UK Operations in Afghanistan

We report action taken as a matter of urgency, pursuant to Standing Order No. 19, in approving arrangements for a lunchtime reception at Guildhall following a Service of Thanksgiving and Remembrance at St Paul's Cathedral on Friday 13 March 2015 to mark the end of UK combat operations in Afghanistan.

Due to the public announcement of the Service not being made until late January, the Court's approval was sought and obtained for the event in accordance with urgency procedures. We hereby report the action taken.

This will be a Full Court event.

16 PORT HEALTH AND ENVIRONMENTAL SERVICES COMMITTEE

(Wendy Mead, O.B.E.)

20 January 2015

Animal Reception Centre – Heathrow Airport: Annual Review of Charges

It is necessary to submit periodic recommendations to the Court for an increase to be applied to the Schedule of Charges in respect of services provided at the Heathrow Animal Reception Centre (HARC), for the forthcoming financial year 2015/2016.

The Byelaws, incorporating a new schedule of charges for the services provided, can be found in Appendix A to a separately printed and circulated report and we **recommend** approval thereof; the Comptroller and City Solicitor being instructed to seal the Byelaws accordingly.

17 BOARD OF GOVERNORS OF THE GUILDHALL SCHOOL OF MUSIC AND DRAMA

(David Andrew Graves, Alderman)

17 November 2014

Amendment to the Guildhall School of Music and Drama's Governance Arrangements

The Guildhall School of Music & Drama was awarded Taught Degree Awarding Powers in April 2014. One of the conditions for exercising and retaining such powers is that an Academic Board be established.

The purpose of this report is to propose the creation of an Academic Board which will

replace the current Teaching and Learning Board. This Academic Board will act as the locus of responsibility for the exercise of taught degree awarding powers. Subject to the approval of the Court of Common Council, this proposal will be submitted to the Privy Council for formal approval. A printed and circulated report is now submitted for your consideration and we **recommend** that the Court agree the recommendations set out therein.

18 ESTABLISHMENT COMMITTEE

(John Alfred Barker, OBE Deputy)

5 February 2015

Pay Policy Statement 2015/16

The Localism Act 2011 requires the City of London Corporation to prepare and publish a Pay Policy Statement each year setting out its approach to pay for the most senior and junior members of staff. This must be agreed by the full Court of Common Council.

The Court approved the Corporation's first Pay Policy Statement in January 2012 and the current version was approved this time last year. This was published by 31st March 2014. A draft Pay Policy Statement for 2015/16, which has been separately circulated, has been approved by both the Establishment and the Policy and Resources Committees and, with your agreement, will be published by 31st March 2015.

We submit a printed and circulated report thereon **recommending** that the Court agree the separately circulated draft Pay Policy Statement for 2015/16 to ensure that the City Corporation meets its requirements under the Localism Act 2011.

19 HAMPSTEAD HEATH, HIGHGATE WOOD & QUEEN'S PARK COMMITTEE

(Jeremy Lewis Simons)

20 January 2015

Report of Urgent Action Taken: Hampstead Heath Ponds Project – Authority to Start Work

We report action taken as a matter of urgency, pursuant to Standing Order No. 19, in approving the allocation of funds to the Hampstead Heath Ponds Project and the signature of a commencement agreement with BAM Nuttall, Atkins and Capital to allow works to start on site in February 2015.

We therefore submit a printed and circulated report advising that in January 2015 approval was given, in accordance with Standing Order No. 19, to allocate funds to the Hampstead Heath Ponds Project to allow its commencement.

20 CULTURE, HERITAGE AND LIBRARIES COMMITTEE

(Vivienne Littlechild, J.P.)

26 January 2015

Appointment of Chairman to the Benefices Sub Committee

Standing Order 18 (6) precludes the Chief Commoner from chairing, amongst others, the Benefices Sub Committee. The current Chairman of the Sub Committee is Deputy William Harry Dove, OBE, JP, who is the Chief Commoner elect. Deputy Dove has served this Sub Committee well for a number of years and is willing to stand again as Chairman in 2015/16.

We submit a separately printed and circulated report thereon **recommending** that you agree to waive Standing Order 18 (6) (c) in this instance, so that the Chief Commoner Elect could be considered for re-election as Chairman of the Benefices Sub Committee in 2015/16

21 **EDUCATION BOARD**

(Catherine McGuinness, Deputy)

16 February 2015

Appointment of Company Member to City of London Academies (Southwark)

The City of London Corporation appoints Members to the City of London Academies (Southwark), the legal entity overseeing the City of London Academy Southwark and Redriff Primary School. Under the Academies' articles of association, the number of Company Members must not fall below three. The City of London Corporation has received notice from one of the current three members, the Reverend Dr Martin Dudley, that he intends to resign as Company Member subject to the appointment of a replacement.

The purpose of this report is to note the resignation and removal of Dr Dudley as a Member, and to seek approval to the appointment of Andrew McMurtrie CC to fill the resulting vacancy. Mr McMurtrie is both an existing director of the City of London Academies (Southwark) and the Board of Governors' recommended candidate. A printed and circulated report is now submitted for your consideration and we **recommend** that the Court agree the recommendations set out therein.

MOTION

22 By the Chief Commoner

"That the public be excluded from the meeting for the following items of business below on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act, 1972:-

- A) recommendations of the Policy and Resources Committee concerning the Freedom of the City of London; and
- B) action taken under urgency procedures approving recommendations of the Property Investment Board concerning the purchase of a property?"

Item No:



YARROW, MAYOR COURT OF COMMON COUNCIL

15th January 2015
MEMBERS PRESENT

ALDERMEN

Sir Michael David Bear BSc (Eng) MBA
Charles Bowman
Peter Estlin
Jeffrey Richard Evans
John Garbutt
Sir Roger Gifford
Alison Gowman

David Andrew Graves
Timothy Russell Hailes JP
Gordon Warwick Haines
Peter Hewitt, FCSI, FRSA
Sir David Howard Bt MA DSc
Vincent Thomas Keaveny
Professor Michael Raymond Mainelli FCCA
FCSI FBCS

Julian Henry Malins QC
Matthew Richardson
William Anthony Bowater Russell
The Rt Hon the Baroness Scotland of Asthal, QC
Sir David Hugh Wootton
The Rt Hon the Lord Mayor, Alan Colin Drake Yarrow

COMMONERS

John David Absalom, Deputy
Randall Keith Anderson
Kenneth Edwin Ayers MBE, Deputy
Alex Bain-Stewart MSc JP
John Alfred Barker, OBE, Deputy
Douglas Barrow, Deputy
John Bennett Deputy (Chief
Commoner)
Nicholas Michael Bensted-Smith, JP
Christopher Paul Boden
Mark Boleat
David John Bradshaw
Revd Dr William Goodacre
Campbell-Taylor
Roger Arthur Holden Chadwick
John Douglas Chapman, Deputy
Henry Nicholas Almroth Colthurst
Dennis Cotgrove, BA
Alexander John Cameron Deane,
Deputy
Karina Dostalova
William Harry Dove OBE, Deputy
Simon D'Olier Duckworth, OBE, DL
Peter Gerard Dunphy
Emma Edhem
Anthony Noel Eskenzi, CBE, DSc,
Deputy

Kevin Malcolm Everett DSc
John William Fletcher, BSc
William Barrie Fraser, OBE,
Deputy
Marianne Bernadette Fredericks
Lucy Frew
George Marr Flemington Gillon
Stanley Ginsburg, JP, Deputy
Brian Nicholas Harris
Christopher Michael Hayward
Tom Hoffman
Ann Holmes
Robert Picton Seymour Howard,
Deputy
Michael Hudson
Wendy Hyde
Jamie Ingham Clark
Clare James MA
Henry Llewellyn Michael Jones,
Deputy
Gregory Alfred Lawrence
Vivienne Littlechild JP
Oliver Arthur Wynlayne Lodge,
TD, BSc
Edward Lord, OBE, JP
Professor John Stuart Penton
Lumley

Paul Nicholas Martinelli
Jeremy Mayhew MA, MBA
Deputy Catherine McGuinness
Andrew Stratton McMurtrie
Wendy Mead, OBE
Robert Allan Merrett
Brian Desmond Francis Mooney
MA
Gareth Wynford Moore
Hugh Fenton Morris
Alastair Michael Moss, Deputy
Sylvia Doreen Moys
Joyce Caruthers Nash, OBE,
Deputy
Barbara Patricia Newman, CBE
Graham David Packham
Dhruv Patel
Ann Marjorie Francescia
Pembroke
Judith Lindsay Pleasance,
MA(Hons)
James Henry George Pollard,
Deputy
Gerald Albert George Pulman JP,
Deputy
Chris Punter

Stephen Douglas Quilter,
BSc(Hons)
Richard David Regan, OBE,
Deputy
Delis Regis
Elizabeth Rogula
Virginia Rounding
John George Stewart Scott, JP,
BA(Hons), FRPSL
Dr Giles Robert Evelyn Shilson,
Deputy
Jeremy Lewis Simons, MSc
Tom Sleigh
Graeme Martyn Smith
Sir Michael Snyder
Angela Mary Starling
Patrick Thomas Streeter
David James Thompson
James Michael Douglas Thomson,
Deputy
John Tomlinson, Deputy
Michael Welbank, MBE, Deputy
Mark Raymond Peter Henry
Delano Wheatley
Philip Woodhouse

1. Minutes

Resolved – That the minutes of the last Court are correctly recorded.

2. Resolutions
on Retirements,
Congratulatory
Resolutions,
Memorials

The Chief Commoner welcomed a new Alderman, The Right Honourable Baroness Patricia Scotland of Asthal Q.C., to her first meeting of the Court of Common Council.

Alderman The Right Honourable Baroness Patricia Scotland of Asthal was heard in reply.

Bennett, J.A.,
Deputy;
Chadwick,
R.A.H

Resolved unanimously – that the sincere congratulations of this Court be offered to Alderman Fiona Woolf, D.B.E., on her recent appointment by Her Majesty the Queen as Dame Commander of the Most Excellent Order of the British Empire, for services to the legal profession, diversity and the City of London.

Bennett, J.A.,
Deputy;
Chadwick,
R.A.H

Resolved unanimously – that the sincere congratulations of this Court be offered to Wendy Mead, OBE, on her recent appointment by Her Majesty the Queen as an Officer of the Most Excellent Order of the British Empire for civic and community services in London.

Wendy Mead was heard in reply.

Bennett, J.A.,
Deputy;
Chadwick,
R.A.H

Resolved unanimously – that the sincere congratulations of this Court be offered to Sir David William Brewer, C.M.G., C.V.O., J.P., who served as Lord Mayor of the City of London in 2005/06 and is now Her Majesty's Lord Lieutenant of Greater London, on his recent appointment by Her Majesty the Queen as a Commander of the Royal Victorian Order.

Bennett, J.A.,
Deputy;
Chadwick,
R.A.H

Resolved unanimously – that the sincere congratulations of this Court be offered to Brian Barker, C.B.E., Q.C., lately the Recorder of London, on his recent appointment by Her Majesty the Queen as a Commander of the Most Excellent Order of the British Empire, for services to the administration of justice and to charity.

Bennett, J.A.,
Deputy;
Chadwick,
R.A.H

Resolved unanimously – that the sincere congratulations of this Court be offered to Professor Peter Wyn Rees, C.B.E., lately the City of London Corporation's Chief Planning Officer, on his recent appointment by Her Majesty the Queen as a Commander of the Most Excellent Order of the British Empire, for services to architecture and town planning.

3. Overseas
Visits

The Right Honourable the Lord Mayor reported on his recent overseas visits to India and Ireland.

4. Policy
Statement

There was no policy statement.

5. Hospital
Seal

There were no documents to be sealed.

6. Freedoms

The Chamberlain, in pursuance of the Order of this Court, presented a list of the under-mentioned, persons who had made applications to be admitted to the Freedom of the City by Redemption:-

Richard James Alton
Vivienne Littlechild, CC
Judith Lindsay Pleasance, CC

a School Master
Citizen and Common Councilman
Citizen and Common Councilman

Ashtead, Surrey

Rebecca Mary Kearney
Philip John Willoughby
Sir Michael Snyder, Kt. Deputy

a Development Manager
Citizen and Glass Seller
Citizen and Needlemaker

Earlswood, Surrey

Mark Howard Alton <i>Stanley Brown, QGM, TD</i> <i>Michael Richard Adkins</i>	an Engineer <i>Citizen and Loriner</i> <i>Citizen and Water Conservator</i>	Milton Keynes, Buckinghamshire
Matthew Charles Fitzalan Dickins <i>Lord Robert Lingfield, Kt., DL.</i> <i>Nigel Anthony Chimmo Branson, JP</i>	a Councillor and Political Aide <i>Citizen and Goldsmith</i> <i>Citizen and Haberdasher</i>	Edenbridge, Kent
Nicholas Andrew Paul Bodger <i>David Robert Stanley Pearson</i> <i>Vivienne Littlechild, CC</i>	the Head of Cultural and Visitor Development <i>Citizen and Stationer and Newspaper Maker</i> <i>Citizen and Common Councilman</i>	Stroud Green
Jack William Tarrant <i>James Frederick Sacre</i> <i>Andrea Teresa Cameron</i>	a Student <i>Citizen and Stationer and Newspaper Maker</i> <i>Citizen and Stationer and Newspaper Maker</i>	Rochford, Essex
Charlotte Patricia Veronica Argyle <i>Matthew Charles Falco Lombardi Richardson, Ald.</i> <i>Peter Lionel Raleigh Hewitt, Ald.</i>	a Management Consultant <i>Citizen and Wax Chandler</i> <i>Citizen and Woolman</i>	Kingston Upon Thames
Christine Mary Nevard <i>David Herbert</i> <i>John William Pond</i>	a Charity Assistant Director, retired <i>Citizen and Basketmaker</i> <i>Citizen and Upholder</i>	Biggin Hill, Westerham , Kent
Douglas Arthur Nevard <i>David Herbert</i> <i>Sandra Worsdall</i>	a Head Government Butler, retired <i>Citizen and Basketmaker</i> <i>Citizen and Upholder</i>	Biggin Hill, Westerham, Kent
Gordon Keith Squires <i>Anne Elizabeth Holden</i> <i>John Alexander Smail</i>	a Maintenance Engineer <i>Citizen and Basketmaker</i> <i>Citizen and Distiller</i>	Sidcup, Kent
Michael John Holland <i>Peter Lionel Raleigh Hewitt, Ald.</i> <i>Timothy Russell Hailes, Ald., JP</i>	a Real Estate Company Director <i>Citizen and Woolman</i> <i>Citizen and International Banker</i>	Brighton, East Sussex
Albertina Cogram <i>Marion Elaine Kite</i> <i>Donna Angela Stevens</i>	a Textile Conservator <i>Citizen and Glover</i> <i>Citizen and Gunmaker</i>	Hammersmith
Michael James Hall <i>Sir Clive Martin, OBE, TD, DL</i> <i>Elizabeth Rogula, CC</i>	a Banker <i>Citizen and Stationer and Newspaper Maker</i> <i>Citizen and Common Councilman</i>	Ashted, Surrey
David Longworth Birchenall <i>John Mario Faskally Padovan</i> <i>David Yeates Adams</i>	a Real Estate Finance Brokerage Director <i>Citizen and Draper</i> <i>Citizen and Draper</i>	Kings Langley, Hertfordshire

Nicholas Anthony Hungerford Lechmere <i>Jeremy Plowman Knight</i> <i>Robin Munro Fletcher</i>	a Land Manager <i>Citizen and Founder</i> <i>Citizen and Founder</i>	Hanley Castle, Worcester
Anne Lesley Nicholls <i>Martin Robert Charles Humphrys</i> <i>Paul Baldwin</i>	a Civil Servant <i>Citizen and Wheelwright</i> <i>Citizen and Wheelwright</i>	Send Marsh, Woking, Surrey
Philip Richard John Margrave <i>Anthony John Skinner</i> <i>Trevor Charles Barnwell</i>	an Engineering Company Director, retired <i>Citizen and Firefighter</i> <i>Citizen and Firefighter</i>	Merstham, Surrey
James Paul Fierro <i>Sir Paul Judge, Kt., Ald.</i> <i>Sir William Purves</i>	an International Trade Businessman <i>Citizen and Marketor</i> <i>Citizen and International Banker</i>	Marylebone, Westminster
Gang Xu <i>Mei Sim Lai</i> <i>Peter John Alvey</i>	a Real Estate Development Director <i>Citizen and Horner</i> <i>Citizen and World Trader</i>	Sevenoaks, Kent
Christopher Sanford Martin <i>John Alfred Bennett, Deputy</i> <i>Giles Robert Evelyn Shilson, Deputy</i>	a Schoolmaster, retired <i>Citizen and International Banker</i> <i>Citizen and Common Councilman</i>	Clifton, Bristol
Raphael Costa <i>Alan Leslie Warman</i> <i>Terence Taylor</i>	an Assistant Publisher, retired <i>Citizen and Clockmaker</i> <i>Citizen and Clockmaker</i>	Wimbledon
Douglas Lloyd Vaughan <i>Peter Richard Cowland</i> <i>Bryan Spearman</i>	a Building Services Consultant Engineer <i>Citizen and Firefighter</i> <i>Citizen & Firefighter</i>	Tufnell Park Mansions, Holloway Road, Islington
Jonathan Nigel Chapman <i>Matthew Charles Falco Lombardi</i> <i>Richardson, Ald.</i> <i>Michael Welbank, MBE, Deputy</i>	a Police Officer, retired <i>Citizen and Wax Chandler</i> <i>Citizen and Chartered Architect</i>	Rainham, Essex
Sonny Leong <i>Philip James Sturrock</i> <i>Robert Ian Wingfield</i>	a Publishing Executive Chairman <i>Citizen and Glazier</i> <i>Citizen and Loriner</i>	Chilton, Oxfordshire
Thomas James Waterton <i>Sir Michael Bear, Kt., Ald.</i> <i>Lady Barbara Anne Bear</i>	a Head of I.T. Planning <i>Citizen and Pavior</i> <i>Citizen and Musician</i>	Downend, Bristol
Eseoghene Adjekughele <i>Howard Andre Beber</i> <i>Brian John Coombe</i>	an Accountant <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Abbey Wood, Greenwich
Anthony Paul Marshall <i>Sir Michael Bear, Kt., Ald.</i> <i>Lady Barbara Anne Bear</i>	a Director of Engineering Consultants <i>Citizen and Pavior</i> <i>Citizen and Musician</i>	Bermondsey

Clare Bristow <i>Sir Michael Bear, Kt., Ald.</i> <i>Lady Barbara Anne Bear</i>	a Barrister At Law <i>Citizen and Pavior</i> <i>Citizen and Musician</i>	Bermondsey
David John Stockford <i>Brian Andrew Kay, OBE, TD, DL</i> <i>Reginald George Howe</i>	a Director of A Lighting Company, retired <i>Citizen and Furniture Maker</i> <i>Citizen and Farrier</i>	Ruislip, Middlesex
Gillian Stockford <i>Brian Andrew Kay, OBE, TD, DL</i> <i>Reginald George Howe</i>	an Administration Manager, retired <i>Citizen and Furniture Maker</i> <i>Citizen and Farrier</i>	Ruislip, Middlesex
Cherry Ann Hirst <i>Sir Clive Martin, OBE, TD, DL</i> <i>Elizabeth Rogula, CC</i>	a Pilates Teacher <i>Citizen and Stationer and Newspaper</i> <i>Maker</i> <i>Citizen and Common Councilman</i>	Bookham, Leatherhead
Nicholas Michael Hirst <i>Sir Clive Martin, OBE, TD, DL</i> <i>Elizabeth Rogula, CC</i>	an Architect <i>Citizen and Stationer and Newspaper</i> <i>Maker</i> <i>Citizen and Common Councilman</i>	Bookham, Leatherhead
Gary James Lockett <i>Geoffrey King</i> <i>Gordon Warwick Haines, Ald.</i>	an Insurance Company Director <i>Citizen and Glazier</i> <i>Citizen and Needlemaker</i>	Daws Heath, Essex
Karen Elizabeth Anne Sankey <i>Anthony Sharp</i> <i>Edward James Sankey</i>	a College Tutor, retired <i>Citizen and Loriner</i> <i>Citizen and Management Consultant</i>	Maulden, Bedfordshire
Keith William James <i>Mary Rose Lethbridge Rogers, MBE</i> <i>John James Tunesi of Liongam,</i> <i>The Younger</i>	a Clinical Oncology Consultant, retired <i>Citizen and Scrivener</i> <i>Citizen and Scrivener</i>	Cranfield, Bedfordshire
John Paul Lawson Heatherington <i>Paul Heatherington</i> <i>Jill Anders</i>	an Accountant <i>Citizen and Solicitor</i> <i>Citizen and Glover</i>	Knitsley, Consett, County Durham
Nicholas Vivian James Robins <i>Michael Raymond Mainelli, Ald.</i> <i>Mark Geoffrey Yeandle</i>	a Sustainable Finance Co- Director <i>Citizen and World Trader</i> <i>Citizen and Weaver</i>	Wimbledon, Merton
Paul Geoffrey Crowther, OBE <i>John Alfred Bennett, Deputy</i> <i>Si,mon D`Olier Duckworth, OBE,</i> <i>DL, CC</i>	a Chief Constable <i>Citizen and International Banker</i> <i>Citizen and Skinner</i>	Sidcup, Kent
Colin Henry Westcott <i>Richard Leslie Springford</i> <i>Richard Stuart Goddard</i>	an Insurance Consultant <i>Citizen and Carman</i> <i>Citizen and Shipwright</i>	Crowborough, East Sussex
Clement Irwin Brohier <i>John Alfred Bennett, Deputy</i> <i>John George Stewart Scott, CC</i>	an Archive Chief Operating Officer <i>Citizen and International Banker</i> <i>Citizen and International Banker</i>	Upper Basildon, Berkshire

Christopher John Bell <i>Sir David Wootton, Kt., Ald.</i> <i>Elizabeth Rosemary Wootton</i>	an Official of the Bank of England, retired <i>Citizen and Fletcher</i> <i>Citizen and Mason</i>	Sevenoaks, Kent
Zachary Luke Reynold Chapman <i>Matthew Charles Falco Lombardi</i> <i>Richardson, Ald.</i> <i>Michael Welbank, MBE, Deputy</i>	a Police Officer <i>Citizen and Wax Chandler</i> <i>Citizen and Chartered Architect</i>	Rainham, Essex
Richard Hodgkinson <i>Michael Steele Keith Grant</i> <i>Richard Philip Ward</i>	a Chartered Accountant, retired <i>Citizen and Information Technologist</i> <i>Citizen and Environmental Cleaner</i>	Thames Ditton, Surrey
Richard Watson <i>Gerald Albert George Pulman, JP, Deputy</i> <i>Roger Arthur Holden Chadwick, CC</i>	a Chartered Accountant <i>Citizen and Basketmaker</i> <i>Citizen and Bowyer</i>	Rickmansworth, Hertfordshire
Anthony Philip Watson <i>Gerald Albert George Pulman, JP, Deputy</i> <i>Roger Arthur Holden Chadwick, CC</i>	a Finance Company Director <i>Citizen and Basketmaker</i> <i>Citizen and Bowyer</i>	Rickmansworth, Hertfordshire
Jacqueline Gradosielska <i>Richard Leslie Springford</i> <i>Richard Stuart Goddard</i>	an Administration Clerk <i>Citizen and Carman</i> <i>Citizen and Shipwright</i>	Nazeing, Essex
Kirsty Rose Heslewood <i>Ian Wilson Tough</i> <i>Barry John Frederick Theobald-Hicks</i>	a Model <i>Citizen and World Trader</i> <i>Citizen and Scrivener</i>	Bishop's Stortford, Hertfordshire
Najma Shaheen Baig <i>Delis Regis, CC</i> <i>Simon Jonathan Mark Burrows</i>	a Family Support Worker <i>Citizen and Common Councilman</i> <i>Citizen and Framework Knitter</i>	Peckham, Southwark
Leonardo Wolfe <i>Barry Ian Hoffbrand</i> <i>Michael Arthur Pugh</i>	a Student of International Management <i>Citizen and Apothecary</i> <i>Citizen and Apothecary</i>	Tottenham Hale, Haringey
Barbara Kay Richmond <i>Alan Leslie Warman</i> <i>Michael William Cooper-Mitchell</i>	a Personal Assistant <i>Citizen and Clockmaker</i> <i>Citizen and Insurer</i>	Broxbourne, Hertfordshire
Faizan Zahir Haq <i>Thomas Sleigh, CC</i> <i>Timothy Russell Hailes, Ald, JP.</i>	a Public Affairs Manager <i>Citizen and Common Councilman</i> <i>Citizen and International Banker</i>	North Wembley, Middlesex
Peter James Green <i>Sandra Worsdall</i> <i>Erica Lee</i>	a Royal Naval Officer <i>Citizen and Solicitor</i> <i>Citizen and Chartered Secretary and Administrator</i>	Lancaster, Lancashire

Fiona Clare Power <i>William Anthony Bowater Russell, Ald.</i> <i>Nigel Anthony Chimmo Branson, JP</i>	a Teacher <i>Citizen and Haberdasher</i> <i>Citizen and Haberdasher</i>	Harrow on the Hill, Middlesex
Christopher Michael Proserpi <i>Richard Stuart Goddard</i> <i>Richard Leslie Springford</i>	a Caterer <i>Citizen and Shipwright</i> <i>Citizen and Carman</i>	Crays Pond, Oxfordshire
Jo Anne Horlick <i>Richard Leslie Springford</i> <i>Richard Stuart Goddard</i>	an Operations Director <i>Citizen and Carman</i> <i>Citizen and Shipwright</i>	Gravesend, Kent
Colin John Podmore <i>Andrew Charles Parmley, Ald.</i> <i>Michael Vaughan Cooper</i>	a Charity Director <i>Citizen and Musician</i> <i>Citizen and Butcher</i>	Plumstead
Thomas Alexander Christison Ormond <i>Michael Vaughan Cooper</i> <i>John Philip Warner</i>	a Metropolitan Police Administrator <i>Citizen and Butcher</i> <i>Citizen and Plumber</i>	Marsham Street, Westminster
Jurg Conrad Schindler <i>Christopher Michael Hayward, CC</i> <i>Donald Newell</i>	an Architect, retired <i>Citizen and Pattenmaker</i> <i>Citizen and Pattenmaker</i>	Risch, Switzerland
Geoffrey James Waddoups <i>Maurice Geoffrey Court</i> <i>Richard Martin Digby Stillwell</i>	a Police Officer <i>Citizen and Gold and Silver Wyre Drawer</i> <i>Citizen and Cordwainer</i>	Laindon, Essex
Peter Andrew Stilts <i>Paul Ernest Woodley</i> <i>Geoffrey Gray Lunn</i>	a Fire Brigade Officer, retired <i>Citizen and Tobacco Pipe Maker and Tobacco Blender</i> <i>Citizen and Glover</i>	Maldon, Essex
Margaret Ann Chapman <i>Patrick Richard Rennell Chapman</i> <i>Elizabeth Ann Walker</i>	a Management Consultant, retired <i>Citizen and Management Consultant</i> <i>Citizen and Management Consultant</i>	Ealing
Leon Cavan Jacklin <i>Michael Norman Evans</i> <i>Kenneth Dieter Stern</i>	a Chartered Mechanical Engineer, retired <i>Citizen and Wheelwright</i>	New Road, Bourne End, Buckinghamshire
Marc Olivier Von Schulthess Rechberg <i>Christopher Michael Hayward, CC</i> <i>Donald Newell</i>	a Director of Telecommunications <i>Citizen and Pattenmaker</i> <i>Citizen and Pattenmaker</i>	Zollikon, Switzerland
Alexander Maximilian Huber <i>Christopher Michael Hayward, CC</i> <i>Donald Newell</i>	a Professor of Surgery <i>Citizen and Pattenmaker</i> <i>Citizen and Pattenmaker</i>	Kusnacht, Switzerland
Lukas Heinrich Briner <i>Christopher Michael Hayward, CC</i> <i>Donald Newell</i>	a Chamber of Commerce Managing Director <i>Citizen and Pattenmaker</i> <i>Citizen and Pattenmaker</i>	Wermatswil, Switzerland
Peter Ernst Zwicky <i>Christopher Michael Hayward, CC</i> <i>Donald Newell</i>	a Manufacturing Managing Director <i>Citizen and Pattenmaker</i> <i>Citizen and Pattenmaker</i>	Feldmeilen, Switzerland

Hans Jorg Schlaffer <i>Christopher Michael Hayward, CC</i> <i>Donald Newell</i>	a Geotechnical Engineer <i>Citizen and Pattenmaker</i> <i>Citizen and Pattenmaker</i>	Zurich, Switzerland
Jonathan Charles Roberts <i>James Frederick Sacre</i> <i>Andrea Teresa Cameron</i>	an Assistant Grand Secretary <i>Citizen and Stationer and Newspaper</i> <i>Maker</i> <i>Citizen and Stationer and Newspaper</i> <i>Maker</i>	Uxbridge, Middlesex
Xin Han Xia <i>Stuart John Fraser, CC</i> <i>Mark John Boleat, CC</i>	an Investment Banker <i>Citizen and Fletcher</i> <i>Citizen and Insurer</i>	Belvedere Road, Lambeth
Bernard Christopher Dwyer <i>Stanley Brown, QGM, TD</i> <i>Michael Richard Adkins</i>	an Access Company Director <i>Citizen and Loriner</i> <i>Citizen and Water Conservator</i>	Hillingdon, Uxbridge, Middlesex
Sir Gordon William Duff <i>Michael David Davis</i> <i>Stephen Hammerton</i>	a Professor of Molecular Medicine <i>Citizen and Coachmaker and Coach</i> <i>Harness Maker</i> <i>Citizen and Coachmaker and Coach</i> <i>Harness Maker</i>	Oxford, Oxfordshire
Olayanju Oluwakolawole Ishola Abidogun <i>Charles Edward Lord, OBE, JP, CC</i> <i>John Alfred Bennett, Deputy</i>	an Athlete <i>Citizen and Broderer</i> <i>Citizen and International Banker</i>	Lostock, Bolton, Lancashire
His Excellency Keiichi Hayashi <i>Sir Roger Gifford, Kt, Ald.</i> <i>Mark John Boleat, CC</i>	a Diplomat <i>Citizen and Musician</i> <i>Citizen and Insurer</i>	Kensington, Kensington and Chelsea
Ber Helfgott, MBE <i>Jeremy Paul Mayhew, CC</i> <i>Alison Jane Gowman, Ald.</i>	a Retail Manufacturer, retired <i>Citizen and Loriner</i> <i>Citizen and Glover</i>	Harrow, Middlesex
Sabina Miller <i>Alison Jane Gowman, Ald.</i> <i>Jeremy Paul Mayhew, CC</i>	a Retailer, retired <i>Citizen and Glover</i> <i>Citizen and Loriner</i>	Cannon Hill, West Hampstead
Geoffrey Conaghan <i>Sir Roger Gifford, Kt., Ald.</i> <i>Brian Nicholas Harris, CC</i>	The Agent-General For Victoria <i>Citizen and Musician</i> <i>Citizen and Glazier</i>	Strand, Westminster
David Richard Crook <i>Sir Roger Gifford, Kt., Ald.</i> <i>Brian Nicholas Harris, CC</i>	a Senior Trade Commissioner <i>Citizen and Musician</i> <i>Citizen and Glazier</i>	Bryanston Square, Marble Arch
Ian Grant Sutton <i>Matthew Charles Falco Lombardi Richardson, Ald.</i> <i>Michael Welbank, MBE, Deputy</i>	a Police Inspector, retired <i>Citizen and Wax Chandler</i> <i>Citizen and Chartered Architect</i>	Cheshunt, Hertfordshire
Sir Nicholas George Winton, MBE <i>John Alfred Bennett, CC, Deputy</i> <i>Vivienne Littlechild, CC</i>	a Finance Director, retired <i>Citizen and International Banker</i> <i>Citizen and Common Councilman</i>	Pinkneys Green, Maidenhead, Berkshire

Read.

Resolved – That this Court doth hereby assent to the admission of the said persons to the Freedom of this City by Redemption upon the terms and in the manner mentioned in the several Resolutions of this Court, and it is hereby ordered that the Chamberlain do admit them severally to their Freedom accordingly.

7.
Parliamentary
Measures

The Remembrancer reported on measures introduced by Parliament which might have an effect on the services provided by the City Corporation as follows:-.

Subordinate Legislation

Title	with effect from
The Regulation of Investigatory Powers (Covert Surveillance and Property Interference: Code of Practice) Order 2014, S.I. No. 3103	10 December 2014
The Fish Labelling (Amendment) Regulations 2014, S.I. No. 3104	13 December 2014
The Business Improvement Districts (England) (Amendment) Regulations 2014, S.I. No. 3199	27 December 2014
The Business Improvement Districts (Property Owners) (England) Regulations 2014, S.I. No. 3204	2 December 2014
The Education (Provision of Full-Time Education for Excluded Pupils) (England) (Amendment) Regulations 2014, S.I. No. 3216	5 January 2015
The Legislative Reform (Entertainment Licensing) Order 2014, S.I. No. 3253	6 April 2015
The Common Agricultural Policy Basic Payment and Support Schemes (England) Regulations 2014, S.I. No. 3259	1 January 2015
The Education (Independent School Standards) Regulations 2014, S.I. No. 3283	5 January 2015
The Licensing Act 2003 (Personal licences) (Amendment) Regulations 2014, S.I. No. 3284	5 January 2015
The School and Early Years Finance (England) Regulations 2014, S.I. No. 3352	5 January 2015

(The text of the measures and the explanatory notes may be obtained from the Remembrancer's office.)

8. Ballot
Results

The Town Clerk reported the results of the ballots taken at the last Court as follows:-

★denotes appointed

(a) Two Members on the Board of Governors of the Museum of London for terms to expire in November 2017.

Votes	
Randall Keith Anderson	9
Vivienne Littlechild, JP	35 ★

Edward Lord, OBE, JP	24
*Julian Henry Malins, Q.C., Alderman	40★
Jeremy Paul Mayhew, MA, MBA	32
Ann Marjorie Francesca Pembroke	4
Jeremy Lewis Simons, MSc	24
Graeme Martyn Smith	12

Read.

Whereupon the Lord Mayor declared Vivienne Littlechild and Alderman Julian Malins to be appointed to the Board of Governors of the Museum of London, for terms to expire in November 2017.

(b) Two Members on the Board of Governors of the City of London School for Girls for terms to expire in April 2017.

	Votes
Randall Keith Anderson	44
Emma Edhem	57★
Christopher Michael Hayward	66★

Read.

Whereupon the Lord Mayor declared Emma Edhem and Christopher Hayward to be appointed to the Board of Governors of the City of London School for Girls, for terms to expire in April 2017.

9. Questions

*Merrett, R.A., to
the Chairman
of the Policy
and Resources
Committee*

Cybercrime

Robert Merrett asked a question of the Chairman of the Policy and Resources Committee regarding action taken to safeguard City of London Corporation systems against cyber-attacks, as well as seeking information as to the steps being taken to educate financial institutions and firms within the City about the threat posed by cyber-crime. In reply, the Chairman outlined the security arrangements in place across the City of London Corporation and its associated bodies, such as the City Academies and Schools. He also drew attention to the work undertaken by the City of London Police to educate companies within the City and the country as a whole about the risks of cybercrime, highlighting recent initiatives such as the 'Twelve Frauds of Christmas' and 'Cyber Streetwise' campaigns, as well as the tailored national bi-monthly road shows.

Gresham Trust

*Streeter, P.S.,
to the
Chairman of
the Policy and
Resources
Committee*

Patrick Streeter asked a question of the Chairman of the Policy and Resources Committee concerning the City of London Corporation's relationship with the Gresham Trust. In reply, the Chairman highlighted the distinction between the Gresham Trust and the Gresham College, setting out the terms of the Will and the contributions made by the City of London Corporation in supporting the Gresham College above and beyond the terms of the Will, such as the contribution of some £100,000 towards a biography of Sir Thomas Gresham.

In response to a supplementary question concerning the decision to merge the accounts of the Gresham Trust with the City's Cash accounts, the Chairman

advised that he was unaware that the merger was inappropriate and undertook to provide the Honourable Member with a full response should he submit his query in writing.

10. Motions

There were no motions.

11. Awards and Prizes

Royal Society of Public Health Award

Report of the Chairman of the Health and Wellbeing Board.

"I am delighted to announce that the City of London has received a three year Royal Society of Public Health (RSPH) Health & Wellbeing Award for the Business Healthy programme, which promotes workplace health and wellbeing to businesses in the City. The award recognises significant achievements, innovation and best practice in promoting health and addressing inequalities. The three year award is the highest level and demonstrates measurable innovation, partnerships, and co-production approaches as well as sustainable and consistent health improvement outcomes and results over time.

I commend this achievement to the Court."

Read and received.

12.

**HOSPITALITY WORKING PARTY
(Deputy John Bennett, Chief Commoner)**

10 December 2014

(A) Applications for the Use of Guildhall

In accordance with the arrangements approved by the Court on 21 June 2001 for the approval of applications for the use of Guildhall, the Court was informed of the following applications which had been agreed to:-

<u>Name</u>	<u>Date</u>	<u>Function</u>
Staff Christmas Lunches	Wednesday 17 December 2014	Lunch
	Thursday 18 December 2014	
	Friday 19 December 2014	
Queen Mary University of London	Wednesday 21 January 2015	Dinner
University of Cambridge	Tuesday 27 January 2015	Dinner
UK Trade and Investment	Sunday 22 February 2015	Conference
	Monday 23 February 2015	
The Worshipful Company of World Traders	Thursday 26 February 2015	Lecture
Innovate Finance	Monday 9 March 2015	Conference
City Gateway	Thursday 19 March 2015	Dinner
The Engineering Construction Industry Association	Saturday 21 March 2015	Dinner
Banks Sadler Ltd	Wednesday 13 May 2015	Graduation
	Thursday 19 November 2015	
London District Surveyors Association	Friday 15 May 2015	Awards Ceremony
Brook Green UK	Friday 29 May 2015	Dinner

William Reed Business Media Ltd	Monday 1 June 2015	Awards Ceremony
The Championships Wimbledon	Sunday 12 July 2015	Dinner
Holocaust Educational Trust	Monday 7 September 2015	Dinner
Principles for Responsible Investment	Wednesday 9 September 2015	Dinner
The Worshipful Company of Insurers	Wednesday 16 September 2015	Dinner
Agincourt 600	Tuesday 22 September 2015	Dinner
The Royal British Legion	Thursday 24 September 2015	Dinner
Baltic Air Charter Association	Wednesday 14 October 2015	Awards Lunch
Royal Life Saving Society UK	Saturday 17 October 2015	Awards Ceremony
Lord Mayor's Appeal 2015	Monday 19 October 2015 Thursday 5 November 2015	Dinner
Churchill 21 st Century Statesmanship Programme Conference	Friday 23 October 2015	Conference
MasterCard International	Friday 30 October 2015	Dinner
DNV GL (<i>Det Norske Veritas Germanischer Lloyd</i>)	- Friday 4 December 2015	Dinner
The Royal Anniversary Trust	Wednesday 24 February 2016	Dinner
Royal Society of Chemistry	Sunday 28 February 2016	Dinner
Special Air Service Regimental Association	Thursday 17 March 2016	Dinner

Read and received.

26 November 2014

(B) 70th Anniversary of the end of World War Two

It is proposed that the City of London Corporation hosts a lecture followed by a reception at Guildhall in May 2015 to mark the 70th anniversary of the end of the Second World War.

While the 75th anniversary would usually provide the commemorative focus, this event would provide an opportunity to commemorate the end of the War while some of those who lived through it are still able to attend.

We **recommend** that appropriate hospitality be granted and that arrangements are made under the auspices of the Policy and Resources Committee; the costs to be met from City's Cash and within the approved cost parameters.

This would be a Full Court event.

Read and agreed.

13.

PLANNING AND TRANSPORTATION COMMITTEE**(Deputy Michael Welbank, M.B.E.)**

11 November 2014

(A) Riverside Walk Enhancement Strategy

Your Committee seeks approval for the adoption of the revised Riverside Walk Enhancement Strategy and informs about the recently undertaken public consultation and subsequent revisions to the Strategy.

The Strategy will:-

- a) establish a fully accessible walkway to provide a direct route along the riverside with enhanced connections to the rest of the City;
- b) create new green spaces and produce redesigns of existing green spaces for people to stop and enjoy the Thames, as well as enhance the biodiversity of the City riverside and mitigate flood risk; and
- c) improve the cohesion and vibrancy of the riverside by encouraging new developments to provide a spacious, accessible and better connected Riverside Walk with appropriate active frontages.

In addition, the Strategy sets out a delivery plan which identifies projects arising from the Strategy, it prioritises them and indicates the funding strategy for delivery.

A printed and circulated report is submitted thereon and we **recommend** the adoption of the Strategy accordingly.

In response to a question concerning the completion of the Riverside Walk within the Ward of Queenhithe, the Chairman of the Planning and Transportation Committee advised that planning permission had been granted and funding was in place to permit the redevelopment of Queensbridge House; this redevelopment would in turn facilitate the completion of the Riverside Walk in the Ward of Queenhithe. Further, he assured Honourable Members that the City of London Corporation was intending to intervene to ensure progress in the event that the Head Lease was not signed by the end of the month, with a project proposal being prepared for submission to the Projects Sub-Committee of the Policy and Resources Committee.

Read and agreed.

11 December 2014

(B) City of London Local Plan

The City of London Local Plan was published for its last stage of public consultation between December 2013 and February 2014. The inspector has now issued his report on the examination of the plan and the final step is to adopt the Local Plan. It is therefore recommended that the City of London Local Plan be adopted by resolution, subject to the modifications.

We submit a printed and circulated report thereon, which we **recommend** be approved.

Read and agreed.

11 December 2014

(C) On Street Parking Reserve

Section 55(3A) of the Road Traffic Regulation Act 1984 (as amended) requires the City of London Corporation (together with the London Borough Councils and Transport for London) to report to the Mayor of London on action taken in respect of any deficit or surplus in their On-Street Parking Account for each financial year.

We submit a printed and circulated report thereon, which we **recommend** be noted and submitted to the Mayor of London.

Read and agreed.

14. PORT HEALTH AND ENVIRONMENTAL SERVICES COMMITTEE**(Wendy Mead, O.B.E.)**

18 November 2014

New Anti-social Behaviour, Crime and Policing Act 2014 – Delegated Powers

This new Act replaces the various measures previously available to tackle anti-social behaviour provided by the Anti-social Behaviour Act 2003 with a new set of powers, intended to provide a simpler and more streamlined framework. It introduces new mechanisms with the aim of giving victims and local communities a greater say in the treatment of anti-social behaviour and low-level crime, and it strengthens the ability of landlords to terminate tenancies on grounds relating to anti-social behaviour.

In adopting the Anti-social Behaviour, Crime and Policing Act 2014, it will be necessary to amend the City's Scheme of Delegations and will also require close and coordinated working with partner organisations.

The various changes are outlined within a separately printed and circulated report which is submitted for your perusal, and we **recommend** that you approve the recommendations set out therein.

Read and agreed.

15. THE CITY BRIDGE TRUST COMMITTEE**(Jeremy Paul Mayhew)**

27 November 2014

Buttle UK Partnership

A grant of £470,000 was approved by your City Bridge Trust Committee in November 2013 to enable Buttle UK to establish a hardship fund – known as the Anchor Project – for 18 months, to help families re-build their lives following domestic violence, supporting them to resettle and live independently. The original proposal was for a three-year programme of work; however, as this was a new way of working for the Trust, funds were committed for 18 months initially to enable the referral network to become established and to gauge likely demand. This paper proposes that a grant of £634,000 be approved to continue the Project over a further 18 months, providing three years' support in total.

A printed and circulated report is now submitted for your consideration and

we commend its **recommendations** to you.

Read and agreed.

Before moving to exclude the public from the meeting, the Lord Mayor directed the Town Clerk to advise Members that the information contained within item 16(B) could now be dealt with in the public session of the meeting. It was therefore agreed that item 16(B) be dealt with at this point on the agenda.

16. **POLICY AND RESOURCES COMMITTEE**

(Mark John Boleat)

23 December 2014

(B) Delegation of Powers to London Councils Transport & Environment Committee – Report of Urgent Action Taken

We report action taken as a matter of urgency, pursuant to Standing Order No.19, in approving recommendations of the Policy and Resources Committee relative to the delegation of powers to the London Councils Transport & Environment Committee (LCTEC), viz.:

- i) expressly delegating the exercise of section 1 of the Localism Act 2011 to LCTEC for the purpose of providing an independent appeals service for parking on private land under contract to the British Parking Association on a full cost recovery basis;
- ii) confirming that the functions delegated to LCTEC to enter into the arrangements with the British Parking Association to provide the Parking on Private Land Appeals service were, and continue to be, delivered pursuant to section 1 of the Localism Act 2011; and
- iii) the Comptroller & City Solicitor being instructed to take all relevant steps to enter into a Variation to the LCTEC Governing Agreement for these purposes.

Read and received.

MOTION

16.
Bennett, J.A.,
Deputy;
Chadwick, R.A.H

Resolved – that the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act, 1972; or in the case of item 16(D), in accordance with Section 100A(2) of the Local Government Act 1972, on the grounds that it involves the likely disclosure of exempt information which has been conveyed to the City Corporation in confidence by Her Majesty's Government:-

Summary of exempt items considered whilst the public were excluded: -

The Court:-

- A) agreed recommendations of the Finance Committee relative to the award of a contract for corporate cleaning services;
- C) noted action taken under urgency procedures approving recommendations of the Property Investment Board concerning the purchase of a property; and

D) approved the terms of an Address of Welcome to a visiting Head of State.

The meeting commenced at 1.00 pm and ended at 1.40 pm

BARRADELL.



List of Applications for the Freedom

To be presented on Thursday, 5th March, 2015

*To the Right Honourable The Lord Mayor, Aldermen and Commons of
the City of London in Common Council assembled.*

Set out below is the Chamberlain's list of applicants for the Freedom of the City together with the names, etc. of those nominating them.

Joy Elizabeth Jean Heafford <i>Sir Clive Martin, OBE, TD, DL Elizabeth Rogula, CC</i>	a Teacher <i>Citizen and Stationer and Newspaper Maker Citizen and Common Councilman</i>	Epsom, Surrey
Adrian Philip Heafford <i>Sir Clive Martin, OBE, TD, DL Elizabeth Rogula, CC</i>	a Geologist <i>Citizen and Stationer and Newspaper Maker Citizen and Common Councilman</i>	Epsom, Surrey
Matthew Wyndham Robinson <i>Sir Clive Martin, OBE, TD, DL Elizabeth Rogula, CC</i>	a Schoolmaster <i>Citizen and Stationer and Newspaper Maker Citizen and Common Councilman</i>	New Malden, Surrey
Victoria Charlotte Robinson <i>Stuart John Fraser, CC Roger Arthur Holden Chadwick, CC</i>	a Full Time Mother <i>Citizen and Fletcher Citizen and Bowyer</i>	New Malden, Surrey
Alex James Francois <i>Brian Derek Francois Neil Leigh-Collyer</i>	a Financial Services Company Director <i>Citizen and Environmental Cleaner Citizen and Wheelwright</i>	Crayford, Dartford, Kent
Alan Roy Lettis <i>Anthony Sharp Frederick Joseph Trowman</i>	a Motor Sports Director <i>Citizen and Loriner Citizen and Loriner</i>	Warwick
Ann Millicent Lettis <i>Anthony Sharp Frederick Joseph Trowman</i>	a Health Care Assistant, retired <i>Citizen and Loriner Citizen and Loriner</i>	Warwick
Sara Elizabeth Coker <i>James Henry George Pollard, Deputy Simon D'olier Duckworth, OBE, DL, CC,</i>	an Executive Assistant <i>Citizen and Skinner Citizen and Skinner</i>	Gravesend, Kent
Trevor Ian Harris <i>Stanley Brown, QGM, TD Michael Richard Adkins</i>	an Historian <i>Citizen and Loriner Citizen and Water Conservator</i>	Golders Green, London
Ashley Ballard <i>Marcus Ashley William Booth Wendy Mead, OBE, CC</i>	a Solicitor of the Supreme Court <i>Citizen and Glass Seller Citizen and Glover</i>	Water Lane, Epton, Surrey

Raymond Harris <i>Mark Raymond Peter Wheatley</i> <i>Alexander John Cameron Deane,</i> <i>Deputy</i>	an Accountant, retired <i>Citizen and Draper</i> <i>Citizen and Currier</i>	Southgate
David William Lane Barns <i>Paul Peter Playle</i> <i>Michael Ernest Saunders</i>	a Property Investor <i>Citizen and Hackney Carriage Driver</i> <i>Citizen and Hackney Carriage Driver</i>	Barking, Essex
Melvyn James Douglas Bloss <i>Michael Peter Cawston</i> <i>Timothy James Callow</i>	a Taxi Driver <i>Citizen and Tyler and Bricklayer</i> <i>Citizen and Security Professional</i>	Stanford-le-Hope, Essex
Nicholas Paul Lilleystone <i>John Alexander Smail</i> <i>Anthony John Keith Woodhead</i>	an Electronics Engineer, retired <i>Citizen and Distiller</i> <i>Citizen and Tax Adviser</i>	Leigh On Sea, Essex
John Goodenough <i>Eric Royston Gill</i> <i>Peter Richard John York</i>	a Toastmaster <i>Citizen and Plaisterer</i> <i>Citizen and Plaisterer</i>	Neston Road, Willaston, Cheshire
Peter Noel Buff <i>Michael Alfred George Walshaw</i> <i>Charles Thomas Phillips</i>	an Interdealer Broker <i>Citizen and Loriner</i> <i>Citizen and Needlemaker</i>	Werrington, Peterborough
Peter Jeremy Botting <i>Christopher Michael Hayward, CC</i> <i>Charles Edward Lord, OBE, JP, CC</i>	a Speaker Coach <i>Citizen and Pattenmaker</i> <i>Citizen and Broderer</i>	Bexhill-on-Sea, East Sussex
Nello Boni <i>Geoffrey Douglas Ellis</i> <i>Wesley Val Hollands</i>	a Restaurateur, retired <i>Citizen and Joiner</i> <i>Citizen and Loriner</i>	West Cliff Road, Bournemouth, Hampshire
Robin Goodwin Lester <i>Stuart John Fraser, CBE, CC</i> <i>John Alfred Bennett, Deputy</i>	a Chartered Accountant <i>Citizen and Fletcher</i> <i>Citizen and International Banker</i>	Surrey Gardens, East Horsley, Surrey
Charles Partridge <i>Joyce Nash, OBE, Deputy</i> <i>Barbara Patricia Newman, CBE, CC</i>	a Pensions Manager <i>Citizen and Feltmaker</i> <i>Citizen and Turner</i>	Chingford, Essex
Ross Charles Partridge <i>Joyce Nash, OBE, Deputy</i> <i>Barbara Patricia Newman, CBE, CC</i>	a Legal Librarian <i>Citizen and Feltmaker</i> <i>Citizen and Turner</i>	Chingford, Essex
Barry Joseph Kemp <i>Anthony Sharp</i> <i>Ian Wilson Tough</i>	a School Teacher, retired <i>Citizen and Loriner</i> <i>Citizen and World Trader</i>	Rainham, Gillingham, Kent
Joyce Mary Kemp <i>Anthony Sharp</i> <i>Ian Wilson Tough</i>	a School Receptionist, retired <i>Citizen and Loriner</i> <i>Citizen and World Trader</i>	Rainham, Kent
Sean Anthony Cooper <i>Sir Clive Martin, OBE, TD, DL</i> <i>Elizabeth Rogula, CC</i>	an Asset Management Company Chairman <i>Citizen and Stationer and Newspaper Maker</i> <i>Citizen and Common Councilman</i>	Garden Close, Givons Grove, Leatherhead, Surrey
Maxine Anne Cooper <i>Sir Clive Martin, OBE, TD, DL</i> <i>Elizabeth Rogula, CC</i>	a Married Woman <i>Citizen and Stationer and Newspaper Maker</i> <i>Citizen and Common Councilman</i>	Garden Close, Leatherhead, Surrey

Christopher David Mole <i>William Frederick Payne Gareth Wynford Moore, CC</i>	an Events Manager <i>Citizen and Joiner Citizen and Joiner</i>	Drayton, Abingdon, Oxfordshire
Heather Mary Mole <i>William Frederick Payne Gareth Wynford Moore, CC</i>	an Examiner, retired <i>Citizen and Joiner Citizen and Joiner</i>	Drayton, Abingdon, Oxfordshire
Leslie Henry Alden <i>Anthony Sharp Louis Seth Havell</i>	an Information Technology Consultant, retired <i>Citizen and Loriner Citizen and Loriner</i>	East Dulwich
Jillian Mary Maltby <i>Paul Heatherington Jill Anders</i>	an Accountant <i>Citizen and Solicitor Citizen and Glover</i>	Gateshead
Benjamin Malory Hugo Maltby <i>Paul Heatherington Jill Anders</i>	a Superyacht Consultant <i>Citizen and Solicitor Citizen and Glover</i>	Gateshead
Antony Michael Hoare <i>Michael Peter Cawston George Thomas Morris</i>	a Police Officer <i>Citizen and Tyler and Bricklayer Citizen and Plaisterer</i>	Billericay, Essex
James Samuel Blake <i>Donald Howard Coombe, MBE Richard Howard Coombe</i>	a Chartered Accountant <i>Citizen and Poulter Citizen and Poulter</i>	Kelsey Square, Beckenham, Kent
Peter Michael Ratcliffe <i>Michael Christian Pereira-Rego Edward Donald Winton Robertson</i>	a Police Officer <i>Citizen and Tallow Chandler Citizen and Tallow Chandlers</i>	Tolleshunt Darcy, Maldon, Essex
Gregory Nicholas Bailey <i>Peter Hubert William Ruddy Melvyn Stuart Davis</i>	an Information Technology Sales Manager <i>Citizen and Bowyer Citizen and Bowyer</i>	Emsworth, Hampshire
Peter Alexander Smith <i>Paul Alexander Beachell Jeremy George Beachell</i>	a Journalist <i>Citizen and Framework Knitter Citizen and Framework Knitter</i>	Highgate
Clare Marie Verga <i>John Alfred Bennett, Deputy Richard David Regan, OBE, Deputy</i>	a Principal <i>Citizen and International Banker Citizen and Insurer</i>	Surbiton, Surrey
Lisa Caroline Guy <i>Douglas William Abbott Ivor Cook</i>	a Reinsurance Broker <i>Citizen and Poulter Citizen and Poulter</i>	Beckenham, Kent
Thomas Curtress <i>William Barrie Fraser, OBE, Deputy Amber Bielby</i>	a Software Consultant <i>Citizen and Gardener Citizen and Glass Seller</i>	Lightwater, Surrey
D'arcy John Chacksfield <i>Roger Antony Prentis Claudio Chiste</i>	a Mental Health Care Company Director <i>Citizen and Arbitrator Citizen and Shipwright</i>	Swaffham, Norfolk

Doreen Lilian Abbott <i>Douglas William Abbott</i> <i>Ivor Cook</i>	an Accountant, retired <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	West Wickham, Kent
Vincent Jack Mark Lewis <i>Andrew Charles Parmley, Ald.</i> <i>Jonathan Patterson Shiels</i>	a Police Officer, retired <i>Citizen and Musician</i> <i>Citizen and Joiner</i>	Crofters Walk, Great Notley, Essex
Sandra Josephine McRobbie <i>John Dominic Reid</i> <i>John Alfred Bennett, Deputy</i>	a Housewife <i>Citizen and Grocer</i> <i>Citizen and International Banker</i>	Horley, Surrey
Judith Patricia Westall <i>Mark Anthony Grove</i> <i>Jean Deillon</i>	a Personal Assistant <i>Citizen and Cook</i> <i>Citizen and Distiller</i>	Berrylands, Surbiton, Surrey
John Rudd <i>Graham John Peacock</i> <i>Richard Eaglesfield Floyd</i>	a Civil Servant, retired <i>Citizen and Loriner</i> <i>Citizen and Basketmaker</i>	Paddock Wood, Kent
Lily Isobel Park <i>Paul George Mason</i> <i>Geoffrey William Ian Snelling</i>	a Packaging Company Owner, retired <i>Citizen and Basketmaker</i> <i>Citizen and Basketmaker</i>	Forest Gate
Ronald Walter Alexander Park <i>Paul George Mason</i> <i>Geoffrey William Ian Snelling</i>	a Packaging Manager, retired <i>Citizen and Basketmaker</i> <i>Citizen and Basketmaker</i>	Forest Gate
David John Treais <i>Anthony Sharp</i> <i>Pat Joyce</i>	an Electrical Engineer <i>Citizen and Loriner</i> <i>Citizen and Lightmonger</i>	Sudbury, Suffolk
Kenneth John Morgan <i>Michael Peter Cawston</i> <i>Timothy James Callow</i>	a Security Manager <i>Citizen and Tyler and Bricklayer</i> <i>Citizen and Security Professional</i>	Rainham, Essex
Anne Elizabeth Day <i>Anne Elizabeth Holden</i> <i>John Alexander Smail</i>	a Human Resources Director, retired <i>Citizen and Basketmaker</i> <i>Citizen and Distiller</i>	Dulwich
Paul Anthony Thompson <i>Richard Stuart Goddard</i> <i>Richard Leslie Springford</i>	a Rowing Coach <i>Citizen and Shipwright</i> <i>Citizen and Carman</i>	East Sheen
George Charles Lambeth <i>Keith Clark Brown</i> <i>Paul Herbert King</i>	a Police Officer, retired <i>Citizen and Cooper</i> <i>Citizen and Stationer and Newspaper Maker</i>	Chelmsford, Essex
June Bloom <i>Michael John Tadman</i> <i>Donald Bond</i>	a Manufacturing Company Director, retired <i>Citizen and Fletcher</i> <i>Citizen and Firefighter</i>	Arkley, Barnet, Hertfordshire
Matthew John Solomon <i>Catherine Sidony McGuinness,</i> <i>Deputy</i> <i>Wendy Mead, OBE, CC</i>	a Computer Manager & Angling Coach <i>Citizen and Solicitor</i> <i>Citizen and Glover</i>	Northfleet, Kent
Marilyn Elizabeth Wilkes <i>Sir David Wootton, Kt., Ald.</i> <i>Peter Kenneth Estlin, Ald.</i>	a School Teacher, retired <i>Citizen and Fletcher</i> <i>Citizen and International Banker</i>	Guildford, Surrey

Jonathan Lyndon Jelley <i>John Alexander Smail</i> <i>John Donald Lunn</i>	an Investment Banking Director <i>Citizen and Distiller</i> <i>Citizen and Fan Maker</i>	Stowe Farm, Near Langtoft, Lincolnshire
Raymond John Webster <i>Malcolm Stephen</i> <i>Paul Philip McCracken</i>	a Civil Engineer <i>Citizen and Pavior</i> <i>Citizen and Pavior</i>	Petts Wood, Kent
Pauline Surrey <i>Elizabeth Rogula, CC</i> <i>William Harry Dove, OBE, JP,</i> <i>Deputy</i>	an Electronic Assembler, retired <i>Citizen and Common Councilman</i> <i>Citizen and Ironmonger</i>	Wenlock Road, Shoreditch
Richard Leycester Collins <i>Edward Arthur Jackson</i> <i>Christopher Anthony Verrey Dadson</i>	a Fund Manager <i>Citizen and Wheelwright</i> <i>Citizen and Glover</i>	Bromley, Kent
Jonathan James Guthrie <i>Benjamin Andrew Vincent Browning</i> <i>Kenneth Aphunezi Olisa</i>	a Journalist <i>Citizen and Poulter</i> <i>Citizen and Information Technologist</i>	Beckenham, Kent
Pamela Rosemary Thomas <i>David John Bradshaw, CC</i> <i>Lancelot Stimson</i>	a Teacher <i>Citizen and Common Councilman</i> <i>Citizen and Leatherseller</i>	Chelsea
Andrew David Bacon <i>Gerald Albert George Pulman, JP,</i> <i>Deputy</i> <i>Richard David Regan, OBE, Deputy</i>	a Royal Air Force Officer <i>Citizen and Basketmaker</i> <i>Citizen and Insurer</i>	Royal Wootton Bassett, Wiltshire
Judith Alison Bennett <i>Michael Bennett</i> <i>Terence John Winter</i>	an Information Technology Manager <i>Citizen and Launderer</i> <i>Citizen and Launderer</i>	West Bridgford, Nottingham
Hilary Jean West <i>Ronald Samuel Jones, OBE</i> <i>Brigadier Paul George Henry</i> <i>Jepson, QHVS</i>	a Veterinary Surgeon <i>Citizen and Farrier</i> <i>Citizen and Farrier</i>	Little Neston, South Wirral, Cheshire
Kirk Anthony James Benti <i>Donald Howard Coombe, MBE</i> <i>David Peter Coombe</i>	an Accountant <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Bromley, Kent
Clifford Muctairu Akinlusi <i>Howard Andre Beber</i> <i>Brian John Coombe</i>	a Train Operator <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Eltham
Colin Christopher Phillips <i>Ian David Luder, Ald.</i> <i>Jeremy Lewis Simons, CC</i>	a Waste Management Director <i>Citizen and Cooper</i> <i>Citizen and Scientific Instrument Maker</i>	Hornchurch, Essex
David John Binks <i>David James Sales</i> <i>Robert Thomas James Lilley</i>	an Insurance Broker, retired <i>Citizen and Insurer</i> <i>Citizen and Cordwainer</i>	Canvey Island, Essex
Nigel Ernest James Mansell, CBE <i>Gregory Percy Jones, QC, CC</i> <i>Marianne Bernadette Fredericks,</i> <i>CC</i>	a Motor Racing Driver, retired <i>Citizen and Leatherseller</i> <i>Citizen and Baker</i>	Le Chemin De Beauport, St Brelade, Jersey

Sarah Jane Templey <i>George Mavin</i> <i>Jean Rosemary Cody</i>	an Engineer <i>Citizen and Upholder</i> <i>Citizen and Upholder</i>	St Albans, Hertfordshire
H.E. Peter Georg Niels Ammon <i>The Rt. Hon The Lord Mayor</i> <i>Mark John Boleat, CC</i>	a Diplomat <i>Citizen and Insurer</i>	Lancaster Gate, Westminster
Edward Roy Dolby <i>Dame Catherine Fiona Woolf, DBE, Ald.</i> <i>John Nicholas Woolf</i>	a Finance Director, retired <i>Citizen and Solicitor</i> <i>Citizen and Tax Adviser</i>	Hammersmith
Adam Farkas <i>Peter Lionel Raleigh Hewitt, Ald.</i> <i>Sir Roger Gifford, Kt, Ald.</i>	a Regulations Executive Director <i>Citizen and Woolman</i> <i>Citizen and Musician</i>	Cambridge Street, Pimlico
John Peter Laszlo <i>Alexander Bain Stewart, CC</i> <i>Simon Walsh</i>	a Dental Surgeon <i>Citizen and Gold and Silver Wyre Drawer</i> <i>Citizen and Glover</i>	Borehamwood, Hertfordshire
Stephen Westall <i>Mark Anthony Grove</i> <i>Jean Deillon</i>	a Facilities Manager <i>Citizen and Cook</i> <i>Citizen and Distiller</i>	Berrylands, Surbiton, Surrey
Kevin James Richards <i>Marianne Bernadette Fredericks, CC</i> <i>Elizabeth Rogula, CC</i>	a Security and Events Officer <i>Citizen and Baker</i> <i>Citizen and Common Councilman</i>	Columbia Road, Shoreditch
Ronald Paul McMillan <i>David James Sales</i> <i>Nicholas Edward Smith</i>	an Aviation Underwriter <i>Citizen and Insurer</i> <i>Citizen and Insurer</i>	Burnham-on-Crouch, Essex
Helen Louise Sanson <i>William Anthony Bowater Russell, Ald.</i> <i>Joyce Nash, OBE, Deputy</i>	a Charity Director <i>Citizen and Haberdasher</i> <i>Citizen and Feltmaker</i>	Tunbridge Wells, Kent
Shaun James Butler <i>Mark Jonathan Napier Winston</i> <i>John Roderick Graham</i>	an Insurance Broker <i>Citizen and Maker of Playing Cards</i> <i>Citizen and Mercer</i>	Rayleigh Road, Benfleet, Essex
Robert Martyn Holland <i>Howard Andre Beber</i> <i>Brian John Coombe</i>	a Funeral Director <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Belton Lane, Grantham, Lincolnshire
Allan John Bennett <i>Air Commodore Richard Skene Peacock-Edwards, CBE, AFC</i> <i>Peter Anthony Adams</i>	a Heavy Goods Driver, retired <i>Citizen and Air Pilot and Air Navigator</i> <i>Citizen and Air Pilot</i>	Myrtle Avenue, Eastcote, Ruislip, Middlesex
George John Lavey <i>Evan Glyn Hughes</i> <i>David Benjamin Morris</i>	a Stockbroker, retired <i>Citizen and Baker</i> <i>Citizen and Solicitor</i>	Hornchurch, Essex
Sam William Birchmore <i>Roger James Pincham, CBE</i> <i>Malcolm Robert King</i>	a Student <i>Citizen and Barber</i> <i>Citizen and Barber</i>	Cadgwith, Helston, Cornwall

Tanya Catherine Castell <i>Neville John Watson</i> <i>Peter Francis Clark</i>	a Banker <i>Citizen and Fletcher</i> <i>Citizen and Mason</i>	Edinburgh
Jeffrey Shaun Collins <i>Timothy Peter Dumenil</i> <i>Stuart Peter James Thompson</i>	a Post Office Manager, retired <i>Citizen and Butcher</i> <i>Citizen and Butcher</i>	Bexleyheath, Kent
Thomas Andrew Williams <i>Neville John Watson</i> <i>Peter Francis Clark</i>	a Chartered Surveyor <i>Citizen and Fletcher</i> <i>Citizen and Mason</i>	The Terrace, Barnes
Kevin Richard Coyne <i>David Andrew Graves, Ald.</i> <i>Andrew Charles Parmley, Ald.</i>	a Dean of Students <i>Citizen and Solicitor</i> <i>Citizen and Musician</i>	International Students House, Great Portland Street, Westminster
Michael Webber McCulloch <i>John Alfred Bennett, Deputy</i> <i>George Marr Flemington Gillon, CC</i>	a Marina Corporation President <i>Citizen and International Banker</i> <i>Citizen and Chartered Surveyor</i>	Scottsdale, Arizona, USA
Geoffrey Stewart Millward <i>Ian Stewart Wilson</i> <i>Donald Howard Coombe, MBE</i>	a Compliance Officer <i>Citizen and Poulter</i> <i>Citizen and Poulter</i>	Enfield, Middlesex
Muhammad Emdadur Rahman, MBE <i>Anthony John Keith Woodhead</i> <i>John Alexander Smail</i>	a Local Government Officer <i>Citizen and Tax Adviser</i> <i>Citizen and Distiller</i>	Barking
Anthony John William Hall <i>Edward Ernest Price</i> <i>Michael John Metherall</i>	a Butcher, retired <i>Citizen and Butcher</i> <i>Citizen and Butcher</i>	Enfield, Middlesex
Edward James Glynn <i>Amber Bielby</i> <i>Maria Roshika Chanmugan</i>	a Pilot <i>Citizen and Glass Seller</i> <i>Citizen and Glass Seller</i>	Croydon, Surrey
James Hyatt Brown <i>Bronislaw Edmund Masojada</i> <i>Stephen John Riley</i>	an Insurance Broker <i>Citizen and Insurer</i> <i>Citizen and Insurer</i>	Daytona Beach, Florida , USA
Richard Westwood Worth, OBE <i>Paul Malcolm Kennerley, RD</i> <i>Graham John Clarke</i>	a Barrister At Law <i>Citizen and Coachmaker and Coach and Harness Maker</i> <i>Citizen and Shipwright</i>	Kohimaramara, Auckland, New Zealand
Paul Edward Marsh <i>Sir Michael Bear, Kt., Ald.</i> <i>Lady Barbara Anne Bear</i>	a Property Management Consultant <i>Citizen and Pavior</i> <i>Citizen and Musician</i>	Eccles Road, Chapel En Le Frith, Derbyshire
Kevin Leslie Skipworth, CVO <i>Neil Graham Morgan Redcliffe</i> <i>Sir David Wootton, Kt., Ald.</i>	The Agent General For Western Australia <i>Citizen and Basketmaker</i> <i>Citizen and Fletcher</i>	Melbourne Place, The Strand
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The Hon. Ian Richard Kyle Paisley, MP <i>Adam Fox McCloud Richardson, CC</i> <i>Matthew Charles Falco Lombardi Richardson, Ald.</i>	a Member of Parliament <i>Citizen and Common Councilman</i> <i>Citizen and Wax Chandler</i>	Westminster
Sir Nicholas Robert Hytner <i>John Alfred Bennett, Deputy</i> <i>John Tomlinson, Deputy</i>	The National Theatre Director <i>Citizen and International Banker</i> <i>Citizen and Fletcher</i>	Camden
The Honourable Alexander Downer, AC <i>Brian Nicholas Harris, CC</i> <i>Sir Roger Gifford, Kt, Ald.</i>	a Diplomat <i>Citizen and Glazier</i> <i>Citizen and Musician</i>	Kensington



Report – Finance Committee

City Fund: 2015/2016 Budget and Medium Term Financial Strategy

To be presented on Thursday, 5th March 2015

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

SUMMARY

1. This report presents the overall financial position of the City Fund (i.e. the Corporation's finances relating to Local Government, Police and Port Health services) and recommends that the Business Rates Premium and Council Tax for 2015/16 remain unchanged from 2014/15. There is a further report to the Court on the financial position of all the City of London Corporation's Funds.
2. The overall strategy is unchanged for City Fund: to have a four year plan with sufficient cashable savings to present a balanced budget.
 - City Fund (non-Police): there are significant cuts to government funding and we are forecasting that the Revenue Support Grant element of our funding will drop to zero by 2020. Following the service based review and inclusion of these savings in budgets, the fund remains in balance or close to breakeven across the period.
 - Police: deficits are forecast across the period with draw down of reserves. The strategy of draw down on reserves is as planned, however the extent of draw down is more than expected. The strategy was to retain £4m in reserves, but we are forecast to breach this level from 2016/17 onwards with reserves forecast to be fully utilised early in 2017/18. This position is to be addressed by the Commissioner in consultation with the Chamberlain and a financial strategy to maintain a minimum general reserve balance of £4m over the period to 2017/18 will be presented to the Police Committee before the summer recess.

RECOMMENDATIONS

3. We recommend that the Court of Common Council:-
 - Approve the overall financial framework and the revised Medium Term Financial Strategy for the City Fund (paragraph 6)
 - Approve the City Fund Net Budget Requirement of £101.8m (paragraph 10)

- Note the following changes in assumptions from the previous forecast (paragraph 5):
 - an inflation assumption is factored in at 2% in 2015/16 and then reducing year on year until 2018/19 - when a freeze is assumed, reflecting public sector finance constraints; and
 - anticipated earnings from cash balances have been reduced to 0.5% for 2015/16 and 2016/17 after which we anticipate a marginal increase and have assumed obtaining a rate of 0.75%.
- Note that no provision in the revenue estimates is made for growth or reductions in the City's baseline funding level as part of the Rates Retention Scheme. Any changes will therefore be an addition or reduction to balances.
- Approve the annual uprating of applicable amounts, premiums, disregarded income, or capital in relation to the Local Council Tax Reduction Scheme 2015-2016 as set out at paragraph 28.

Key decisions

The key decisions to make are in setting the levels of Non Domestic Rates and Council Tax. The recommendations provide for the continuation of the City's business rate premium at 0.4p in the pound and for the City's Council Tax (excluding the Greater London Authority precept) to remain unchanged.

Business Rates

- Retain the City Business Rate Premium at 0.4p in the pound in 2015/16, but advise ratepayers of a possible increase in 2016/17 to support initiatives to reduce cyber-crime and promote better security of the City e.g. through the ring of steel (paragraph 9)
- Set, inclusive of this premium, a Non-Domestic Rate multiplier of 49.7p for 2015/16 together with a Small Business Non-Domestic Rate multiplier of 48.4p (paragraph 15)
- Note that the Greater London Authority is, in addition, levying a Business Rate Supplement in 2015/16 of 2p in the £ on properties with a rateable value greater than £55,000 (paragraph 20)

Delegate to the Chamberlain the award of the following discretionary rate reliefs awarded under Section 47 of the Local Government Finance Act 1988: relief of up to £1,500 to retail premises; 50% relief from non-domestic rates for up to 18 months between 1st April 2014 and 31st March 2016 on retail premises that become occupied, having been empty for at least one year; exemption from empty rate for new rating assessments that completed between 1st October 2013 and 30th September 2016 for up to 18 months; and relief of the value that would have applied under the transitional relief scheme for two years from 1st April 2015 to 31st March 2017 to properties with a rateable value of less than £25,500 that would otherwise face bill increases above 15% and to properties with a rateable value of £50,000 or less that would otherwise face bill increases above 25% (see paragraphs 18 and 19).

Council Tax

- Based on a zero increase from 2014/15, determine the provisional amounts of Council Tax for the three areas of the City to which are added the precept of the Greater London Authority (appendix B).

- Determine that the relevant (net of local precepts and levies) basic amount of Council Tax for 2015/16 will not be excessive in relation to the requirements for referendum (paragraph 8).
- Approve that the cost of highways, transportation planning, waste disposal, drains and sewers, open spaces and street lighting functions for 2015/16 be treated as special expenses to be borne by the City's residents outside the Temples (appendix B).
- Remove, from 2015/16, the discount applying to vacant properties that have been empty for more than 6 months.

Other recommendations

All other recommendations are largely of a technical and statutory nature; the only one to highlight for particular attention is that it is proposed that the City of London Corporation remains debt free.

It is recommended that the Court of Common Council:

Capital expenditure

- Note the proposed financing methodology of the capital programme in 2015/16 (paragraph 30).
- Approve the Prudential Code indicators (paragraph 31 and Appendix C).
- Approve the following resolutions for the purpose of the Local Government Act 2003 (paragraph 33) that:
 - at this stage the affordable borrowing limit (which is the maximum amount which the Corporation may have outstanding by way of borrowing) be zero.
 - the prudent amount of Minimum Revenue Provision is zero.
- Any potential borrowing requirement and associated implications will be subject to a further report to Finance Committee and the Court of Common Council.
- Note the continued pursuit of the approved financing methodology for the Corporation's funding commitment towards the cost of Crossrail, in particular each year's budget report will give an update on funding progress (Appendix A).

Chamberlain's assessment

- Take account of the Chamberlain's assessment of the robustness of estimates and the adequacy of reserves (paragraphs 35 and 36)

Main Report

Financial overview

1. The Government recently issued the Local Government Finance Settlement for 2015/16 and the Policing Minister published the revenue allocations for police for 2015/16.
2. For City Fund, government funding cuts equating to £5.1m in 2015/16, and an assumed further £3m p.a. thereafter, have a significant impact. In addition, last year we entered the safety net under the business rates retention scheme which reduces our 2015/16 funding by a further £1.2m. However, the service based

review savings proposals bring in a balanced position for 2015/16, with small surpluses from 2016/17. There is of course the risk of delivering these savings.

3. The Police Settlement for 2015/16 is a reduction of £2.4m which is £660k worse than anticipated (£1.050m reduction in core grant partly offset by a £390k increase in Capital City Funding), with the Dedicated Security funding yet to be confirmed. We have assumed that funding will be £5.9m. Further funding reductions are anticipated to lead to a deficit of £7.6m by 2017/18. The strategy of draw down on reserves is as planned, however the extent of draw down is more than expected. The strategy was to retain £4m in reserves, but we are forecast to breach this level from 2016/17 onwards with reserves forecast to be fully utilised by early 2017/18. This position is to be addressed by the Commissioner in consultation with the Chamberlain and a financial strategy to maintain a minimum general reserve balance of £4m over the period to 2017/18 will be presented to the Police Committee before the summer recess.

(i) Revenue spending across planning period

4. This overview of the City Fund's financial position, covering the medium term period to 2018/19, is based on the annual in-depth survey of all revenue income and expenditure used to draft budgets approved by Committees.
5. Whilst the fundamental basis and approach underlying the previous forecast and the City Fund Medium Term Financial Strategy remains sound, it is proposed that certain key assumptions should be revised:

Income

- a) Investment income outlook: The City has a key income stream from its property portfolio. Market rents appear to be performing strongly for the foreseeable future. Property rental income is forecast based on the expected rental for each individual property, allowing for anticipated vacancy levels. For City Fund there is a fall in rental income of £0.6m p.a. in 2016/17 due largely to the impact of a number of rent free periods and a further reduction of £1.1m in 2017/18 due to the end of a lease following which a void period and/or rent free period are expected.
- b) Interest rates: As the economic situation improves, it is likely that interest rates will rise at some point in the medium term. However, the general level of indebtedness in the economy and the proximity of a general election, means that it is difficult to predict when such an increase might occur. Accordingly, the average annual rate of 0.75% assumed for the current year has been reduced to 0.5% for 2015/16 and 2016/17. Thereafter an increase back to 0.75% has been included. However, since Resource Allocation Sub Committee decided to invest cash backed reserves into property (£110m of City Fund reserves), the income derived from cash balances has fallen. When interest rates do eventually increase, Members will need to take a view as to whether to utilise the additional revenue to support new priority schemes or to add back to the base to support current spending.

A 1% increase in interest rates in 2015/16 would equate to approximately £3.2m on City Fund.

Expenditure

- c) Inflation/ cost increase allowance: The allowance was revised last year to 2% across the period. Inflation/cost increase is factored in for 2015/16 at 2% and then reducing year on year - 1.5% in 2016/17, 1% in 2017/18 and a budget freeze in 2018/19. On City Fund each 1% is approximately £850k. RPI has dropped recently to 1.6% and CPI to 0.5%. The Government's own measure - the GDP deflator - is presently 2.1% falling to 1.3% over the next two years and then increasing to 1.9% by 2018/19.

We have a policy to consider supporting exceptional cost increases on a case by case basis and anticipate that might be necessary for highways maintenance as reported to Policy and Resources Committee in December.

- d) London Living Wage: The City is supportive of the London Living Wage and as each contract expires and is tendered, or comes up for renewal, consideration is given to awarding it on the basis of the London Living Wage. Contingencies have been included in City Fund and City's Cash of £500k p.a. and £250k p.a. respectively across the period.
- e) The additional works programme and supplementary revenue projects: The annual provisions included for additional repairs and maintenance reflect detailed programmes for 2014/15 and 2015/16. For the years 2016/17 to 2018/19 an assumption has been included for additional works/supplementary revenue projects of £2.5m a year in City Fund. For City Fund this is a reduction of 19% on the provisions included for 2015/16.

Service Based Review Savings

- f) The City Fund (non-Police) saving/income generation proposals have been reflected in the budgets; increasing from a £3.8m saving in 2015/16 to £10.8m in 2018/19.

City Fund

6. The latest forecast position for City Fund, showing Police separately, and taking account of conclusions from the annual survey and the property rental income forecasts from the City Surveyor, is shown below:

Table 1: City Fund Overall Revenue		<i>Deficit/ (Surplus)</i>			
	£m				
	<u>14/15</u>	<u>15/16</u>	<u>16/17</u>	<u>17/18</u>	<u>18/19</u>
City Fund – non Police					
March 2013 forecast	(6.8)	0.2	4.7	8.9	N/A
Current forecast	(3.4)	(0.2)	(0.9)	(0.2)	(0.5)
Uncommitted revenue reserves	(46.9)	(47.1)	(48.0)	(48.2)	(48.7)
City Fund – Police					
March 2013	4.6	4.7	6.7	N/A	N/A
Current forecast	8.5	1.7	3.9	7.6	N/A
Uncommitted revenue reserves	(5.9)	(4.2)	(0.3)	7.2	N/A

7. For City Fund, taking account of the service based review proposals, a very small surplus is forecast in 2015/16 with small surpluses also anticipated in the subsequent years. For Police the large deficit in 2014/15 makes a significant call on reserves and deficits are forecast across the period. However, the deficits forecast for 2015/16 and 2016/17 are an improvement from last year and the Commissioner is confident that the necessary savings can be made.
8. The key assumptions that underpin these latest projections for City Fund include the following:
- a. **Grant Settlement:** The City Fund financial forecast position includes the 2015/16 government funding settlement confirmed on the 3 February - broadly in line with previous forecasts and a £5.1m (15.8%) cash reduction compared to the 2014/15 grant level. For subsequent years, it has been assumed that the Revenue Support Grant element of Government Funding (£12m in 2015/16) will reduce to zero by 2019/20 – i.e. a cash reduction of some £3m a year. The other element of core Government Funding relates to retained business rates. This is known as the Baseline Funding Level and is £15.1m for 2015/16 (see paragraph c below). This sum is assumed to be unchanged across the forecast period (i.e. no growth or reduction anticipated).
 - b. **City Offset:** In addition to Formula Grant, the City Fund uniquely receives, under business rates' regulations, an Offset from the business rates collected in the Square Mile. The amount of the Offset is determined annually by DCLG and for 2015/16 is estimated to be £11m which is a £0.3m increase on 2014/15. Small inflationary increases have been assumed for the other years of the forecast period.
 - c. **Business rates:** The system of business rate retention remains broadly the same, with the City benefitting from 15% of any growth in business rates.¹ The assumptions in setting the starting point mean it is unlikely that the City will be able to share in business rate growth; rather the impact of future appeals means we are more likely to be concerned by the safety net which, at 7.5% of the baseline funding level, at least limits the City's share of future losses to £1.1m p.a. The City is at risk of calling on the safety net, as this would occur if there was a further decline in business rates of just 0.51%. The position relative to each year's baseline funding level cannot be finalised until after the end of the financial year.

The business rates multiplier is capped at 2% in 2015/16 for those properties subject to the small business multiplier.
 - d. **Council Tax:** The City's council tax, expressed at band D and excluding the GLA precept is £857.31 for the current financial year, 2014/15. Councils that freeze or reduce council tax will receive a grant worth 1% of their council tax in 2015/16. For the City 1% equates to a figure of around £50,000. Freeze grant is subsequently rolled into formula funding where it is no longer

¹ If the City can increase non domestic rate revenue above its baseline funding level, it can retain a proportion of that growth. The way in which the scheme works means that any growth is split between central Government 50%, the GLA 20% and the City 30%. This 30% is then subject to a 50% levy payable to central Government

separately identifiable. The forecast currently anticipates accepting the freeze grant. This would be in line with our policy of maintaining parity with London Boroughs most of whom will freeze, although some are considering a council tax increase below the 2% referendum limit.

City Fund- Police

9. Funding assumptions include:

- a. **Grant funding:** As in previous years, City of London Police will receive formula funding from two sources: Home Office Police Grant and DCLG formula funding. The City Police will receive £52.4m for 2015/16. This is a reduction of £2.8m compared with 2014/15. This reduction equates to 5.1% which is the same reduction as for all police forces, but is £1.05m worse than we had anticipated for 2015/16.
- b. **Specific grants:** In addition to the main Police grant, the City Police receives many specific grants. The main one of these is for Dedicated Security funding and is yet to be confirmed. We have assumed that the funding will be £5.9m, an increase of 10% on 2014/15 levels. Capital City Funding has been advised as part of the provisional settlement at £2.8m which is a 16% increase on the prior year and £390k better than anticipated.
- c. **Business Rates Premium:** The City is uniquely able to raise additional income for the City Fund from its business rate premium. The current premium on City businesses has been unchanged since 2006/07 at 0.4p. In light of Police funding constraints and the likelihood of further grant reductions, Resource Allocation Sub Committee considered a potential increase, however, the Committee preferred to seek appropriate levels of funding for our national responsibilities rather than looking to raise the premium. Resource Allocation Sub Committee agreed last year that if Police experienced a shortfall in funding, the City of London Corporation would provide necessary temporary support from the City Fund. This wasn't needed in 2014/15. If needed in 2015/16, a fuller review of Police savings proposals would be needed. However, the Commissioner is confident that the necessary savings can be made.

Ratepayers will be advised of a possible increase to the business rates premium in 2016-17. However, we would need to show added value to support initiatives such as reducing cyber-crime and promoting better security of the City through the ring of steel, rather than try to offset a funding deficit. Based on the income generated during the past few years, an increase of 0.1p would generate approximately £1.7m a year for attribution between the Police & the City Fund (£1.3m & £0.4m respectively using the current proportions).

Revenue Spending Proposals for 2015/16

10. The City Fund net budget requirement for 2015/16 is £101.8m, a decrease of £8.6m. The following table shows how this is financed and the resulting, unchanged, council tax requirement.

Table 2: Setting the Council Tax requirement		
	2014/15 £m (original)	2015/16 £m
Net Expenditure on Services	145.6	142.0
Supplementary Revenue Projects	1.6	2.7
Total revenue requirement	147.2	144.7
Estate rental income	(40.4)	(41.5)
Income on balances	(2.1)	(1.6)
Net requirement	104.7	101.6
Plus proposed contribution to/(from) reserves	5.7	0.2
City Fund Net Budget Requirement	110.4	101.8
<u>Financing sources</u>		
Formula Grant	(87.4)	(78.3)
City Offset	(10.7)	(11.0)
NNDR premium (net)	(6.5)	(6.5)
City's share of Collection Fund Surplus	(0.5)	(0.7)
Council Tax Requirement	5.3	5.3

11. A separate report on today's agenda "Revenue and Capital Budgets 2014/15 and 2015/16" includes the detailed net revenue budget requirements of the City Fund. Included within the net expenditure on services of £142m is provision for any levies issued to the City by relevant levying bodies such as the Environment Agency, the Lee Valley Regional Park Authority, London Pensions Fund Authority and London Council's Grant scheme. This also includes the following precepts anticipated for the year by the Inner and Middle temples (after allowing for the cost of highways, transportation planning, waste disposal, drains and sewers, open spaces and street lighting being declared as special expenses as in previous years).

Table 3: Temple's Precepts		
	2014/15 £	2015/16 £
Inner Temple	180,932	184,070
Middle Temple	152,273	152,242
Total	333,205	336,312

12. On financing, the table below analyses the change in formula grant:

Analysis of the City's National Formula Grant				
	2014/15	2015/16	Reduction on 2014/15	
	£m	£m	£m	%
Police	55.2	52.4	2.8	5.1
Non-Police	32.2	27.1	5.1	15.8
Total before Rates Retention Scheme Reduction	87.4	79.5	7.9	9.0
Rates Retention Scheme Reduction	0.0	1.2	1.2	-
Total	87.4	78.3	9.1	10.4

13. The City Offset of £11m is included in the new arrangements for Business Rates Retention.

Business Rates

14. The Secretary of State has proposed a National Non-Domestic Rate multiplier of 49.3p and a Small Business Non-Domestic Rate Multiplier Rate of 48.0p for 2015/16. These multipliers represent an increase of 1.1p and 0.9p respectively over the 2014/15 levels. The actual amount payable by each business will depend upon its rateable value.
15. The business rate premium on City businesses has been unchanged since 2006/07 at 0.4p and it is proposed that this remain unchanged again this year. The proposed premium will result in a National Non-Domestic Rate multiplier of 49.7p and a Small Business Non-Domestic Rate of 48.4p for the City for 2015/16. It is anticipated that a premium of 0.4p will raise approximately £6.5m.
16. Likely appeals would also affect the premium income. However, as with business rates, we do not know the certainty or timing and it might be outside our current planning horizon.
17. The forecast assumes no increase in business rates premium and that the existing provision for appeals will be sufficient.
18. One final issue in relation to business rates: the Government has announced that the following reliefs will continue:
- small business rate relief to 31st March 2016;
 - the retail relief introduced in 2014/15 will also continue and be increased to £1,500. As rateable values in the City are comparatively very high, more than half the retail premises do not qualify for the £1,500 relief;
 - the discount for new occupiers of previously empty property;
 - the exemption for empty property completed between October 2013 and March 2016.
 - additionally, the Government has announced a new relief that will in effect extend the transitional relief scheme for two years for properties with a rateable value of up to and including £50,000. Small properties with a rateable value of less than £25,500 that would otherwise face bill increases above 15% and properties with a rateable value of £50,000 or less that would otherwise face bill increases above 25% will benefit. Although fully funded by central Government, all these discounts are to be delivered using Localism Act discounts and so technically will be discretionary.
 - DCLG also announced a long term review of the structure of business rates.
19. As rateable values in the City are comparatively very high, more than half the retail premises do not qualify for the £1,500 relief. DCLG also announced a long term review of the structure of business rates. Additionally, the Government has announced a new relief that will in effect extend the transitional relief scheme for two years for properties with a rateable value up to and including £50,000. Small properties with a rateable value of less than £25,500 that would otherwise face bill increases above 15% and properties with a rateable value of £50,000 or less that would otherwise face bill increases above 25% will benefit. Although fully funded

by central Government, all these discounts are to be delivered using Localism Act discounts and so technically will be discretionary.

Business Rate Supplement

20. The Mayor for London is again proposing to levy a Business Rate Supplement of 2.0p in the £ on properties with a rateable value greater than £55,000, to raise funds towards Crossrail.

Determination of the Council Tax requirement

21. The 1992 Act prescribes detailed calculations that the City, as billing authority, has to make to determine Council Tax amounts. The four steps are shown in Appendix B. Although the process is somewhat laborious, it is a legislative requirement that these separate amounts be formally determined by resolutions of the Court of Common Council.
22. After allowing for a proposed contribution to reserves (to balance the revenue position over the planning period), the final City Fund council tax requirement for 2015/16 is £5.3m. In accordance with the provisions in the Localism Act 2011, the Council Tax requirement allows for the Formula Grant, the City Offset, the City's Rate Premium and the estimated surplus on the Collection Fund at 31 March 2015. As detailed in Appendix B, the City's proposed Council Tax for 2015/16 at band D is £857.31. Consequently it is proposed to freeze Council Tax for 2015/16 at £857.31 (band D property), before adding the Greater London Authority (GLA) precept. To determine the City's Council Tax for each property band, nationally-fixed proportions are applied to the average band D property.
23. The GLA's proposed precept for 2015/16 is £86.13 for a Band D property. This excludes the Metropolitan Police requirement and represents an increase of £1.65 (1.95%) compared with 2014/15.
24. The total amounts of Council Tax for each category must be set by the City before 11 March. The proposed amounts are shown in the table below:

Table 5: Council Tax per Property Band: calculated by applying nationally fixed proportions from Band D.								
	£							
	A	B	C	D	E	F	G	H
CoL	571.54	666.80	762.05	857.31	1,047.82	1,238.34	1,428.85	1,714.62
GLA	57.42	66.99	76.56	86.13	105.27	124.41	143.55	172.26
Total	628.96	733.79	838.61	943.44	1153.09	1362.75	1572.40	1886.88

25. One final issue in respect of the City's Council Tax relates to discounts:
- Currently vacant properties in the City, defined as being substantially unfurnished, that have been empty for more than 6 months still receive 50% discount and no changes have ever been made to this discount. However, following the change to discount for second homes, it was decided to review the discounts for vacant properties. All London Boroughs have removed the discount for long term empty properties. Finance Committee considered this issue at its June 2014 meeting and proposes to recommend to the Court of Common Council that the discount applying to vacant properties that have been empty for more than 6 months should be removed from 2015-2016.
26. It is anticipated that the City's total Council Tax will remain the third lowest in London. The Court of Common Council will be requested to formally determine

that the relevant (net of local precepts and levies) basic amount of Council Tax for 2015/16 will not be excessive in relation to the new referendum requirements for any Council Tax increases.

Council Tax Reduction (formerly Council Tax Benefit)

27. From April 2013, council tax reduction replaced council tax benefit and local authorities had to make their own local schemes if not applying the Government default scheme. The City adopted the default scheme for 2013/14. In 2014/15 the scheme was not altered other than to apply the annual uprating of applicable amounts in line with housing benefit applicable amounts. There is no proposal to alter the scheme for 2015/16 other than to apply the annual uprating of applicable amounts in line with housing benefit applicable amounts to ensure that no claimants in respect of council tax reduction are worse off in 2015/16.
28. It is proposed therefore that the annual uprating of applicable amounts, premiums, disregarded income, or capital in relation to the Local Council Tax Reduction Scheme 2015-2016 as it applies to working age claimants, be in accordance with the uprating to be applied under the Housing Benefit Regulations which take effect from 1 April each year and the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014; and the annual uprating of non-dependent income and deductions, and income levels relating to Alternative Council Tax Reduction, or any other uprating as it applies to working age claimants, shall be adjusted in line with inflation levels by reference to relevant annual uprating in the Housing Benefit Scheme or The Prescribed Council Tax Reduction Scheme for Pensioners

Capital

29. The Corporation has a significant programme of property investments and works to improve the operational property estate and the street scene. Spending on these types of activity is classified as capital expenditure. Key areas in the 2015/16 capital programme (including the indicative costs of implementing schemes still subject to approval) comprise:

	£m
Capital Contribution to Crossrail	200.0
Roads, Bridges, Street-scene (including Aldgate)	15.7
Dwelling Improvements	15.9
Affordable Housing Construction	7.6
New Police Accommodation	4.6
Barbican Podium	5.0
Old Bailey Enhancements	4.4

30. Capital expenditure is primarily financed from capital reserves derived from the sale of properties, earmarked reserves and grants or reimbursements from third parties. The City has not borrowed any money to finance these schemes. Financing is summarised in the table below:

Table 6: Financing of 2015/16 City Fund Capital Expenditure	
	£m
Estimated Capital Expenditure	269.2
Financing	
Internal	
• Earmarked reserves:	
Housing Revenue Account (HRA)	11.7
Highways Improvements	5.0
Crossrail	19.6
Other	1.0
• Capital Receipts	196.0
• Revenue Reserves	2.4
External	
• Grants and reimbursements	33.5
Total	269.2

31. The Local Government Act 2003 requires the City to set prudential indicators as part of the budget setting process. The indicators that the Court of Common Council will be asked to set are:

- Estimates of capital expenditure 2015/16 to 2017/18
- Estimates of the capital financing requirement 2015/16 to 2017/18
- Ratio of financing costs to net revenue stream (City Fund and HRA)
- Net debt and the capital financing requirement
- Estimate of the incremental impact on council tax and housing rents.

32. The prudential indicators listed above, together with some locally developed indicators, have been calculated in Appendix C. In addition, Treasury-related prudential indicators are required to be set and these are included within the 'Treasury Management Strategy and Annual Investment Strategy' at Appendix D.

33. The main point to highlight is that there is no underlying requirement at this stage to borrow for capital purposes and therefore the Corporation's Minimum Revenue Provision towards borrowing costs (MRP) is also zero. The Court of Common Council needs to formally approve these indicators.

Provision for future capital expenditure

34. In addition to the programmed capital schemes over the planning period, the Capital Programme allows £3m per annum for new schemes [of which £1m has been earmarked to provide capital funding for the Museum of London] which have not yet been identified. If schemes are identified in excess of these provisions, Resource Allocation Sub Committee will need to prioritise resources.

Robustness of Estimates and Adequacy of Reserves

35. Section 25 of the Local Government Act 2003 requires the Chamberlain to report on the robustness of estimates and the adequacy of reserves underpinning the budget proposals.

36. In coming to a conclusion on the robustness of estimates the Chamberlain needs to assess the risk of over or under spending the budget. To fulfil this requirement the following comments are made:
- a) provision has been made for all known liabilities, together with indicative costs (where identified) of capital schemes yet to be evaluated
 - b) the estimates and financial forecast have been prepared at this stage on the basis of the Corporation remaining debt free as no requirement to borrow is currently anticipated
 - c) prudent assessments have been made in regard to key assumptions
 - d) an annual capital envelope is in place seeking to ensure that capital expenditure is contained within affordable limits or, if on an exceptional basis funding is sought outside this envelope, it has to be demonstrated that the project is of the highest corporate priority.
 - e) although the City Fund financial position is vulnerable to rent levels and interest rates, it should be noted that:
 - the City Surveyor has carried out an in-depth review of rent incomes
 - the assumed interest rate has been lowered across the planning period
 - f) a strong track record in achieving budgets gives confidence on the robustness of estimates.

37. An analysis of usable City Fund Reserves is set out in Appendix E

Risks

38. There are risks to the achievement of the latest forecasts:

Within the City of London Corporation's control

- a. The key risk we highlighted to the Resource Allocation Sub Committee in December for achieving the financial forecast lies in achieving the programme of asset sales needed to finance the City Fund capital programme.
- b. Delivery of the service based review savings proposals.

Outside the City of London Corporation's control

- c. The key risk on City Fund relates to the government funding streams for both Non-Police and Police services.
- d. The business rates retention system looks to present very little opportunity for growth, but there is a risk to our funding levels; we are forecasting a neutral position on this for the present.

Equalities Implications

39. During the preparation of this report all Chief Officers have been asked to consider whether there would be any potential adverse impact of the various budget policy proposals on the equality of service with regard to service provision and delivery that affects people, or groups of people, in respect of disability, gender and racial equality. None are anticipated but they are expected to confirm this by the date of the Committee.

Conclusion

40. Following the service based review, the funds are in a much healthier position across the medium term. There are still risks around the implementation of the

saving proposals, but the estimates are considered robust and the level of and policies relating to the City Fund reserves are considered reasonable.

Appendices

Appendix A	Crossrail Funding Commitment; latest position
Appendix B	Calculating Council Tax
Appendix C	Prudential Code Indicators
Appendix D	Treasury Management Strategy and Annual Investment Strategy
Appendix E	City Fund Reserves 2014/15

All of which we submit to the judgement of this Honourable Court.

DATED this 17th day of February 2015.

SIGNED on behalf of the Committee.

Roger Arthur Holden Chadwick
Chairman, Finance Committee

**Progress on City Fund Crossrail Funding Commitment
Forecast position for 31/3/16**

The City of London Corporation is committed to a contribution of £200m from City Fund to the Crossrail Project. The earliest date for payment is estimated to be 31 March 2016. The latest forecast indicates that the Crossrail Funding Strategy is on track to deliver the £200m by 31 March 2016 as summarised in the total below.

Resources Available for Funding the City Fund Crossrail Commitment	
Forecast for 31 March 2016	
Capital receipts from sale of Crossrail investment properties or from substitute properties where it is more advantageous to retain the Crossrail properties.	£m 125.2
General capital receipts reserve	
From planned disposals	51.0
Unused balance of £100m provision for Crossrail investment properties	4.2
Revenue reserve- Rental income from Crossrail investment properties and interest on cash balances held for Crossrail contribution purposes.	19.6
Total forecast of resources available at 31 March 2016	200.0

The realisation of this forecast level of resources is dependent upon the delivery by 31 March 2016 of £176.2m capital receipts (£125.2m + £51m) from the sale of investment properties of which £134.7m has been received to date. The City Surveyor has identified the properties which will deliver the balance of £41.5m by 31 March 2016.

Calculating Council Tax

Step One ('B1')

This requires calculation of the basic amount of Council Tax for a Band D dwelling for the whole of the City's area by applying the formula:

$$'B1' = \frac{R}{T}$$

Where

'B1' is the Basic Amount 'One':

R is the amount calculated by the authority as its council tax requirement for the year;

T is the amount which is calculated by the authority as its Council Tax base for the year. This amount was approved by the Chamberlain under the delegated authority of the City's Finance Committee (6,239.59) together with the Council Tax bases for each part of the City's area.

The above calculation is as follows:

$$\begin{aligned} 'B1' &= \frac{\pounds 5,349,263}{6,239.59} \\ 'B1' &= \pounds 857.31 \end{aligned}$$

Note: Item R consists of the following components:

	£	£
City Fund Net Budget Requirement		101,840,901
Less:		
Formula Grant	(78,215,000)	
City's Offset	(11,040,000)	
Estimated Non-Domestic Rate Premium (Net)	(6,500,000)	
Estimated Collection Fund Surplus as at 31 March 2015 (City's share)	(736,638)	(96,491,638)
TOTAL COUNCIL TAX REQUIREMENT (R)		5,349,263

Step Two ('B2')

This calculation is for the basic amount of tax for the area of the City excluding special items. The prescribed formula is:

$$'B2' = 'B1' - \frac{A}{T}$$

Where:

'B2' is the Basic Amount 'Two';

'B1' is the Basic Amount of Council Tax (Basic Amount 'One')
NB included with 'B1' is the aggregate of special items

A is the Aggregate of all special items;

T is the Council Tax base for the whole area

The above calculation is as follows:

$$\text{'B2'} = \frac{\pounds 857.31 - \pounds 13,574,312.09}{6,239.59}$$

$$\text{'B2'} = \pounds 1,318.20 \quad \underline{\text{CR}}$$

Note: Item A consists of the following components:

	£	£
Highways Net Expenditure	7,819,000.00	
Waste Disposal Net Expenditure	1,348,000.00	
Open Spaces Net Expenditure	1,574,000.00	
Transportation Planning	993,000.00	
Drains and Sewers	433,000.00	
Street Lighting Net Expenditure	1,071,000.00	
Total City's Special Expenses		13,238,000.00
Inner Temple's Precept	184,069.90	
Middle Temple's Precept	152,242.19	336,312.09
Total Special Items		13,574,312.09

Step Three 'B3'

The next calculation is for the basic amount of each of the three parts of the City (the Inner and the Middle Temples and the remainder of the City area) to which special items relate (Basic Amount 'Three'). The calculations for each of the areas are as follows:

$$\text{'B3'} = \text{'B2'} + \frac{S}{TP}$$

Where:

'B3' is the Basic Amount 'Three'

'B2' is the Basic Amount 'Two'

S is the amount of the special items for the part of the area

TP is the billing authority's Tax base for the part of the area to which the special items relate as determined by the Chamberlain under the delegated authority of the City of London Finance Committee.

City Area Excluding the Temples

$$\text{'B3'} = \text{£1,318.20 CR} + \frac{\text{£13,238,000.00}}{6,085.00}$$

$$\text{'B3'} = \text{£857.31}$$

Inner Temple

$$\text{'B3'} = \text{£1,318.20 CR} + \frac{\text{£184,069.90}}{84.61}$$

$$\text{'B3'} = \text{£857.31}$$

Middle Temple

$$\text{'B3'} = \text{£1,318.20 CR} + \frac{\text{£152,242.19}}{69.98}$$

$$\text{'B3'} = \text{£857.31}$$

Step Four

Finally, Council Tax amounts have to be calculated for each valuation band (A to H) in each of the three areas (i.e. 24 Council Tax categories). The formula to be used is:

$$\text{Council Tax for particular category} = A \times \frac{N}{D}$$

- A is the Basic Amount 'Three' ('B3') calculated for each part of its area;
- N is the proportion applicable to dwellings listed in the particular valuation Band for which the calculation is being made;
- D is the proportion applicable to dwellings listed in valuation Band D.

Council Tax per Property Band: calculated by applying nationally fixed proportions from Band D.								
	£							
	A	B	C	D	E	F	G	H
Prop- ortion	6	7	8	9	11	13	15	18
CoL	571.54	666.80	762.05	857.31	1,047.82	1,238.34	1,428.85	1,714.62
GLA	57.42	66.99	76.56	86.13	105.27	124.41	143.55	172.26
Total	628.96	733.79	838.61	943.44	1153.09	1362.75	1572.40	1886.88

PRUDENTIAL INDICATORS

The following Prudential Indicators (and those included in Appendix D) have been calculated in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities. In addition a local indicator has been calculated to reflect the City's particular circumstances. Those indicators relating to estimates for the financial years 2015/16, 2016/17 and 2017/18 (values shown in bold) are required to be set by the Court of Common Council as part of the budget setting process, and should be taken into account when considering the affordability, prudence and sustainability of capital investments.

Prudential Indicators for Affordability

Estimate of the ratio of financing costs to net revenue stream

Table 1

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Revised	Estimate	Estimate	Estimate
HRA	0.18	0.21	0.20	0.22	0.23	0.24	0.24	0.26	0.50	0.25	0.25
Non-HRA	-0.44	-0.40	-0.29	-0.28	-0.37	-0.39	0.22	-0.40	-0.39	-0.40	-0.40
Total	-0.39	-0.36	-0.26	-0.25	-0.32	-0.33	0.22	-0.34	-0.30	-0.33	-0.33
<i>At this time last year</i>	-0.39	-0.36	-0.26	-0.28	-0.26	-0.30	0.22	-0.34	-0.35	-0.31	-

This ratio is intended to represent the extent to which the net revenue consequences of borrowing impact on the net revenue stream. Since the City Fund is a net lender in its Treasury operations and is in receipt of significant rental income from investment properties, the Non-HRA and Total ratios are usually negative, with the exception of a positive ratio in 2013/14 reflecting the one-off treasury decision to invest revenue reserves in property. The upward trend in HRA ratios reflects increased revenue contributions to the major repairs reserve which is used to fund the HRA programme of capital works necessary to retain the housing estates.

Estimate of the incremental impact of capital investment decisions on the Council Tax

Table 2

	2014/15	2015/16	2016/17	2017/18
	Revised	Estimate	Estimate	Estimate
	£	£	£	£
Incremental increase/(decrease)				
Per Band 'D' Equivalent	(189.00)	19.00	(189.00)	(242.00)
<i>At this time last year</i>	(918.00)	(1,744.00)	(2,035.00)	-

This ratio has been calculated to show the net incremental revenue impact of variations in the capital programme since the 2014/15 original estimates were prepared, expressed as a Band D equivalent. The variations generally reflect the impact on interest earnings and rental income arising from changes in the capital programme, with bracketed items representing a net revenue benefit. The indicators calculated at this time last year were exceptional, reflecting the beneficial impact of the treasury management decision to switch from cash to property investment in 2013/14. The new indicators show a net beneficial impact across the period, arising from increased rental returns generated through current capital investment plans. Whilst in

theory, this could be a strong indicator of affordability, in reality it is difficult to demonstrate a direct link between capital expenditure and its impact on the Council Tax, due to the special arrangements relating to the setting of the City's Council Tax.

Estimate of the incremental impact of capital expenditure on housing rents

Table 3

	2014/15	2015/16	2016/17	2017/18
	Revised	Estimate	Estimate	Estimate
	£	£	£	£
Incremental increase/(decrease) on Average Weekly Rent	(1.91)	2.84	4.04	4.10
<i>At this time last year</i>	1.04	(0.37)	(0.27)	-

The current figures reflect the variations in annual capital costs associated with maintaining the decent homes standard and other improvements. Positive figures denote an increase and negative (bracketed) figures denote a decrease in the costs to be borne by the Housing Revenue Account. Councils' discretion to amend rents has, until recently, been largely removed by the Government's restrictions on the levels of rent chargeable, which previously made the above figures purely notional. As a result of Government reforms to council housing finance, the extent to which capital will impact on future rent levels is under review.

Prudential Indicator of Prudence

Net Debt and the Capital Financing Requirement

Table 4

	Period
	2014/15 to
	2017/18
	£m
Net borrowing/(Net investments)	(75.658)
Capital Financing Requirement	(1.942)

To ensure that, over the medium term, net borrowing will only be for capital purposes, this indicator is intended to demonstrate that net debt does not exceed the capital financing requirement over the period 2014/15 to 2017/18. For this purpose, net debt is defined as the net total of external borrowing and investments. The existing financial plans assume that no external borrowing will be undertaken within the planning period, resulting in a 'net investment position', and this indicator has been calculated simply to comply with the Code.

Prudential Indicators for Capital Expenditure and External Debt

Estimate of Capital Expenditure

Table 5

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Revised	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
HRA	0.444	1.755	1.000	3.541	12.910	3.502	2.502	7.789	22.532	5.056	0.200
Non-HRA	27.060	121.934	76.404	42.109	210.156	17.939	181.183	58.953	246.682	32.204	26.324
Total	27.504	123.689	77.404	45.650	223.066	21.441	183.685	66.742	269.214	37.260	26.524
At this time last year	27.504	123.689	77.404	45.650	99.681	32.373	193.843	73.587	234.804	21.275	-

This indicator is based on the capital budget, augmented to reflect the indicative cost of schemes which have been approved in principle but have yet to be evaluated. It should be noted that the figures represent gross expenditure and that a number of schemes are wholly or partially funded by external contributions. Comparisons with the figures calculated at this time last year are generally reflective of the re-phasing of capital works.

Estimate of the Capital Financing Requirement

Table 6

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Revised	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
HRA	11.958	11.758	11.563	11.374	11.374	10.924	10.924	10.706	10.492	10.282	10.076
Non-HRA	-15.158	-14.558	-14.282	-14.016	-13.413	-12.852	-12.866	-12.648	-12.434	-12.224	-12.018
Total	-3.200	-2.800	-2.719	-2.642	-2.039	-1.928	-1.942	-1.942	-1.942	-1.942	-1.942
At this time last year	-3.200	-2.800	-2.719	-2.719	-2.642	-2.039	-1.928	-1.928	-1.928	-1.928	

The capital financing requirement reflects the underlying need to borrow; the overall negative figures are indicative of the City's debt-free status. The estimate is calculated by considering the capital expenditure and identifying all the financing options (e.g. capital receipts, grants) to be applied to finance it. In accordance with the guidance contained in the Prudential Code, the 'Actual' indicators are calculated directly from the Balance Sheet, whilst the method of calculating the HRA and Non-HRA elements is prescribed under Statute.

The remaining prudential indicators relating to external debt and treasury management are included within Appendix D.

Local Indicator

The City has considerable reserves when compared to a typical local authority, and as a result, some of the standard indicators required under the Code are not directly relevant.

A local indicator which gives a useful measure of both sustainability and of the adequacy of revenue reserves has been developed.

Times cover on unencumbered revenue reserves

Table 7

	2014/15	2015/16	2016/17	2017/18
Times cover on unencumbered revenue reserves	(10.4)	(30.2)	(16.2)	(5.5)
<i>At this time last year</i>	(7.7)	250.0	6.4	-

This indicator is calculated by dividing the balance of unencumbered general reserves by any annual revenue deficit/ (surplus). Compared with last year, the figures show a transformation from deficits to surpluses from 2015/16 onwards, as a result of the savings anticipated from the service based reviews.

**TREASURY MANAGEMENT
STRATEGY STATEMENT**

AND

**ANNUAL INVESTMENT
STRATEGY**

2015/16

[The main changes to the document from last
year's version are highlighted in grey]

Treasury Management Strategy Statement, Minimum Revenue Provision (MRP) Strategy and Annual Investment Strategy 2015/16

1. Introduction

1.1 Background

The City of London Corporation (the City) is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the City's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of capital expenditure plans. The City is not anticipating any borrowing at this time.

1.2 The Treasury Management Policy Statement

The City defines its treasury management activities as:

The management of the organisation's investments and cash flows, its banking, money market and capital market transaction; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The City regards the security of its financial investments through the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The City acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

1.3 CIPFA Requirements

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009) was adopted by the Court of Common Council (the Court) on 3 March 2010:

The primary requirements of the Code are as follows:

- (i) The City of London Corporation will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities

- Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- (ii) This organisation (i.e. the Court of Common Council) will receive reports on its treasury management policies, practices and activities, including as a minimum an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.
- (iii) The Court of Common Council delegates responsibility for the implementation and regular monitoring of its treasury management policies to the Finance Committee and the Financial Investment Board; the execution and administration of treasury management decisions is delegated to the Chamberlain, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- (iv) The Court of Common Council nominates the Audit and Risk Management Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

1.4 Treasury Management Strategy for 2015/16

The Local Government Act 2003 (the Act) and supporting regulations require the City to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the City's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Court of Common Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act) (included in section 7 of this report); this sets out the City's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2015/16 in respect of the required aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the City's treasury adviser, Capita Asset Services, Treasury Solutions.

The strategy covers:

- the current treasury position
- treasury indicators in force which will limit the treasury risk and activities of the City
- Treasury Indicators
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers.

These elements cover the requirements of the local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

1.5 Balanced Budget Requirement

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the City to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

1. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
2. any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the City for the foreseeable future.

2. Treasury Limits for 2015/16 to 2017/18

It is a statutory duty under Section 3 (1) of the Local Government Finance Act and supporting regulations, for the City to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

The City must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is 'acceptable'.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion in corporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years; details of the Authorised Limit can be found in Appendix 3.

3. Current Portfolio Position

The City's treasury portfolio position at 31 December 2014 comprised:

Table 1		Principal		Ave. rate
		£m	£m	%
Fixed rate funding	PWLB	0		
	Market	0	0	-
Variable rate funding	PWLB	0	0	-
	Market	0	0	-
Other long term liabilities			0	
Gross debt			0	-
Total investments			650.2	0.87
Net Investments			650.2	

4. Treasury Indicators for 2015/16 – 2017/18

Treasury Indicators (as set out in Appendix 3) are relevant for the purposes of setting an integrated treasury management strategy.

The City is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The original 2001 Code was adopted by the Court of Common Council on 9 March 2004 and the revised 2009 Code was adopted on 3 March 2010.

5. Prospects for Interest Rates

The City of London has appointed Capita Asset Services (Capita) as its treasury advisor and part of their service is to assist the City to formulate a view on interest rates. Appendix 1 draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates and Appendix 2 provides a more detailed economic commentary. The following table and accompanying text below gives the Capita central view.

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2015	0.50	2.20	3.40	3.40
Jun 2015	0.50	2.20	3.50	3.50
Sep 2015	0.50	2.30	3.70	3.70
Dec 2015	0.75	2.50	3.80	3.80
Mar 2016	0.75	2.60	4.00	4.00
Jun 2016	1.00	2.80	4.20	4.20
Sep 2016	1.00	2.90	4.30	4.30
Dec 2016	1.25	3.00	4.40	4.40
Mar 2017	1.25	3.20	4.50	4.50
Jun 2017	1.50	3.30	4.60	4.60
Sep 2017	1.75	3.40	4.70	4.70
Dec 2017	1.75	3.50	4.70	4.70
Mar 2018	2.00	3.60	4.80	4.80

UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided somewhat but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing, business investment and exporting in order for this recovery to become more firmly established. One drag on the economy has been that wage inflation has only recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002. Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015. However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into

pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.

The US, the biggest world economy, has generated stunning growth rates of 4.6% (annualised) in Q2 2014 and 5.0% in Q3. This is hugely promising for the outlook for strong growth going forwards and it very much looks as if the US is now firmly on the path of full recovery from the financial crisis of 2008. Consequently, it is now confidently expected that the US will be the first major western economy to start on central rate increases by mid 2015.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Greece: the general election on 25 January 2015 appears to have brought to power a political party which is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify;
- As for the Eurozone in general, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be heading into deflation and prolonged very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2015/16 and beyond;
- Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. The closing weeks of 2014 saw gilt yields dip to historically remarkably low levels after inflation plunged, a flight to quality from equities (especially in the oil sector), and from the debt and equities of oil producing emerging market countries, and an increase in the likelihood that the ECB will commence quantitative easing (purchase of EZ government debt) in early 2015. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

6. Borrowing Strategy

It is anticipated that there will be no capital borrowings required during 2015/16.

7. Annual Investment Strategy

7.1 Introduction: Changes to Credit Rating Methodology

The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these "uplifts". This process may commence during 2014/15 and / or 2015/16. The actual timing of the changes is still subject to discussion, but this does mean immediate changes to the credit methodology are required.

It is important to stress that the rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis. The eventual removal of implied sovereign support will only take place when the regulatory and economic environments have ensured that financial institutions are much stronger and less prone to failure in a financial crisis.

Both Fitch and Moody's provide "standalone" credit ratings for financial institutions. For Fitch, it is the Viability Rating, while Moody's has the Financial Strength Rating. Due to the future removal of sovereign support from institution assessments, both agencies have suggested going forward that these will be in line with their respective Long Term ratings. As such, there is no point monitoring both Long Term and these "standalone" ratings.

Furthermore, Fitch has already begun assessing its Support ratings, with a clear expectation that these will be lowered to 5, which is defined as "A bank for which there is a possibility of external support, but it cannot be relied upon." With all institutions likely to drop to these levels, there is little to no differentiation to be had by assessing Support ratings.

As a result of these rating agency changes, the credit element of our future methodology will focus solely on the Short and Long Term ratings of an institution. Rating Watch and Outlook information will continue to be assessed where it relates to these categories. This is the same process for Standard & Poor's that Capita have always taken, but a change to the use of Fitch and Moody's ratings. Furthermore, they will continue to utilise CDS prices as an overlay to ratings in their new methodology.

7.2 Investment Policy

The City of London's investment policy will have regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes ("the CIPFA TM Code"). The City's investment priorities are:

- (a) the security of capital and
- (b) the liquidity of its investments.

The City will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of the City is low in order to give priority to security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and the City will not engage in such activity.

In accordance with the above guidance from the CLG Government and CIPFA, and in order to minimise the risk to investments, the City applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the City will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Appendices 4 and 5 under the ‘specified’ and ‘non-specified’ investments categories. Counterparty limits are also set out in these appendices.

7.3 Creditworthiness policy

The City uses the creditworthiness service provided by Capita. This service employs a sophisticated modelling approach utilising credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swap spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries.

The City will not specifically follow the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties but will have regard to the approach adopted by Capita's

creditworthiness service which incorporates ratings from all three agencies and uses a risk weighted scoring system, thereby not giving undue preponderance to just one agency's ratings.

All credit ratings will be monitored on a daily basis. The City is alerted to credit warnings and changes to ratings of all three agencies through its use of the Capita creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the City's minimum criteria, its further use as a possible investment will be withdrawn immediately.
- In addition to the use of Credit Ratings the City will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution and possible removal from the City lending list.

Sole reliance will not be placed on the use of this external service. In addition the City will also use market data and market information, information on sovereign support for banks and the credit ratings of that government support. Regular meetings are held involving the Chamberlain, Financial Services Director, Corporate Treasurer and Members of the Treasury Team, when the suitability of prospective counterparties and the optimum duration for lending is discussed and agreed.

The primary principle governing the City's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the City will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security.
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the City's prudential indicators covering the maximum principal sums invested.

The Chamberlain will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to the Financial Investment Board as necessary. These criteria are separate to those which determine which types of investment instruments are classified as either specified or non-specified as it provides an overall pool of counterparties considered high quality which the City may use, rather than defining what types of investment instruments are to be used.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) are:

- Banks 1 – good credit quality – the City will only use banks which:
 - (i) are UK banks; and/or
 - (ii) are non-UK and domiciled in a country which has a minimum sovereign long-term rating of AAA (Fitch rating) and have, as a minimum the following Fitch credit rating:

(i) Short-term	F1
(ii) Long-term	A

- Banks 2 – Part Nationalised UK banks – Lloyds Banking Group and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised, or they meet the ratings in Banks 1 above.
- Banks 3 – The City's own banker for transactional purposes if the bank falls below the above criteria, although in this case, balances will be minimised in both monetary size and duration.
- Bank subsidiary and treasury operation - The City will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above. This criterion is particularly relevant to City Re Limited, the City's Captive insurance company, which deposits funds with bank subsidiaries in Guernsey.
- Building Societies – The City may use all societies which:
 - (i) have assets in excess of £9bn; or
 - (ii) meet the ratings for banks outlined above
- Money Market Funds – with minimum credit ratings of AAA/mmf
- UK Government – including government gilts and the debt management agency deposit facility.
- Local authorities.

A limit of £200m will be applied to the use of non-specified investments.

7.4 Country limits

The City has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA or equivalent from all three rating agencies. The counterparty list, as shown in Appendix 6, will be added to or deducted from by officers should individual country ratings change in accordance with this policy. It is proposed that the UK will be excluded from this stipulated minimum sovereign rating requirement.

7.5 Investment Strategy

In-house funds: The City's in-house managed funds are both cash-flow derived and also represented by core balances which can be made available for investment over a 2-3 year period. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). The City does not currently have any term deposits which span the 2015/16 financial year.

7.6 Investment returns expectations: The Bank Rate has been unchanged from 0.50% since March 2009. Bank Rate is forecast by Capita Asset Services to remain unchanged at 0.5% before starting to rise from quarter 4 of 2015. Bank Rate forecasts for financial year ends (March) are as follows:

- 2015/16 0.75%
- 2016/17 1.25%
- 2017/18 2.00%

Capita considers that there are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

The Chamberlain and his Treasury Officers consider there to be a likelihood of interest rates remaining at very low levels for some considerable time, and in view of the importance of interest earnings included in forward financial forecasts, opportunities have been taken in the past to lock-in some of the 'core balances' cash holdings to 2 and 3 year deals when attractive interest rates have been available, having regard however to the alternative investment opportunities already agreed. The current returns on deposits for these lending periods is considered insufficient and so no new 2 or 3 year deposits have been placed.

For 2014/15 the City has budgeted for an average investment return of 0.75% on investments placed during the financial year and previously. Financial forecasts for the period 2015/16 to 2017/18 include interest earnings based on an average investment return of 0.50%.

For its cash flow generated balances, the City will seek to utilise its business reserve accounts, money market funds, and short-dated deposits (overnight to twelve months) in order to benefit from the compounding of interest until increases in the base rate are sufficient to lend funds for longer periods.

7.7 Investment Treasury Indicator and Limit

Total principal funds invested for greater than 364 days are subject to a limit, set with regard to the City's liquidity requirements and to reduce the need for an early sale of an investment, and are based on the availability of funds after each year end.

The Board is asked to approve the treasury indicator and limit:

Maximum principal sums invested for more than 364 days (up to three years)

<u>£M</u>	<u>2015/16 (£M)</u>	<u>2016/17 (£M)</u>	<u>2017/18 (£M)</u>
Principal sums invested >364 days	200	200	200

It should be emphasised that the City is prepared to lend monies out for periods of up to three years which is longer than most other local authorities who tend to opt for shorter durations.

7.8 End of year investment report

At the end of the financial year, the City will report on its investment activity as part of its Annual Treasury Report.

7.9 External fund managers

A proportion of the City's funds, amounting to £160.8m as at 31 December 2014, are externally managed on a discretionary basis by Ignis Asset Management, Invesco, Prime Rate, CCLA Liquidity Fund and Payden Global Funds Plc. The City's external fund managers will comply with the Annual Investment Strategy, and the agreements between the City and the fund managers additionally

stipulate guidelines and duration and other limits in order to contain and control risk. Investments made by the Money Market Fund Managers include a diversified portfolio of very high quality sterling-dominated investments, including gilts, supranationals, bank and corporate bonds, as well as other money market securities. The individual investments held within the Money Market Funds are monitored on a regular basis by Treasury staff.

The credit criteria to be used for the selection of the cash fund manager(s) are based on Fitch Ratings and is AAA/mmf. The Payden Sterling Reserve Fund is rated by Standard and Poor's at AAA/f.

7.10 Policy on the use of external service providers

The City uses Capita Asset Services, Treasury Solutions as its external treasury management advisers.

The City recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon its external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The City will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

7.11 Scheme of delegation

Please see Appendix 7.

7.12 Role of the Section 151 officer

Please see Appendix 8.

APPENDICES

1. Interest Rate Forecasts 2015-2018
2. Economic Background (Capita Asset Services)
3. Treasury Indicators
4. Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management
5. Current Approved Counterparties
6. Approved Countries for Investments
7. Treasury Management Scheme of Delegation
8. The Treasury Management Role of the Section 151 Officer

APPENDIX 1: Interest Rates Forecasts 2015-2018

Capita Asset Services Interest Rate View													
	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Bank Rate View	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
3 Month LIBID	0.50%	0.50%	0.60%	0.80%	0.90%	1.10%	1.10%	1.30%	1.40%	1.50%	1.80%	1.90%	2.10%
6 Month LIBID	0.70%	0.70%	0.80%	1.00%	1.10%	1.20%	1.30%	1.50%	1.60%	1.70%	2.00%	2.10%	2.30%
12 Month LIBID	0.90%	1.00%	1.10%	1.30%	1.40%	1.50%	1.60%	1.80%	1.90%	2.00%	2.30%	2.40%	2.60%
5yr PW IB Rate	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
10yr PW IB Rate	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
25yr PW IB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
50yr PW IB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Bank Rate													
Capita Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	-	-	-	-	-
5yr PW IB Rate													
Capita Asset Services	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
Capital Economics	2.20%	2.50%	2.70%	3.00%	3.10%	3.20%	3.30%	3.40%	-	-	-	-	-
10yr PW IB Rate													
Capita Asset Services	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
Capital Economics	2.80%	3.05%	3.30%	3.55%	3.60%	3.65%	3.70%	3.80%	-	-	-	-	-
25yr PW IB Rate													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.25%	3.45%	3.65%	3.85%	3.95%	4.05%	4.15%	4.25%	-	-	-	-	-
50yr PW IB Rate													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.30%	3.50%	3.70%	3.90%	4.00%	4.10%	4.20%	4.30%	-	-	-	-	-
Please note – The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012													

APPENDIX 2: Economic Background

THE UK ECONOMY

UK. After strong UK GDP growth in 2013 at an annual rate of 2.7%, and then in 2014 0.7% in Q1, 0.9% in Q2 2014 (annual rate 3.2% in Q2), Q3 has seen growth fall back to 0.7% in the quarter and to an annual rate of 2.6%. It therefore appears that growth has eased since the surge in the first half of 2014 leading to a downward revision of forecasts for 2015 and 2016, albeit that growth will still remain strong by UK standards. For this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance. This overall strong growth has resulted in unemployment falling much faster than expected. The MPC is now focusing on how quickly slack in the economy is being used up. It is also particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back significantly above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Unemployment is expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in wage growth at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

Also encouraging has been the sharp fall in inflation (CPI), reaching 1.0% in November 2014, the lowest rate since September 2002. Forward indications are that inflation is likely to remain around or under 1% for the best part of a year. The return to strong growth has helped lower forecasts for the increase in Government debt over the last year but monthly public sector deficit figures during 2014 have disappointed until November. The autumn statement, therefore, had to revise the speed with which the deficit is forecast to be eliminated.

Eurozone (EZ). The Eurozone is facing an increasing threat from weak or negative growth and from deflation. In November 2014, the inflation rate fell further, to reach a low of 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB took some rather limited action in June and September 2014 to loosen monetary policy in order to promote growth.

In addition to the circa €10bn of monthly bond purchases already carried out, the ECB announced in January that it would begin purchasing a further €50bn of bonds per month to bring its monthly asset purchases to €60bn. Although markets had been pricing in quantitative easing for quite some time, Draghi's announcement was at the top end of the range of market forecasts. The quantitative easing programme will begin in March 2015 and is expected to conclude in September 2016. However, should the need occur the programme will continue until inflationary targets of close

to 2% are met over the medium term. This caveat leaves the ECB with the flexibility to continue with quantitative easing past September 2016 if it finds it necessary

Concern in financial markets for the Eurozone subsided considerably after the prolonged crisis during 2011-2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise for some countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. The ECB's pledge in 2012 to buy unlimited amounts of bonds of countries which ask for a bailout has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2013 figures) of Greece 180%, Italy 133%, Portugal 129%, Ireland 124% and Cyprus 112%, remain a cause of concern, especially as some of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are likely to continue to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US.

Greece: the general election due to take place on 25 January 2015 is likely to bring a political party to power which is anti EU and anti-austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti-austerity political parties throughout the EU is much more difficult to quantify. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries which have high unemployment rates. There are also major concerns as to whether the governments of France and Italy will effectively implement austerity programmes and undertake overdue reforms to improve national competitiveness. These countries already have political parties with major electoral support for anti EU and anti-austerity policies. Any loss of market confidence in either of the two largest Eurozone economies after Germany would present a huge challenge to the resources of the ECB to defend their debt.

USA. The U.S. Federal Reserve ended its monthly asset purchases in October 2014. GDP growth rates (annualised) for Q2 and Q3 of 4.6% and 5.0% have been stunning and hold great promise for strong growth going forward. It is therefore confidently forecast that the first increase in the Fed. rate will occur by the middle of 2015.

China. Government action in 2014 to stimulate the economy appeared to be putting the target of 7.5% growth within achievable reach but recent data has indicated a marginally lower outturn for 2014, which would be the lowest rate of growth for many years. There are also concerns that the Chinese leadership has only started to address an unbalanced economy which is heavily over dependent on new

investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehman's crisis.

Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 has suppressed consumer expenditure and growth to the extent that it has slipped back into recession in Q2 and Q3. The Japanese government already has the highest debt to GDP ratio in the world.

CAPITA ASSET SERVICES FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data transpires over 2015. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis. There is an increased risk that Greece could end up leaving the Euro but if this happens, the EZ now has sufficient fire walls in place that a Greek exit would have little immediate direct impact on the rest of the EZ and the Euro. It is therefore expected that there will be an overall managed, albeit painful and tortuous, resolution of any EZ debt crisis that may occur where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be weak at best for the next couple of years with some EZ countries experiencing low or negative growth, which will, over that time period, see an increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries, especially if growth disappoints and / or efforts to reduce government deficits fail to deliver the necessary reductions. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a sharp resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or

more, of the larger countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK strong economic growth is weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- An adverse reaction by financial markets to the result of the UK general election in May 2015 and the economic and debt management policies adopted by the new government
- ECB either failing to carry through on recent statements that it will soon start quantitative easing (purchase of government debt) or severely disappointing financial markets with embarking on only a token programme of minimal purchases which are unlikely to have much impact, if any, on stimulating growth in the EZ.
- The commencement by the US Federal Reserve of increases in the central rate in 2015 causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities, leading to a sudden flight from bonds to equities.
- A surge in investor confidence that a return to robust world economic growth is imminent, causing a flow of funds out of bonds into equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

APPENDIX 3 - Treasury Indicators

TABLE 1: TREASURY MANAGEMENT INDICATORS	2013/14	2014/15	2015/16	2016/17	2017/18
	actual	probable outturn	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt -					
borrowing	£0	£0	£0	£0	£0
other long term liabilities	£0	£0	£0	£0	£0
TOTAL	£0	£0	£0	£0	£0
Operational Boundary for external debt -					
borrowing	£0	£0	£0	£0	£0
other long term liabilities	£0	£0	£0	£0	£0
TOTAL	£0	£0	£0	£0	£0
Actual external debt	£0	£0	£0	£0	£0
Upper limit for fixed interest rate exposure					
expressed as either:-					
Net principal re fixed rate borrowing / investments OR:-	100%	100%	100%	100%	100%
Net interest re fixed rate borrowing / investments	100%	100%	100%	100%	100%
Upper limit for variable rate exposure					
expressed as either:-					
Net principal re variable rate borrowing / investments OR:-	100%	100%	100%	100%	100%
Net interest re variable rate borrowing / investments	100%	100%	100%	100%	100%
Upper limit for total principal sums invested for over 364 days	£300m	£200m	£200m	£200m	£200m
(per maturity date)					

TABLE 2: Maturity structure of fixed rate borrowing during 2013/14	upper limit	lower limit
under 12 months	0%	0%
12 months and within 24 months	0%	0%
24 months and within 5 years	0%	0%
5 years and within 10 years	0%	0%
10 years and above	0%	0%

APPENDIX 4 – Treasury Management Practice (TMP1) - Credit and Counterparty Risk Management, Specified and Non-Specified Investments and Limits

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where appropriate.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria. A maximum of £200m will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

SPECIFIED INVESTMENTS:

(All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable)

	* Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies, including part nationalised banks	Short-term F1, Long-term A,	In-house
Term deposits – banks and building societies, including part nationalised banks	Short-term F1, Long-term A,	Fund Managers
Money Market Funds	AAA/mmff	In-house & Fund Managers
UK Government Gilts	UK Sovereign Rating	In-house & Fund Managers
Treasury Bills	UK Sovereign Rating	Fund Managers
Sovereign Bond issues (other than the UK government)	AAA	Fund Managers

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment Criteria with maturities in excess of 1 year. A maximum of £200m will be held in aggregate in non-specified investments.

	* Minimum Credit Criteria	Use	Maximum	Maximum Maturity Period
Term deposits - other LAs (with maturities in excess of one year)	-	In-house	£25m per LA	Three years
Term deposits, including callable deposits - banks and building societies (with maturities in excess of one year)	Long-term A, Short-term F1,	In-house and Fund Managers	£200m overall	Three years
Certificates of deposits issued by banks and building societies with maturities in excess of one year	Long-term A, Short-term F1,	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
UK Government Gilts with maturities in excess of one year	AAA	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years

APPENDIX 5 – Approved Counterparties

BANKS AND THEIR WHOLLY OWNED SUBSIDIARIES

FITCH RATINGS	BANK CODE	LIMIT OF £100M PER GROUP (£150m for Lloyds TSB Bank)	Duration
AA - F1 +	40.53.7 1	HSBC -----	Up to 3 years
A F1	20.00.0 0 20.00.5 2	BARCLAYS CAPITAL BARCLAYS BANK -----	Up to 3 years
A F1	30.15.5 7	LLOYDS TSB BANK incl. Bank of Scotland -----	Up to 3 years
A F1	16.75.7 5	ROYAL BANK OF SCOTLAND RBOS SETTLEMENTS	Up to 3 years

BUILDING SOCIETIES

FITCH RATINGS	GROUP	ASSETS £BN	LIMIT £M	Duration
A F1	Nationwide	189	120	Up to 3 years
A – F1	Yorkshire	34	20	Up to 1 year
A F1	Coventry	28	20	Up to 1 year
BBB – F2	Skipton	14	20	Up to 1 year
A – F1	Leeds	11	20	Up to 1 year

MONEY MARKET FUNDS

FITCH RATINGS	MONEY MARKET FUNDS Overall Limit £250m	DURATION
AAA/mmf	Goldman Sachs Sterling Liquidity Reserve Fund	Liquid
AAA/mmf	CCLA	Liquid
AAA/mmf	Prime Rate Liquidity Fund	Liquid
AAA/mmf	Ignis Asset Management Liquidity Fund	Liquid
AAA/mmf	Invesco	Liquid
AAA / f	Payden Sterling Reserve Fund	Liquid

FOREIGN BANKS

(with a presence in London)

FITCH RATINGS	BANK CODE		LIMIT £M	Duration
AA- F1+	20.32.53	<u>AUSTRALIA</u> AUSTRALIA & NZ BANKING GROUP	25	Up to 3 years
AA- F1+	16.55.90	NATIONAL AUSTRALIA BANK	25	Up to 3 years
AA- F1+	40.51.62	<u>SWEDEN</u> SVENSKA HANDELSBANKEN	25	Up to 3 years

LOCAL AUTHORITIES

LIMIT OF £25M PER AUTHORITY
Any UK local authority

APPENDIX 6 - Approved Countries for Investments – Based on ratings of the three rating agencies

AAA

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- United Kingdom

APPENDIX 7 – Treasury Management Scheme of Delegation

The roles of the various bodies of the City of London Corporation with regard to treasury management are:

(i) Court of Common Council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

(ii) Financial Investment Board and Finance Committee

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit & Risk Management Committee

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- Working closely with and considering recommendations of the Section 151 officer on the compliance with legal statute and statements of recommended practice.

APPENDIX 8 - The Treasury Management Role of the Section 151 Officer

The Chamberlain

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

Reserves

Forecast Movements in City Fund Usable Reserves 2015/16				
	Notes	Estimated Opening Balance 1 April 15 £m	Forecast Net Movement in Year £m	Estimated Closing Balance 31 March 16 £m
<u>Revenue Usable Reserves</u>				
General	a	(46.9)	0.0	(46.9)
Earmarked:				
Crossrail	b	(22.8)	19.6	(3.2)
Police future expenditure	c	(5.9)	1.7	(4.2)
Highway improvements	d	(7.6)	3.7	(3.9)
Business Rates Safety Net Equalisation	e	(14.3)	14.3	0.0
VAT Reserve	f	(4.2)	0.0	(4.2)
Proceeds of Crime Act	g	(3.7)	0.5	(3.2)
Judges Pensions	h	(1.4)	0.0	(1.4)
Central Criminal Court	i	(0.6)	0.4	(0.2)
Renewals and Repairs	j	(0.7)	0.0	(0.7)
Maintenance of Graves	k	(0.5)	0.5	0.0
Service Projects	l	(2.5)	0.3	(2.2)
Total Revenue Earmarked		(64.2)	41.0	(23.2)
Housing Revenue Account		(7.7)	5.3	(2.4)
Total Revenue Usable Reserves		(118.8)	46.3	(72.5)
<u>Capital Usable Reserves</u>				
General Capital Receipts Reserve		(35.9)	(4.8)	(40.7)
Crossrail Capital Receipts Reserve		(132.6)	132.6	0.0
HRA Major Repairs Reserve		(4.0)	4.0	0.0
Total Capital Usable Reserves		(172.5)	131.8	(40.7)
Total Usable Reserves		(291.3)	178.1	(113.2)

Notes

- (a) General Reserve – The accumulated balance from annual surpluses or deficits on the City Fund Revenue Account less any transfers to, or plus any transfers from, earmarked reserves.
- (b) Crossrail – Revenue funds set aside to contribute towards the City's £200m commitment towards the Crossrail project, currently anticipated in 2016.
- (c) Police Future Expenditure - Revenue expenditure for the City Police service is cash limited. Underspendings against this limit may be carried forward as a reserve to the following financial year and overspendings are required to be met from this reserve.
- (d) Highway Improvements - Created from on-street car parking surpluses to finance future highways related expenditure and projects as provided by section 55 of the Road Traffic Regulation Act 1984, as amended by the Road Traffic Act 1991.
- (e) Business Rates Safety Net Equalisation - Safety net arrangements are in place to protect local authorities from the impact of any reductions below 7.5% in their retained business rates baseline funding level. Under these arrangements the maximum loss the City can suffer is £1.1m against the baseline funding level. Due to the impact of the provision for rating appeals the City did suffer a reduction in retained rates income for 2013/14. However, under statutory arrangements, the shortfall will not be charged against the City Fund unallocated reserve until 2015/16 and is held temporarily in the Collection Fund Adjustment Account as a negative reserve. This liability will be largely offset by a payment from the Government to bring the City's retained rates income up to its safety net level. This payment from the Government has therefore been set aside to partly compensate for the shortfall when it is subsequently recognised.
- (f) VAT Reserve – Should the City of London Corporation no longer be able to recover VAT incurred on exempt services as a result of exceeding the 5% partial exemption threshold, this reserve will be the first call for meeting the associated costs.
- (g) Proceeds of Crime Act – Cash forfeiture sums awarded to the City. Under the guidelines of the scheme, the funds must be ring-fenced for crime reduction initiatives.
- (h) Judges Pensions - Sums set aside to assist with the City of London's share of liabilities.
- (i) Central Criminal Court Plant Replacement – Sums set aside to assist with financing the net cost up to design report stage.
- (j) Renewals and Repairs – Sums obtained on the surrender of headleases and set aside to fund cyclical maintenance and repair works to the properties and void costs.
- (k) Maintenance of Graves - to help fund the maintenance of graves and memorial gardens so that current income is not the sole source of finance for the maintenance of old graves. Any surpluses made by the Cemetery and Crematorium are transferred to the Reserve at year end.

- (l) A number of reserves for service specific projects and activities where the balance on each individual reserve is less than £0.5m have been aggregated under this generic heading.



Report – Finance Committee

Revenue and Capital Budgets 2014/15 and 2015/2016

To be presented on Thursday, 5th March 2015

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

SUMMARY

1. This report should be read in conjunction with the separate report to the Court entitled 'City Fund – 2015/16 Budget Report and Medium Term Financial Strategy' which recommends that the City's business rate premium and council tax for 2015/16 remain unchanged.
2. The 2014/15 and 2015/16 budgets for each of the City of London Corporation's three main funds are set out below. They have been prepared within the planning frameworks agreed by the Resource Allocation Sub Committee.

Budgets by Fund			
	2014/15 Original £m	2014/15 Latest £m	2015/16 Original £m
City Fund			
Gross Expenditure	363.5	394.7	372.6
Gross Income	(258.8)	(287.4)	(271.0)
Net Expenditure before Government Grants and Taxes	104.7	107.3	101.6
Government Grants and Taxes	(110.4)	(110.7)	(101.8)
Surplus to Reserves	(5.7)	(3.4)	(0.2)
City's Cash			
Gross Revenue Expenditure	167.1	182.6	175.4
Gross Revenue Income	(159.0)	(170.5)	(166.0)
Operating Deficit	8.1	12.1	9.4
Profit on asset sales	(2.0)	(11.4)	(12.0)
Deficit from Reserves	6.1	0.7	(2.6)
Bridge House Estates			
Gross Expenditure	38.3	45.1	40.8
Gross Income	(41.1)	(43.5)	(44.4)
Deficit (Surplus) from (to) Reserves	(2.8)	1.6	(3.6)

NB: Figures in brackets indicate income or in hand balances, increases in income or decreases in expenditure.

3. City Fund
 - The surplus in the current year is anticipated to reduce from £5.7m to £3.4m. For 2015/16 a broadly break even position is indicated. This takes account of a reduction in Government Grants of £8.9m (8%) together with the first tranche of savings/increased incomes agreed for the Service Based Review. Other reasons for the main variations are set out in paragraphs 19 to 28.
 - The subsequent years in the medium term financial forecast (2016/17 to 2018/19) indicate small surpluses which are similarly dependent on delivery of the savings/increased incomes from the Service Based Review.
 - The City Fund capital budget includes the £200m contribution payable to Crossrail which is anticipated to become due in March 2016 although the timing will depend upon the completion of certain project milestones. The funding for the £200m is on track and is covered in more detail in the 'City Fund – 2015/16 Budget Report'.
4. City's Cash
 - The City's Cash deficit in the current year is anticipated to be £0.7m, an improvement of £5.4m on the original budget. For 2015/16, City's Cash returns to a surplus of £2.6m.
 - As indicated in the table above, these bottom line figures are after anticipated profits on asset sales of £11.4m and £12m respectively. If the profits on asset sales are excluded, the operating deficits for 2014/15 and 2015/16 are £12.1m and £9.4m respectively.
 - With regard to the subsequent years of the medium term financial forecast, break-even is indicated for 2016/17 after profits on asset sales and modest surpluses are indicated for 2017/18 and 2018/19. As with City Fund, these forecasts are predicated on the achievement of the savings/increased incomes from the Service Based Review.
 - Details of other significant budget variations are set out in paragraphs 32 to 39.
5. Bridge House Estates
 - For the current year, the surplus of £2.8m is anticipated to move to a deficit of £1.6m due to the carrying forward of unused grants budgets from 2013/14.
 - The fund is expected to return to surplus in 2015/16 with the medium term financial forecast also indicating healthy surpluses for subsequent years.
6. The report also summarises the budgets for central support services within Guildhall Administration (which initially 'holds' such costs before these are wholly recovered) and the capital budgets for the three Funds.
7. The 2015/16 Summary Budget Book accompanies this report and will be available on the *Members' Committees and Papers* section of the City of London Corporation's website. Copies will also be available in the Members' Reading Room and individual copies can be requested from steve.telling@cityoflondon.gov.uk.

Recommendations

8. We therefore recommended that the Court:-
- (i) note the latest revenue budgets for 2014/15;
 - (ii) agree the 2015/16 revenue budgets;
 - (iii) agree the capital budgets; and
 - (iv) delegate authority to the Chamberlain to determine the financing of the capital budgets.

MAIN REPORT

Background

9. The primary purpose of this report is to summarise the latest budgets for 2014/15 and the proposed budgets for 2015/16 respectively together with the capital budgets, which have all been prepared within agreed policy guidelines and allocations.
10. During the autumn/winter cycle of meetings each Committee has received and approved a budget report which, with the exception of City Police and Bridge House Estates, took account of the general planning framework for Chief Officers which provided for;
- allowances towards pay and price increases of 2%; and
 - the inclusion of the Service Based Review expenditure reductions and/or increased incomes agreed by the Policy and Resources Committee – in so far as such expenditure reductions/increased incomes have been phased for 2015/16.
11. For the City Police, the annual cash limit continues to be determined by the national settlement allocation plus support from the City's Business Rate Premium, with the Force using its reserves on a phased basis subject to a minimum level being retained.
12. As Bridge House Estates remains in a reasonably buoyant position, the 2% allowance towards inflationary pressures has been provided and no Service Based Review budget reductions have been required.
13. Accompanying this report is the Summary Budget Book 2015/16 which will be available on the *Members' Committees and Papers* section of the City of London Corporation's website. Copies will also be available in the Members' Reading Room and individual copies can be requested from steve.telling@cityoflondon.gov.uk. The Summary Budget Book provides:
- (i) all the budgets at a summary level in a single document;
 - (ii) service overviews – a narrative of the services for which each Chief Officer is responsible;
 - (iii) Chief Officer summaries showing net revenue expenditure by division of service, fund, type of expenditure and income;
 - (iv) Fund summaries showing the net revenue requirement for each Fund supported by Committee summaries showing the net requirement for each Committee within the Fund; and

- (v) the capital and supplementary revenue project budgets by Fund.

Overall Financial Strategy

14. The City of London Corporation's overall financial strategy seeks to:
- maintain and enhance the financial strength of the City of London Corporation through its investment strategies for financial and property assets;
 - pursue budget policies which seek to achieve a sustainable level of revenue spending and create headroom for capital investment and policy initiatives;
 - encourage competition for resources;
 - create a stable framework for budgeting through effective financial planning; and
 - promote investment in capital projects which bring clear economic, policy or service benefits.
15. The medium term financial strategy/budget policies for each of the funds are set out in Annex 1.

CITY FUND

Overall Budget Position

16. The overall budgets have been prepared in accordance with the strategy and the requirements for 2014/15 and 2015/16 are summarised by Committee in the table below. Explanations for significant variations were contained in the budget reports submitted to service committees.

City Fund Summary by Committee	2014/15 Original £m	2014/15 Latest £m	2015/16 Original £m
Net Expenditure (Income) (1)			
Barbican Centre	24.0	24.9	25.0
Barbican Residential	0.1	0.9	1.0
Community and Children's Services	11.2	11.9	11.4
Culture Heritage and Libraries	20.1	20.2	20.1
Finance (2)	(7.7)	(6.7)	(10.2)
Licensing	0.0	0.2	0.1
Markets	(0.8)	(0.8)	(0.8)
Open Spaces	1.4	1.5	1.6
Planning and Transportation	12.6	12.6	13.7
Police	60.4	60.4	57.5
Policy and Resources	3.7	3.7	3.9
Port Health and Environmental Services	14.1	14.7	14.4
Property Investment Board	(34.4)	(36.2)	(36.1)
City Fund Requirement (3)	104.7	107.3	101.6

1. Figures in brackets indicate income or in hand balances, increases in income or decreases in expenditure.
2. The increase in net income on Finance Committee from £7.7m in the 2014/15 original budget to £10.2m in the 2015/16 original budget primarily relates to

capital contras. Depreciation charges are made to service committees but, under local government accounting requirements, such costs cannot be charged to taxpayers. Consequently the depreciation charges are reversed out through the Finance Committee.

3. Reconciles to line 6 in the table overleaf.

17. The following table further analyses the budget to indicate:

- the contributions made from the City's own assets towards the City Fund requirement (interest on balances – line 4, and investment property rent income – line 5);
- the funding received from Government formula grants and from taxes (lines 7 to 10); and
- the estimated surpluses to be transferred to reserves (line 12).

City Fund Revenue Requirements 2014/15 and 2015/16					
		2014/15 Original £m	2014/15 Latest £m	2015/16 Original £m	Para. No.
1	Net expenditure on services	145.6	149.0	142.0	19, 23
2	Supplementary revenue projects and capital expenditure financed from revenue	1.6	2.4	2.7	20, 24
3	Requirement before investment income from the City's Assets	147.2	151.4	144.7	
4	Interest on balances	(2.1)	(2.5)	(1.6)	21, 25
5	Estate rent income	(40.4)	(41.6)	(41.5)	22, 26
6	City Fund Requirement	104.7	107.3	101.6	
	Financed by:				
7	Government formula grants	(87.4)	(87.6)	(78.3)	27, 28
8	City offset	(10.7)	(10.8)	(11.0)	
9	Council tax	(5.8)	(5.8)	(6.0)	
10	NNDR premium	(6.5)	(6.5)	(6.5)	
11	Total Government Grants and Tax Revenues	(110.4)	(110.7)	(101.8)	
12	Surplus transferred to reserves	(5.7)	(3.4)	(0.2)	

18. The surplus in the current year is anticipated to reduce from £5.7m to £3.4m. For 2015/16 a broadly break even position is indicated. The impact of significant and continuing cuts in Government funding is being partly offset by the first tranche of savings/increased incomes agreed as part of the Service Based Review. The subsequent years in the medium term financial forecast (2016/17 to 2018/19) indicate small surpluses which are similarly dependent on delivery of the savings/increased incomes from the Service Based Review.

Revenue Budget 2014/15

Net Expenditure on Services

19. Net expenditure on City Fund services in 2014/15 was originally budgeted at £145.6m, whereas the latest budget totals £149.0m, an increase of £3.4m. The main reasons for this increase are:

- £1.6m approved budgets brought forward from 2013/14;
 - £1m for the deletion of an income provision for efficiency and budget reviews – replaced by the City Procurement and Service Based Review savings below;
 - £1m increase in the transfer to the on-street parking reserve largely resulting from contract savings;
 - £0.5m increase for the rephasing of the additional repairs and maintenance works programmes;
 - £0.4m increase for the Barbican Centre to preserve the neutrality principle in relation to the relocation of the cinemas to the exhibition halls, the corporate repairs and maintenance contract and the pay and grading review;
 - £0.4m one-off costs for bringing the collection of rates and council tax back in-house;
- partly offset by*
- £1.2m Service Based Review (£0.7m) and Procurement savings (£0.5m);

Supplementary Revenue Projects and Capital Expenditure Funded from Revenue

20. The increase from £1.6m to £2.4m largely relates Museum of London and Police Accommodation projects, partially offset by slippage on the planned works to Exhibition Hall 1 required to enable occupation by the London Film School.

Interest on Balances

21. The latest budget for 2014/15 anticipates an increase of £0.4m in interest earnings to £2.5m. This reflects a more beneficial cash flow, particularly business rate receipts, capital expenditure and higher reserves. The assumed average interest rate for the year is unchanged at 0.75%.

Investment Estate Rent Income

22. Rent income from investment properties is forecast to be £41.6m, an increase of £1.2m on the original budget due to rent and occupancy levels generally being more favourable than the original assumptions, together with accounting adjustments required to recognise the impact of rent incentives (e.g. rent free periods).

Revenue Budget 2015/16

Net Expenditure on Services

23. Net expenditure on City Fund services for 2015/16 is budgeted at £142m, a reduction of £3.6m compared to the 2014/15 original budget. The main variations are:
- £4.3m of savings/increased income relating to the Service Based Review (£3.8m) and procurement (£0.5m);

- £2.8m reduction in the City Police cash limit to reflect the cut in core Government grant;
- £0.4m increase in unringfenced specific grant income;
- £0.4m saving from bringing the collection of rates and council tax back in-house;

partly offset by

- £1.6m increase for pay and prices.
- £1.3m increase in the on-street parking surplus transferred to reserve, largely resulting from contract savings;
- £1m for the deletion of an income provision for efficiency and budget reviews – replaced by the Service Based Review savings above;
- £0.4m increase relating to the phasing of the additional repairs and maintenance works programmes.

Supplementary Revenue Projects and Capital Expenditure Funded from Revenue

24. The budget of £2.7m reflects the revenue financing required for the latest supplementary revenue and capital expenditure programmes which, by their nature, tend to be 'lumpy'.

Interest on Balances

25. Income is anticipated to reduce to £1.6m from the £2.5m forecast in the current year due largely to a decrease in the assumed average interest rate for the year from 0.75% to 0.5%.

Investment Estate Rent Income

26. The latest rental forecasts for 2015/16 assume an increase of £1.1m to £41.5m compared to the original budget for 2014/15. This increase relates to the latest assumptions on availability, occupancy, and rent levels.

Government Formula Grant

27. There is a reduction of £7.9m in core Government Grants from £87.4m in the original budget for the current year to £79.5m in 2015/16. This reduction is split between Police and Non-Police services as follows:

Analysis of the City's National Formula Grant				
	2014/15	2015/16	Reduction on 2014/15	
	£m	£m	£m	%
Police	55.2	52.4	2.8	5.1
Non-Police	32.2	27.1	5.1	15.8
Total before Rates Retention Scheme Reduction (para 28)	87.4	79.5	7.9	9.0
Rates Retention Scheme Reduction	0.0	1.2	1.2	-
Total in table at para 17 (line7)	87.4	78.3	9.1	10.4

28. Under the Rates Retention Scheme element of Non-Police Formula Grant, the City's rates receivable in 2013/14 were lower than originally forecast due to a

significant increase in the provision for appeals. However, the Government's safety net mechanism limited the City's losses to £1.2m. Due to the way the scheme works this reduction does not flow through until 2015/16.

CITY'S CASH

Overall Budget Position

29. The budgets have been prepared in accordance with the budget policy set out in Annex 1 and the net positions for 2014/15 and 2015/16 are summarised by committee in the table below. Sufficient reserves are available to meet the estimated deficit in the current year.

City's Cash Summary by Committee	2014/15 Original £m	2014/15 Latest £m	2015/16 Original £m
<i>Net Expenditure (Income)</i>			
Culture, Heritage & Libraries	0.4	0.4	0.3
Education Board	0.0	0.7	1.0
Finance (1)	(5.9)	(14.3)	(15.4)
G. P. Committee of Aldermen	3.1	3.3	3.2
Guildhall School of Music and Drama	9.0	10.5	9.9
Markets	1.2	1.3	0.5
Open Spaces :-			
Open Spaces Directorate (2)	0.0	0.0	0.0
Epping Forest and Commons	7.2	7.6	7.7
Hampstead, Queen's Pk, Highgate Wd	7.4	7.7	7.9
Bunhill Fields	0.3	0.3	0.3
West Ham Park	1.2	1.0	1.2
Planning and Transportation	0.1	0.0	0.0
Policy and Resources	10.6	12.1	11.3
Port Health and Environmental Services	0.1	0.0	0.0
Property Investment Board	(33.5)	(35.1)	(35.0)
Schools :-			
City of London School (3)	1.5	1.6	1.6
City of London Freeman's School (3)	2.3	2.4	2.1
City of London School for Girls (3)	1.1	1.2	0.8
Deficit (Surplus) from (to) reserves	6.1	0.7	(2.6)

- The significant variations between the 2014/15 original budget (£5.9m credit) and the 2014/15 latest (£14.3m credit) and 2015/16 original (£15.4m credit) budgets largely relates to the estimated profits on the sale of assets which are £2.0m, £11.4m and £12.0m respectively.*
- Fully recharged to the Opens Spaces.*
- Shows City Support rather than net expenditure by the schools.*

30. The following table further analyses the budget to indicate the income produced from the City's assets (investment property rent income, non-property investment income and interest on balances at lines 3 to 5 respectively). It also indicates the underlying deficit on City's Cash before the anticipated profits on the sale of assets are taken into account (lines 6 to 8).

City's Cash Requirements 2014/15 and 2015/16					
		2014/15	2014/15	2015/16	Para.
		Original	Latest	Original	No.
		£m	£m	£m	
1	Net expenditure on services	66.9	71.4	68.2	32, 37
2	Supplementary revenue projects	2.7	3.5	3.7	33, 38
3	Estate rent income	(41.8)	(43.1)	(42.8)	34
4	Non-property investment income (net)	(19.6)	(19.6)	(19.6)	35
5	Interest on balances	(0.1)	(0.1)	(0.1)	
6	Operating Deficit	8.1	12.1	9.4	
7	Profit on asset sales	(2.0)	(11.4)	(12.0)	36, 39
8	Deficit (Surplus) from (to) reserves	6.1	0.7	(2.6)	

31. The City's Cash operating deficit is anticipated to increase from £8.1m to £12.1m in the current year and then reduces to £9.4m in 2015/16. However, the operating position is forecast to return to surplus from 2017/18 due to a combination of savings from the Service Based Review, increased rent income from the investment estate and lower expenditure on supplementary revenue projects.

Revenue Budget 2014/15

Net Expenditure on Services

32. Net expenditure on City's Cash services for 2014/15 was originally budgeted at £66.9m. The latest budget of £71.4m is an increase of £4.5m which is primarily due to:
- £2.1m approved budgets brought forward from 2013/14;
 - £1.8m increase in depreciation charges primarily relating to the new facilities provided at Milton Court for the Guildhall School of Music and Drama;
 - £1.4m increase for the rephasing of the additional repairs and maintenance works programmes;
 - £0.7m budget for the Education Board;
- partly offset by*
- £1.6m increase in the release of deferred income relating to grants and contributions received towards capital projects, mainly developer contributions towards Milton Court. UKGAAP requires such income to be released to revenue over the anticipated lives of the assets rather than being applied to match expenditure as it is incurred. This largely offsets the increase in depreciation above;

Supplementary Revenue Projects

33. The increase from £2.7m to £3.5m primarily relates to slippage from 2013/14 on investment properties and Guildhall School of Music and Drama.

Investment Estate Rent Income

34. Rent income from investment properties is forecast to be £43.1m which is an increase of £1.3m on the original budget. This increase relates to the

retention of tenants and lettings that were not anticipated in the original budget, together with accounting adjustments required to recognise the impact of rent incentives (e.g. rent free periods).

Non-Property Investment Income

35. Previously the budget reflected fund managers' forecasts of dividend income and these would vary in line with their expectations of performance. However, during 2013/14 most of the equity funds transferred to pooled investment vehicles. Consequently all non-property investment income is now required to be treated as remaining within the managed funds, with City's Cash drawing down income as necessary. The amounts to be drawn down in 2014/15 and 2015/16, after the deduction of management fees, have been set at the £19.6m assumed in the 2014/15 original budget.

Profit on Asset Sales

36. The profit on the sale of assets is anticipated to increase from £2m to £11.4m. The original budget included a nominal sum to reflect that on the basis of past experience some profits should be expected. The latest budget now reflects estimated profits from the sales of low yielding freehold interests in the West End and premiums from long leases granted on properties in the City.

Revenue Budget 2015/16

Net Expenditure on Services

37. Net expenditure on City's Cash services for 2015/16 is budgeted at £68.2m, an increase of £1.3m compared to the original budget for 2014/15. The main reasons for the increased requirement are:
- £2.6m increase in depreciation charges primarily relating to the new facilities at Milton Court for the Guildhall School and Music and Drama and the Phase 1 Freeman's School Masterplan works;
 - £1.0m budget for the Education Board;
 - £1.0m increase for pay and prices;
 - £0.8m additional resources for the corporate repairs and maintenance contract;
 - £0.6m increase relating to the phasing of the additional repairs and maintenance works programmes;
- partly offset by*
- £2.8m of savings/increased income relating to the Service Based Review;
 - £1.6m increase in the release of deferred income relating to grants and contributions received towards capital projects mainly relating to developer contributions towards Milton Court. UKGAAP requires such income to be released to revenue over the anticipated lives of the assets rather than being applied to match expenditure as it is incurred. This partly offsets the increase in depreciation above;
 - £0.5m reduction in the GSMD revenue budget as the temporary increase from the capital cap is partly withdrawn;

Supplementary Revenue Projects

38. The £3.7m budget for 2015/16 relates mainly to the City's anticipated contribution towards the cost of delivering the Crossrail Arts Strategy.

Profit on Asset Sales

39. The estimate of £12m for profits on asset sales relates to the anticipated receipt of a lease premium from a redevelopment to the east of the City.

BRIDGE HOUSE ESTATES

Overall Budget Position

40. The budgets have been prepared in accordance with the budget policy set out in Annex 1 and the requirements for 2014/15 and 2015/16 are summarised in the table below.

Bridge House Estates Summary by Committee	2014/15 Original	2014/15 Latest	2015/16 Original
<i>Net Expenditure (Income)</i>	£m	£m	£m
The City Bridge Trust	16.9	21.7	17.2
Culture, Heritage and Libraries	(0.3)	(0.3)	(0.2)
Finance	(10.6)	(9.7)	(10.6)
Planning and Transportation	3.7	3.6	3.6
Property Investment Board	(12.5)	(13.7)	(13.6)
Deficit (Surplus) from (to) reserves	(2.8)	1.6	(3.6)

41. In the current year, the original estimate for a surplus of £2.8m is anticipated to move to a deficit of £1.6m largely due to unspent budgets brought forward from 2013/14 in relation to City Bridge Trust grants. A return to surplus is expected for 2015/16 with the medium term financial forecast also indicating healthy surpluses for subsequent years.
42. The following table further analyses the budget to indicate;
- the income produced from the City's assets (investment property rent income, non-property investment income and interest on balances at lines 4 to 6 respectively); and
 - the budgets for charitable grants (line 8).

Bridge House Estates Requirements 2014/15 and 2015/16					
		2014/15	2014/15	2015/16	Para.
		Original	Latest	Original	No.
		£m	£m	£m	
1	Net expenditure on services	10.3	10.8	10.6	43, 50
2	Supplementary Revenue Projects	0.4	1.2	0.5	44
3	Bridges repairs, maintenance and major works fund contribution	1.1	1.1	1.1	47, 48
4	Estate rent income	(16.7)	(18.1)	(17.9)	45
5	Non-property investment income (net)	(13.8)	(13.8)	(13.8)	46
6	Interest on balances	(0.1)	(0.1)	(0.1)	
7	Revenue surplus	(18.8)	(18.9)	(19.6)	
8	Charitable grants	16.0	20.5	16.0	49, 51
9	Deficit (Surplus) from (to) reserves	(2.8)	1.6	(3.6)	

Revenue Budget 2014/15

Net Expenditure on Services

43. The increase from £10.3m to £10.8m in 2014/15 is primarily due to:
- £0.4m approved budgets brought forward from 2013/14;
 - £0.2m increase for the City Bridge Trust Grants Unit in relation to management of the Social Investment Fund, and administration and monitoring of grant programmes.

Supplementary Revenue Projects

44. The increase from £0.4m to £1.2m largely relates to additional costs associated with the redevelopment of the Bridgemaster's House at Tower Bridge for investment purposes.

Investment Estate Rent Income

45. Rent income from investment properties is forecast to be £18.1m which is an increase of £1.4m on the original budget. This increase relates to income from two new acquisitions.

Non-Property Investment Income

46. As with City's Cash, the budget previously reflected fund managers' forecasts of dividend income and these would vary in line with their expectations of performance. However, during 2013/14 most of the equity funds transferred to pooled investment vehicles. Consequently all non-property investment income is now required to be treated as remaining within the managed funds, with Bridge House Estates drawing down income as necessary. The amounts to be drawn down in 2014/15 and 2015/16, after the deduction of management fees, have been set at the £13.8m assumed in the 2014/15 original budget.

Bridges Repairs, Maintenance and Major Works Fund

47. The objective for the Bridges Repairs, Maintenance and Major Works Fund is to provide sufficient resources to meet the enhanced maintenance costs of the five bridges over a period of at least 50 years.
48. Having compared the costs of the City Surveyor's 50 year maintenance programme with the projections for income to be earned by the Fund, the 2015/16 contributions required have been assessed as £1.1m – unchanged from the current year. The 50 year maintenance programme and the levels of contributions required to smooth the costs over this period will continue to be reviewed annually.

Charitable Grants

49. The increase of £4.5m to £20.5m relates to budgets brought forward from 2013/14 and the first instalment of £1m a year (for 10 years) to the Prince's Trust.

Revenue Budget 2015/16

Net Expenditure on Services

50. The estimate of £10.6m is an increase of £0.3m on the original budget for 2014/15. This increase primarily relates to the resourcing of the City Bridge Trust Grants Unit in relation to management of the Social Investment Fund and administration and monitoring of grant programmes together with an allowance for pay and prices.

Charitable Grants

51. The 2015/16 budget is £16m and comprises:
 - £15m base budget for charitable grants; and
 - £1m for the second instalment of £1m a year (for 10 years) to the Prince's Trust

GUILDHALL ADMINISTRATION

52. Guildhall Administration encompasses most of the central support services for the City, with the costs being fully recovered from the three main City Funds, Housing Revenue Account, Museum of London and other external bodies in accordance with the level of support provided. Consequently, after recovery of costs, the net expenditure on Guildhall Administration is nil. The table below summarises the position.

Guildhall Administration by Committee Net Expenditures	2014/15 Original £m	2014/15 Latest £m	2015/16 Original £m
Culture, Heritage and Libraries - City Records Office	0.9	0.9	0.9
Establishment - Town Clerk & C&CS	11.6	11.6	11.0
Finance - Chamberlain	31.3	31.5	31.8
Finance - City Surveyor, Remembrancer and Town Clerk	19.9	19.7	19.8
Total Net Expenditure	63.7	63.7	63.5
Recovery of Costs	(63.7)	(63.7)	(63.5)
Total Guildhall Administration	0	0	0

Revenue Budget 2014/15

53. Although the 2014/15 latest budget is unchanged from the original, there are a number of largely compensating variations:
- £0.4m reduction relating to the phasing of the additional repairs and maintenance works programmes;
 - £0.3m of savings/increased income relating to the Service Based Review; *largely offset by*
 - £0.3m increase in the IS budget for licences and the local area network;
 - £0.3m increase in insurance premiums.

Revenue Budget 2015/16

54. Again, the net expenditure for 2015/16, at £63.5m, is little changed from 2014/15. The main variations are as follows:
- £1.4m savings/increased income relating to the Service Based Review;
 - £1.1m saving in consultants fees in relation to procurement; *largely offset by*
 - £0.8m increase in insurance premiums;
 - £0.7m increase for pay and prices;
 - £0.4m increase in the IS budget for wi-fi infrastructure and the local area network;
 - £0.3m increase relating to the additional repairs and maintenance works programmes.

Capital and Supplementary Revenue Project Budgets

55. The City Fund, City's Cash and Bridge House Estates capital and supplementary revenue project budgets are included in the Summary Budget Book.

City Fund Capital and Supplementary Revenue Project Budgets

56. The latest City Fund capital and supplementary revenue projects budgets total £62.8m for 2014/15 and £231.5m for 2015/16. The budgets for both years include schemes relating to affordable housing, the Barbican Centre, works at the Old Bailey and highways/streetscene schemes, most notably the highway and public realm scheme at Aldgate. In addition, the 2015/16 budget reflects the capital contribution of £200m payable towards Crossrail. After allowing for external contributions and the use of earmarked reserves, the remainder of the City Fund capital budget is anticipated to be financed largely from capital receipts in line with budget policy.

City's Cash Capital and Supplementary Revenue Project Budgets

57. The latest City's Cash capital and supplementary revenue projects budgets total £28.9m for 2014/15 and £18.8m for 2015/16. The budgets for both years include property investments and flood mitigation schemes on the Open Spaces.

Bridge House Estates Capital and Supplementary Revenue Project Budgets

58. The latest Bridge House Estates capital and supplementary revenue projects budgets total £35.4m for 2014/15 and £14.8m in 2015/16 mainly related to investment property acquisitions and developments.

Financing Capital Expenditure

59. As in previous years, it is proposed that the Chamberlain should determine the final financing of the capital budgets.

DATED this 17th day of February 2015.

SIGNED on behalf of the Committee.

Roger Arthur Holden Chadwick
Chairman, Finance Committee

Medium Term Financial Strategy/Budget Policy**City Fund**

The main constituents of the City Fund medium term financial strategy/budget policy are as follows:-

- (i) to aim to achieve as a minimum over the medium term planning period the 'golden rule' of matching on-going revenue expenditures and incomes;
- (ii) to implement budget adjustments and measures that are sustainable, on-going and focused on improving efficiencies;
- (iii) in line with (ii), as far as possible to protect existing repairs and maintenance budgets from any efficiency squeezes or budget adjustments and to ring-fence all other non-staffing budgets (to prevent any amounts from these budgets being transferred into staffing budgets);
- (iv) within the overall context of securing savings and budget reductions, to provide Chief Officers with stable financial frameworks that enable them to plan and budget with some certainty;
- (v) for the Police service, ordinarily to set an annual cash limit determined from the national settlement allocation to the City Police and to allow the Force to draw from its reserves on a phased basis, subject to a minimum level being retained;
- (vi) to identify and achieve targeted/selective budget reductions and savings programmes;
- (vii) to ring-fence sufficient assets (cash and investment property) to accumulate, via revenue and/or capital growth, the amount required to meet the City of London Corporation's Crossrail direct funding commitment of £200m in 2015/16;
- (viii) to continue to review critically all financing arrangements, criteria and provisions relating to existing and proposed capital and supplementary revenue project expenditures;
- (ix) to reduce the City Fund's budget exposure to future interest rate changes by adopting a very prudent, constant annual earnings assumption in financial forecasts. If higher earnings are actually achieved, consideration to be given to only making the additional income available for non-recurring items of expenditure;
- (x) to accept that in some years of the financial planning period it may be necessary to make contributions from revenue balances to balance the revenue budget;
- (xi) ordinarily to finance capital projects from capital rather than revenue resources and supplementary revenue projects from provisions set aside within the financial forecast; and
- (xii) to minimise the impact of rate/tax increases on City businesses and residents.

City's Cash

The main constituents of the current budget policy for City's Cash services reflect the general elements within the City Fund strategy together with the following specific objectives:

- ensure that ongoing revenue expenditure is contained within revenue income over the medium term and sufficient surpluses are generated to finance capital investment on City's Cash services;
- continue to seek property investment opportunities to enhance income/seek capital appreciation during the year, subject to any financing being met from the City's Estate Designated Sales Pool; and
- sell either property or financial assets, which would need to be in addition to property disposals required to meet the financing requirements of the Designated Sales Pool, to meet City's Cash cash-flow requirements.

Bridge House Estates

Budget policy in relation to Bridge House Estates is as follows:

- adhering to a planning framework which provides cash limit allowances towards inflationary pressures rather than the budget reductions and savings programmes applied to other funds;
- ensuring that ongoing revenue expenditure is contained within revenue income over the medium term and that sufficient surpluses are generated to finance expenditure on the Bridges with surplus funds allocated to charitable grants; and
- continuing to seek property investment opportunities to enhance income/provide capital appreciation during the year subject to any financing being met from the Bridge House Estates Designated Sales Pool.

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Report – Policy and Resources Committee

Public Sector Pensions Reform – Establishing a Local Pensions Board (Local Government Pension Scheme)

To be presented on Thursday 5th March 2015

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council.*

SUMMARY

In March 2011, the Independent Public Service Pensions Commission published its final report on the review of public service pensions. The report made clear that change is needed to “make public service pension schemes simpler and more transparent, fairer to those on low and moderate earnings”.

In order to meet the requirements of the Public Services Pensions Act 2013, the Local Government Pension Scheme (LGPS) was reformed, effective from 1st April 2014. The Act also made legislation as to the overall governance of pension schemes, in particular requiring that a local Pensions Board be established by 1st April 2015; the Board need not be operational at this point. The Pensions Board must include employer and scheme member representatives in equal numbers. Members are therefore asked to approve the creation of a Pensions Board.

There is also a requirement to establish a similar Board for the City of London Police Pension Scheme, the regulations for which have not yet been received. There is also no draft guidance available from the Home Office as to how Police Pension Regulations may interpret the Act. Therefore Members are also asked to approve in principle the recommendation that a Police Pensions Board be established.

RECOMMENDATIONS

That the Court of Common Council:

- i) agrees that a Pensions Board be established to fulfil the role of assisting the scheme manager in securing compliance with scheme regulations, other legislation covering governance and administration and the requirements of the Pensions Regulator (the Pensions Board will have no executive powers).

- ii) agrees that the constitution of the Pensions Board be as follows:
 - a) *The Pensions Board comprises six members:*
 - *three employer representatives*
 - *three scheme member representatives*
 - *Provision will also be made to enable the Board to co-opt an independent advisor in addition to the substantive nine members, should this be required or considered beneficial to the Board.*
 - b) *Of the three employer representatives, two shall be Common Councilmen (who shall not be Members of the Investment Committee or Establishment Committee).*
- iii) agrees that the City of London Corporation does not seek to participate in a joint pension board.
- iv) notes that it is also necessary to establish a Pensions Board for the City of London Police Pension Scheme and that a further report on its composition will be considered once Police Pension Regulations are issued.

Main Report

Background

1. In addition to changes to the scheme benefits introduced in the 2014 Local Government Pension Scheme (LGPS), the public services pension reform includes a number of amendments to the administration, financial management and governance of public service pension schemes.
2. The Act requires that Pension Boards be in place by 1st April 2015. While the Board must be in place from this date, membership and operation of the Board may follow.
3. The Act requires that the Board be comprised of Employer Representatives and Scheme Members in equal numbers. Elected Members may be members of the Board in either capacity, as long as they fulfil the requirements of that category. There is no provision for Elected Members to be members of the Board in any other capacity.

Powers of the Board

4. The Pension Board is intended to be an advisory/scrutiny board and will not have decision making powers. In line with the requirements of the Public Services Pensions Act 2013 for the management of the City of London Corporation's Pension Scheme, the Board will be responsible for assisting the Scheme Manager (the City of London Corporation) in the following matters:
 - a) Securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that it is connected to;
 - b) Securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator; and

c) Other such matters as the scheme regulations may specify.

5. The Board will be a non-Ward Committee and will report to Court of Common Council on any issues of non-compliance or other issues for requiring escalation.

Constitution

6. Scheme members are those individuals that are currently participating in the pension scheme. Scheme members may serve as Board members directly or be represented indirectly, through Trade Unions for example. It is appropriate that there are three Scheme Member representatives on the Board.
7. These representatives will be appointed by the Court of Common Council for a four year term following an election, in which all Scheme Members will have the right to request a vote and, if they are appropriately qualified, stand for election.
8. Given that there are few, if any, Elected Members who are currently participating in the pension scheme, any Elected Members would need to be appointed to the Board as Employer Representatives.
9. Employer Representatives are those of the employing organisations within the pension scheme. In addition to the Elected Members, it is anticipated that employees at Assistant Director level and above would meet the skills and experience requirements to be the third Employer Representative. Any officers directly responsible for the pensions scheme (such as the Chamberlain and Director of Human Resources) would not be eligible to serve on the Board. It is appropriate that there are three employer representatives on the Board, two of whom shall be Elected Members. In order to maintain the independence of the Pensions Board, those Members appointed should not serve on the Financial Investment Board, Investment Committee or Establishment Committee. This is a requirement of regulations and eliminates the potential for conflicts of interest to arise, enabling the Board to fulfil its scrutiny role of pension related matters determined by said Committees.
10. These representatives will be appointed by the Court of Common Council for four year terms, following nomination by the Policy and Resources Committee (the Town Clerk being authorised to approve such nominations following consultation with the Chairman and Deputy Chairman of the Policy and Resources Committee).
11. The quorum of the Board will consist of three Members, including one employer representative and one scheme member representative.
12. All Members of the Board will be eligible to stand as Chairman and Deputy Chairman and to vote on the election to these positions. To allow reports on the work of the Committee to be made to this Court, either the Chairman or Deputy Chairman must be a Member of the Court of Common Council.

Other considerations

13. While there is a requirement that the Pensions Board is established by 1 April 2015, there is not a need for the Board to be operational from that date. Given the requirements for scheme member representatives to be elected, it is anticipated that the Court will be requested to appoint a membership to the Board in September 2015.

14. There remains some debate as to whether pension funds may operate joint pension boards with other funds. It would be challenging for a joint board to fulfil adequately the scrutiny role of the board if its remit covered more than one fund, as each fund will operate investments and discretionary powers in a manner that suits their fund, notwithstanding any issues that may arise in relation to “external” scrutiny of City of London Corporation investment decisions. Additionally, there may be operational challenges such as the scheduling and location of meetings. Therefore it is proposed that the City of London Corporation does not seek to participate in a joint pension board.
15. Establishing a local Pensions Board does not result in any issues that would impact individuals with Protected Characteristics as defined by the Equality Act 2010. It should be noted, however, that further consideration shall be given to the requirements of the Equality Act 2010 in the appointment of members to the Board, Scheme Member representatives in particular.

Police Pension Scheme Board

16. The Police Pension Scheme reform will incorporate all aspects of the Public Services Pensions Act within a single set of regulations. Unlike the position with the LGPS, there has been no detailed guidance from the Home Office to enable preparation, nor have the regulations been issued in draft.
17. It is known that the core requirements of the Board will be consistent with those of the LGPS Pensions Board, in that its role will be to scrutinise the adequacy of arrangements in place to meet the requirements of scheme regulations and the extent to which local policy and guidance is fit for purpose. Similarly, it must comprise Employer and Scheme Member representatives.
18. The Court of Common Council is the Pension Authority for the City of London Police and so it is the responsibility of the Court to establish a local Pensions Board. This will be the subject of a further report, considering the composition and constitution of the Board, following the issue of Police Pensions Regulations.

Conclusion

19. The establishment of a Pensions Board by 1 April 2015 is a legislative requirement for the City of London Corporation under the Public Services Pension Act 2013. Therefore, it is requested that the Court approves the creation of the Pension Board.
20. There is also a requirement that the Police Pension Scheme establishes a Pensions Board; at the time of writing, there is neither guidance nor regulations in place to address this requirement. It is not possible to consider in detail the composition of this Board until the Police Pension Regulations are issued.

All of which we submit to the judgement of this Honourable Court.

DATED this 19th day of February, 2015.

SIGNED on behalf of the Committee.

Mark John Boleat
Chairman, Policy and Resources Committee



Report – Policy and Resources Committee

London Councils Grants Scheme 2015/16 Levy -Report of Urgent Action Taken

To be presented on Thursday 5th March 2015

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council.*

SUMMARY

1. The City of London Corporation is responsible for issuing the annual levies for subscriptions to all the constituent councils of the London Councils Grants Scheme (LCGS). The Court of Common Council can only consider the levies if at least two-thirds of the constituent councils (i.e. 22 out of 33 of the London local authorities) have approved the total expenditure to be incurred under the Grants Scheme.
2. Having received confirmation from London Councils that the budget had been agreed by over two thirds of the Constituent Councils, the approval of the Court was sought under the urgency procedures to issue the levies before the statutory deadline of 15 February 2015.
3. We therefore report that on 2 February 2015, approval was given in accordance with Standing Order No. 19 to issue the levies as set out in the appendix of this report.

Main Report

1. The budget for the London Councils Grants Scheme and the City of London Corporation's contribution to the Scheme is considered on an annual basis by your Policy and Resources Committee. At its meeting on 22 January 2015 the Committee considered and approved the total amount of expenditure to be incurred in 2015/16 (i.e. £10.5m. £9m of which would come from the constituent councils of the Scheme) as well as the City Corporation's subscription to it (i.e. £8,126).

2. The City Corporation is also responsible for issuing levies for subscriptions to all the constituent councils of the Scheme. This element of the Grants Scheme can only be approved by the Court of Common Council. The London Councils' Grants Scheme operates under section 48 of the Local Government Act 1985 which requires at least two-thirds of the constituent councils (i.e. 22 out of 33 of the London local authorities) to have approved the total expenditure to be incurred. Constituent councils have until 1 February to do this and a decision to issue the levies cannot be taken until such time as this has happened. The Court is therefore required to make its decision as levying body between 1 and 15 February each year as, in accordance with regulations, levies have to be issued before 15 February 2015.
3. On 26 January 2015 London Councils confirmed that over two-thirds of constituent councils had agreed the expenditure to be incurred for 2015/16. As the Court of Common Council was not due to meet within this period its approval to issue the levies before the statutory deadline of 15 February 2015 was sought under the urgency procedures.
4. Approval was subsequently given to the levy £9m applying to constituent councils for 2015/16 as set out in the appendix to this report.

All of which we submit to the judgment of this Honorable Court.

DATED this 2nd day of February, 2014.

SIGNED on behalf of the Committee.

Mark John Boleat
Chairman, Policy and Resources Committee

Borough Subscriptions 2015/16

ONS Mid-2012 Estimate of Population ('000)	%	2014/15 Base Borough Contribution (£)		ONS Mid-2013 Estimate of Population ('000)	%	2015/16 Base Borough Contribution (£)	Base Difference from 2014/15 (£)
Inner London							
224.96	2.71%	243,687	Camden	229.70	2.73%	245,610	1,923
7.60	0.09%	8,233	City of London	7.60	0.09%	8,126	-106
260.07	3.13%	281,720	Greenwich	264.00	3.14%	282,286	566
252.12	3.03%	273,108	Hackney	257.40	3.06%	275,229	2,121
179.85	2.16%	194,822	Hammersmith and Fulham	178.70	2.12%	191,078	-3,744
211.05	2.54%	228,619	Islington	215.70	2.56%	230,640	2,022
155.93	1.88%	168,910	Kensington and Chelsea	155.60	1.85%	166,378	-2,533
310.20	3.73%	336,023	Lambeth	314.20	3.73%	335,963	-60
281.56	3.39%	304,998	Lewisham	286.20	3.40%	306,024	1,025
293.53	3.53%	317,965	Southwark	298.50	3.55%	319,175	1,211
263.00	3.17%	284,893	Tower Hamlets	272.90	3.24%	291,802	6,909
308.31	3.71%	333,975	Wandsworth	310.80	3.69%	332,327	-1,648
223.86	2.69%	242,495	Westminster	226.80	2.69%	242,509	14
2,972.04	35.77%	3,219,447		3,018.10	35.86%	3,227,147	7,700
Outer London							
190.56	2.29%	206,423	Barking and Dagenham	194.40	2.31%	207,865	1,442
363.96	4.38%	394,258	Barnet	369.10	4.39%	394,666	408
234.27	2.82%	253,772	Bexley	236.70	2.81%	253,095	-677
314.66	3.79%	340,854	Brent	317.30	3.77%	339,278	-1,576
314.04	3.78%	340,182	Bromley	317.90	3.78%	339,919	-263
368.89	4.44%	399,598	Croydon	372.80	4.43%	398,622	-976
340.67	4.10%	369,029	Ealing	342.50	4.07%	366,223	-2,806
317.28	3.82%	343,692	Enfield	320.50	3.81%	342,699	-993
258.91	3.12%	280,463	Haringey	263.40	3.13%	281,644	1,181
242.38	2.92%	262,557	Harrow	243.40	2.89%	260,259	-2,298
239.73	2.89%	259,686	Havering	242.10	2.88%	258,869	-817
281.76	3.39%	305,215	Hillingdon	286.80	3.41%	306,665	1,450
259.05	3.12%	280,615	Hounslow	262.40	3.12%	280,575	-40
163.91	1.97%	177,555	Kingston upon Thames	166.80	1.98%	178,353	799
202.22	2.43%	219,054	Merton	203.20	2.41%	217,275	-1,779
314.08	3.78%	340,226	Newham	318.20	3.78%	340,240	14
284.62	3.43%	308,313	Redbridge	288.30	3.43%	308,269	-44
189.14	2.28%	204,885	Richmond upon Thames	191.40	2.27%	204,657	-228
193.63	2.33%	209,749	Sutton	195.90	2.33%	209,469	-280
262.57	3.16%	284,428	Waltham Forest	265.80	3.16%	284,211	-217
5,336.33	64.23%	5,780,553		5,398.90	64.14%	5,772,853	-7,700
8,308.37	100.00%	9,000,000	Totals	8,417.00	100.00%	9,000,000	0

9,000,000

9,000,000

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Report – Port Health & Environmental Services Animal Reception Centre – Heathrow Airport: Annual Review of Charges

To be presented on Thursday, 5th March 2015

*To the Right Honourable The Lord Mayor, Aldermen and Commons of
the City of London in Common Council assembled.*

SUMMARY AND REPORT

1. This report seeks approval of the increase to be applied to the Schedule in respect of services provided at the Heathrow Animal Reception Centre (HARC), for the forthcoming financial year 2015/16. The Schedule is attached at Appendix A to this report.
2. Subject to these Byelaws being made, the Comptroller and City Solicitor would be instructed to seal them accordingly.

RECOMMENDATION

3. We **recommend** that the Byelaws contained at Appendix A to this report be made and the Comptroller and City Solicitor be instructed to seal the Byelaws accordingly.

All of which we submit to the judgement of this Honourable Court.

DATED this 20th day of January 2015

SIGNED on behalf of the Committee.

Wendy Mead, OBE
Chairman, Port Health and Environmental Services Committee

ADDITIONAL BYELAWS RELATING TO THE HEATHROW ANIMAL RECEPTION CENTRE

BYELAWS made by the Mayor and Commonalty and Citizens of the City of London acting by the Mayor, Alderman and Commons of the said City in Common Council assembled in pursuance of Sections 42 and 43 of the Markets and Fairs Clauses Act 1847 as applied by Section 54 of the Animal Health Act 1981 with respect to the Heathrow Animal Reception Centre, London.

In these Byelaws unless the context otherwise requires “the Principal Byelaws” means the byelaws made by the Mayor and Commonalty and Citizens of the City of London acting by the Mayor, Alderman and Commons of the said City in Common Council assembled on 1 July 1976 and confirmed by the Minister of Agriculture, Fisheries and Food on 12 November 1976.

From the date of coming into operation of the Byelaws the Additional Byelaws made by the Mayor and Commonalty and Citizens of the City of London acting by the Mayor, Aldermen and Commons of the said City in Common Council assembled on 6 March 2014 (and sealed on 31 March 2014) shall be repealed and the following Schedule shall be substituted for the Schedule to the Principal Byelaws.

SCHEDULE

PART I

(2014 charges quoted in bracket where changes are proposed)

Minimum charge for any one consignment £165 (£160)

ANIMALS CHARGE PER CONSIGNMENT

1. Mammals	£165 (£160) for up to 24 hours	£52 (£51) per day or part thereof after 24 hours
2. Reptiles	£165 (£160) for up to 24 hours	£190 (£185) per day or part thereof after 24 hours

Transit commercial reptile consignments should be booked through to have a maximum stay at Heathrow of 24 hours. Any transit commercial reptile consignments that stay more than 24 hours and require transferring from their containers will incur the additional special handling charge detailed below.

Additional special handling for any consignment	£190 (£185) minimum per consignment	£58 (£56) per day or part thereof after 24 hours
---	-------------------------------------	--

3. Birds £58 (£56) per box per day £165 (£160) minimum charge

Transit commercial bird consignments should be booked through to have a maximum stay at Heathrow of 36 hours. Any transit commercial bird consignments that stay more than 36 hours will be charged at £37 (£35) per box per day, or part thereof.

Pet birds £40 per bird for up to 24 hours.

Bird Quarantine £330 - £1135 (£360-£1135) plus laboratory testing fees.
Fees are dependent on size of consignment and housing requirements.

Faecal Sampling and Bird Autopsy costs as per current DEFRA rates. Larger consignments to be negotiated see Part 2, Section 6

4. Fish/Aquatic £1.75 (£1.70) per box £30 (£30) minimum charge
**Invertebrates/Semen/
Fish and Bird Eggs**

5. Cats and Dogs under the Pet Travel Scheme

PETS originating in the E.U. (including those countries listed in Annex 2 of part 1 to Commission Implementing Regulation (EU) 577/2013) will be charged a fee of £40 (£39) per animal in addition to the collection charge of £75 (£70) (see Part 2 section 5).

PETS originating outside the E.U. will be charged normal rates as in 1 above for the first animal, i.e. £165 (£160) and, where the consignment consists of more than one animal, a fee of £40 (£39) per animal thereafter.

PETS checked at aircraft (Assistance Dogs) £200 (£200) plus 1 hour collection charge £150 (£140) = £350 (£340) and, where the consignment consists of more than one animal, a checking fee of £40 (£39) per animal thereafter.

A surcharge of £600 will be added to the above for any transit consignment that has landed without an “OK to forward” from the on-going airline.

6. Security

A charge of £18 (£16) will be made in respect of any consignment which requires security screening prior to leaving the ARC.

7. Not on Board

Requests for collection of animals from aircraft which are subsequently not found on board will be charged at normal collection charge (see Part 2, Section 5).

PART 2

1. Destruction including disposal of livestock or goods - £36 (£36) per kilogram.
2. Cleansing and disinfecting aircraft, animal holding facilities, vehicles, loose boxes etc. - £310 (£300) per hour (including disposal of special waste).
3. Identification of species for DEFRA/HM Revenue and Customs/Border Agency - £150 (£140) per hour. Assisting on off airport operations - £75 (£70) per hour/£500 (£450) per day
4. Re-crating or repair to crates - quotations on request
5. Collection and delivery of animals and birds to and from the Animal Reception Centre by an Animal Reception Centre member of staff - £150 (£140) per hour or £75 (£70) per consignment if no extra waiting time.
6. Long term rates for government agencies and non-government agencies i.e. RSPCA, to be negotiated.
7. Modification of containers to I.A.T.A standards:-
 - Space Bars/Battens - £45 (£45) per box
 - Air Holes - £18 (£18) per box
 - Water Pots - £18 (£18) per box

(If these services are carried out on the airport an additional fee of £75 (£70) applies for 'delivery' of the service).
8. Use of Large Animal Facility (per consignment) £320 (£320)

Dated day of 2015

THE COMMON SEAL OF THE MAYOR
AND COMMONALTY AND CITIZENS
OF THE CITY OF LONDON was
hereunto affixed in the
presence of:

Hillingdon London Borough Agency

To carry out all animal welfare inspections at export accommodation within Heathrow Airport - £10,600 per annum.

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Report – Board of Governors of the Guildhall School of Music and Drama

Amendments to the School's governance arrangements

To be presented on Thursday, 5th March 2015

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

SUMMARY

1. In order for the Guildhall School of Music & Drama to exercise the grant of taught degree awarding powers by the Privy Council, the Board of Governors recommends that the School's Academic Board be recognised as the authority on academic matters with the power to confer degrees, diploma, certificates and other academic distinctions.

RECOMMENDATION

2. We **recommend** that the amendments to the Instrument and Articles of Government for the Guildhall School of Music & Drama, recognising the academic authority of the Academic Board and its power to confer academic distinctions, be recommended to the Privy Council for approval.

Main Report

Background

1. In April 2014, the Guildhall School of Music and Drama was granted Taught Degree Awarding Powers (TDAP) by the Privy Council, following consideration by the Quality Assurance Agency of the TDAP scrutiny report which made reference to the School's current governance arrangements, and the School's written assurances in respect of specific queries arising from the report, one of which referenced the Board of Governors.

Current position

2. The Board of Governors identified two issues which are essential to allow the School to award its own degrees. First the need to establish the locus of responsibility for the exercise of taught degree awarding powers within an academic committee of the School, and second to clarify the relationship of that committee to the Guildhall School Board of Governors. The School already has a Teaching & Learning Board responsible for all academic matters but the current Instrument and Articles are silent on its relationship to the Board of Governors.
3. It has been determined that the Teaching & Learning Board should be renamed the Academic Board, and it is recommended that it is recognised within the Instrument and Articles that taught degree awarding powers reside with the Academic Board. The establishment of the locus of responsibility for the exercise of these powers, in a manner cognisant of sector practice, is vital if the School is to exercise its taught degree awarding powers and retain them longer term.

Proposals

4. That the amendments to the Instrument and Articles of Government for the Guildhall School, recognise the academic authority of the Academic Board and its power to confer academic distinctions, be recommended to the Privy Council for approval.

Conclusion

5. Having considered the options available it is proposed that approval is given with immediate effect recognising the Academic Board's authority on academic matters and power to confer academic distinctions in order to embed degree awarding powers within the School's governance structure

All of which we submit to the judgement of this Honourable Court.

DATED this 17th day of November 2014.

SIGNED on behalf of the Committee.

Alderman David Graves

Chairman of the Board of Governors of the Guildhall School of Music and Drama



Report – Establishment Committee

Draft Pay Policy Statement 2015/16

To be presented on Thursday, 5th March 2015

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

SUMMARY

1. The Localism Act 2011 requires the City of London Corporation to prepare and publish a Pay Policy Statement each year setting out its approach to pay for the most senior and junior members of staff. This must be agreed by the full Court of Common Council.
2. The Court approved the Corporation's first pay policy statement in January 2012 and the current version was approved this time last year. This was published by 31st March 2014. A draft Pay Policy Statement for 2015/16, which is appended to this report, has been approved by both the Establishment and the Policy and Resources Committees and, with your agreement, will be published by 31st March 2015.

RECOMMENDATION

3. We **recommend** that you consider and agree the draft Pay Policy Statement for 2015/16 set out in the Appendix to this report to ensure that the City Corporation meets its requirements under the Localism Act 2011.

Main Report

Background

1. Under Section 38(i) of the Localism Act 2011 (the Act), all local authorities are required to produce and publish a statement setting out their pay policies. The aim of the Act is that authorities should be open, transparent and accountable to local taxpayers. Pay statements should set out the authority's approach to issues relating to the pay of its workforce, particularly senior staff (or chief officers on the Senior Management Grade) and its lowest paid employees.

2. The Department for Communities and Local Government has published guidance and the City Corporation must have regard to this guidance in formulating a pay policy statement. In addition, the Secretary of State has published a Code of Recommended Practice for Local Authorities on Data Transparency which is also of relevance in complying with the Act.
3. The pay policy statement must be agreed and published by 31st March each year. The statement must be also agreed, each year, by the full Court of Common Council in open session. Should any changes to the pay statement arise during the course of the year, a revised statement must come before the full Court.

Current Position

4. There are no significant changes in the statement this year, but it has been updated to reflect the 2014 pay award and other updated pay information such as the revised statutory maximum 'week's pay' for redundancy purposes. One change that Members may wish to note is that from April 2014 anyone who retires from the Local Government Pension Scheme and then returns to work will not have their pension abated if they earn more than their previous salary including pension. This rule does however still apply if you were appointed prior to April 2014 and have the pension already abated.

Conclusion

5. The draft Pay Policy statement for 2015/16 is set out in the appendix to this report and we recommend its approval.

Appendix: Draft Pay Policy Statement for 2015/16.

All of which we submit to the judgement of this Honourable Court.

DATED this 19th day of February 2015.

SIGNED on behalf of the Committee.

John Alfred Barker OBE, Deputy
Chairman, Establishment Committee

CITY OF LONDON CORPORATION

PAY POLICY STATEMENT 2015/16

Introduction

1. Section 38(i) the Localism Act 2011 (the Act) required local authorities since the financial year 2012/13 to produce a pay policy statement for each financial year. This applies to the City of London Corporation in its capacity as a local authority and this document meets the requirements of the Act for the City of London Corporation for the financial year 2015/16.
2. We are required to set out our approach to a range of issues, particularly those relating to remuneration for senior staff (Chief Officers on the Senior Management Grade) and our lowest paid staff. These provisions do not apply to staff of local authority schools or teaching staff in the three City Schools.
3. The provisions of the Act require that authorities are more open about their local policies and how local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks authorities to follow three principles when publishing data they hold: responding to public demand; releasing data in open formats available for re-use; and, releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.
4. All decisions on pay and reward for senior staff must comply with this statement. The statement must be reviewed annually and agreed by the Court of Common Council.
5. This statement relates to our local, police and port health authority functions. The Act does not require authorities to publish specific numerical data on pay and reward in their pay policy document. However, information in this statement should fit with any data on pay and reward which is published separately. The City Corporation operates consistent pay policies which are applied across all of our functions. Further details of the grade structures and associated pay scales can be found on our website at:

<http://www.cityoflondon.gov.uk/about-the-city/who-we-are/Pages/senior-officer-and-general-salary-scales.aspx>

This information is reviewed, updated and published on a regular basis in accordance with the guidance on data transparency and by the Accounts and Audit (England) Regulations 2011. It should be noted that all Police Officer pay scales are nationally determined and as such do not form part of the City of London's Pay Policy.

6. The Act's provisions do not supersede the City Corporation's autonomy to make decisions on pay which are appropriate to local circumstances and deliver value for money for local taxpayers. We seek to be a fair employer and an employer of

choice - recognising and rewarding the contributions of staff in an appropriate way. We set pay fairly within published scales and, in doing so, have regard to changing conditions in differing occupational and geographic labour markets.

Background

7. All pay and terms and conditions of service are locally negotiated with our recognised trade unions or staff representatives. In 2006/07 extensive work was undertaken on a review of our pay and grading structures. As a result, the principles set out in the guidance to the Act have already generally been addressed although the Act set out some additional requirements which are covered by this statement.
8. In 2007 we implemented a number of core principles, via collective agreement, to form the City Corporation's pay strategy. This moved the pay and reward strategy from one based entirely on time-served increments to one which focusses on a balance between incremental progression, individual performance and contribution to the success of the organisation. A fundamental element of the strategy is that achievement of contribution payments is more onerous and exacting the more senior the member of staff.
9. There has been a pay award of 1.25% on basic salaries agreed for all staff commensurate with the Government's pay policy. This was agreed by delegated authority from the Court of Common Council in December 2014 and was effective from 1 July 2014. A 3% increase was added to the London Weighting allowance rates for all staff. London Weighting allowance rates do not differ between Grades of staff, and so the higher percentage increases given to that payment weighted the pay award to lower-graded staff.
10. As at January 2015, no directly employed member of staff was paid below the London Living Wage (Apprentices being paid in proportion to this). The City of London also agreed to pay all casual and agency workers the London Living Wage from 1 April 2014 and this will be reviewed in line with any future changes.

Staff below Senior Management

11. All staff employed by the City Corporation below Senior Management Grade have been allocated to one of 10 Grades, Grades A – J (other than in a very small number of exceptional cases such as apprentices). All such posts were reviewed under Job Evaluation, ranked in order and allocated to a grade following the Pay & Grading Review in 2007. The evaluation scheme was independently equalities impact assessed to ensure it was inherently fair and unbiased. The scheme, how it is applied, the scoring mechanism and how scores relate to Grades are published on our intranet so staff can be assured that the process is fair and transparent. In addition, there is an appeal mechanism agreed with the recognised trade unions and staff representatives.
12. The lowest Graded and paid staff are in Grade A as determined by the outcomes of the job evaluation process. The current lowest point on Grade A is £18,330 including a London Weighting allowance for working in Inner London. The

current pay range for Grades A - J is £18,330 to £91,050 inclusive of Inner London Weighting of £5,390 for non-residential employees.

- Grades A - C are the lowest grades in the City Corporation. They have up to 6 increments which can be achieved subject to satisfactory performance. There is no contribution pay assessment. However, staff have the opportunity to be considered for a Recognition Award of up to a maximum level set corporately each year (this has been £500 in each year since 2010) for exceptional work.
- Grades D - J have 4 'core' increments and 2 'contribution' increments. Progression through the 4 'core' increments is subject to satisfactory performance. Progression into and through the 2 'contribution' increments requires performance to be at a higher than satisfactory level. Once at the top of the scale, for those who achieve the highest standards of performance and contribution, it is possible to earn a one-off non-consolidated contribution payment of up to 3% or up to 6% of basic pay depending on the assessed level of contribution over the previous year.
- The Senior Management Grade comprises the most senior roles in the organisation. As these are distinct roles, posts are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the Grade. Any increase in salary (whether through incremental progression or a cost-of-living award) is entirely dependent on each individual being subject to a rigorous process of assessment and evaluation, and is based on their contribution to the success of the organisation.

13. The City Corporation operates a forced distribution curve to ensure a fair and consistent distribution of contribution payments for staff in Grades D - J. This ensures that in any one year, no more than approximately 75% of eligible staff are able to progress to the 2 higher contribution increments. Approximately 50% of eligible staff may receive a one-off contribution payment in any given year. For the appraisal year ending March 2014, 66% of eligible staff were allowed to move into the two higher contribution increments and 55% of eligible staff received a one-off non-consolidated contribution payment.

Senior Management

14. The term Senior Management incorporates the following posts:

- Town Clerk & Chief Executive
- Chamberlain
- Comptroller & City Solicitor
- Remembrancer
- City Surveyor
- Director of the Built Environment
- Managing Director of the Barbican Centre
- Principal of the Guildhall School of Music & Drama
- Director of Community & Children's Services

- Deputy Town Clerk
- Director of the Economic Development Office
- Private Secretary & Chief of Staff to the Lord Mayor
- Director of HR
- Director of Culture, Heritage & Libraries
- Director of Markets & Consumer Protection
- Director of Open Spaces

15. The Head Teachers of the City of London School, City of London School for Girls and City of London Freeman's School are not part of the senior management group for the purposes of pay (their pay is governed by a separate teaching pay scale). The post of City Remembrancer is aligned to Senior Civil Service pay scales.
16. It should be noted that not all of the costs of the above posts are funded from the public resources. The City of London is not an ordinary local authority, in that it has private and charitable functions which receive funding through income from endowment and trust funds.
17. Following the principles outlined above, the pay ranges for the Senior Management Grade were set with reference to both job evaluation and an independent external market assessment. The principles of this were agreed by the Court of Common Council in 2007 and, subsequently, the specific unique range for each senior management post was agreed by the Establishment Committee in October 2007. Current Senior Management salary scales are published on our website at:
- <http://www.cityoflondon.gov.uk/about-the-city/who-we-are/Pages/senior-officer-and-general-salary-scales.aspx>
18. Each Senior Management post is allocated a range around a datum point. There is a maximum and minimum (datum plus 9% and datum minus 6% respectively) above and below which no individual salary can fall. Where a pay increase for a member of staff would take them above the maximum in a given year, the excess amount above the maximum may be paid as a non-consolidated payment in that year. This does not form part of basic salary for the following year and will, therefore, have to be earned again by superior performance for it to be paid.
19. Each year the datum point advances by a percentage equivalent to any 'cost of living' pay award. Individual salaries would move according to the table below:

Contribution Level	Salary Change
A Outstanding	Datum % change + up to 6%
B Very Good	Datum % change + up to 4%
C Good	Datum % change
D Improvement Required	0.0 %

20. The average payment based on contribution alone has been 2.8% for the appraisal year ending in March 2014. The payments have been largely non-consolidated i.e. they have to be re-earned each year based on superior performance.
21. All pay increases for any staff in the Senior Management Grade are agreed by a Senior Remuneration panel comprising the Chairmen of Policy & Resources, Finance and Establishment Committees supported by either the Town Clerk and Chief Executive or the Director of HR. The Town Clerk & Chief Executive deals with all salary discussions for senior staff other than in relation to himself. The Director of HR deals with any pay discussions in relation to the Town Clerk & Chief Executive.
22. The Act specifies that in addition to senior salaries, authorities must also make clear what approach they take to the award of other elements of senior remuneration including bonuses, performance related pay as well as severance payments. This should include any policy to award additional fees for Chief Officers for their local election duties.
23. The scheme for pay increases and contribution pay for the Senior Management Grade is set out above. Staff on the Senior Management Grade do not have an element of their basic pay "at risk" to be earned back each year. Progression is, however, subject to successful performance assessed through the application of the performance appraisal scheme. No staff on the Senior Management Grade receives any other additional payments or fees for City of London Corporation electoral duties.
24. Set out below are the broad pay ranges for the Senior Management Grade, with the numbers in each band, excluding London Weighting. Each member of staff will have an individual salary scale within these broad ranges.

£77,600 - £113,970	(6)
£104,300 - £140,150	(7)
£148,710 - £177,540	(2)
£199,810 - £231,660	(1)

25. The Act requires authorities to set their policies on remuneration for their highest paid staff alongside their policies towards their lowest paid staff and to explain what they think the relationship should be between the remuneration of staff on the Senior Management Grade and other staff. The City Corporation's pay multiple - the ratio between the highest paid and lowest paid staff - is approximately 1:12. The ratio between the taxable earnings for the highest paid member of staff and the median earnings figure for all staff in the authority is 1:7.

Other Payments

26. In addition to basic salary, all Graded staff are paid a London Weighting allowance which varies depending on where they are based and whether they are supplied by the employer with residential accommodation. This is to assist staff with the higher cost of living and working in London. Current levels of

London Weighting for non-residential staff are £5,390 for those based in inner London and £3,240 in outer London.

27. Being based in the City of London, there are some types of posts which are difficult to recruit to e.g. lawyers, IT staff etc. Accordingly, there is often the need to use market supplements to attract, recruit and retain highly sought after skills. Any request for a market supplement must be supported by independent market data and is considered by a panel of senior officers and the Establishment Committee where appropriate.
28. For officers at Grade I or above, any market supplement requires a formal Member committee decision based on a full business case. All market supplement payments are kept under regular review and reported to Members. No member of staff on the Senior Management Grade receives a market supplement.

Transparency

29. The Act requires the pay policy statement to make reference to policies in relation to staff leaving the authority, senior staff moving posts within the public sector and senior staff recruitment.

Recruitment

30. New staff, including those on the Senior Management Grade, are normally appointed to the bottom of the particular pay scale applicable for the post. If the existing salary falls within the pay scale for the post, the appointment is normally to the lowest point on the scale which is higher than their existing salary provided this gives them a pay increase commensurate with the additional higher level duties. In cases where the existing salary is higher than all points on the pay scale for the new role, the member of staff is normally appointed to the top of the pay scale for the role.

For posts where the salary is £100,000 or more, the following approvals will be required:

- i) in respect of all new posts - the Court of Common Council;
- ii) in respect of all existing posts - the Establishment Committee.

Payments on Ceasing Office

31. Staff who leave the City Corporation, including the Town Clerk & Chief Executive and staff on the Senior Management Grade are not entitled to receive any payments from the authority, except in the case of redundancy or retirement as indicated below.

Retirement

32. Staff who contribute to the Local Government Pension Scheme who retire from age 55 onwards may elect to receive immediate payment of their pension benefits on a reduced basis in accordance with the Scheme. Unreduced benefits are payable if retirement is from Normal Pension Age, with normal pension age linked to the State Pension Age from 1 April 2014, unless protections allow for an earlier date. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme following

redundancy or business efficiency after age 55 onwards and on grounds of permanent ill-health at any age.

33. Whilst the Local Government Pension Scheme allows applications for flexible retirement from staff aged 55 or over, it has been the City Corporation's policy to agree to these only where there are clear financial or operational advantages to the organisation. Any approval is conditional upon the member of staff agreeing to reduce their hours/grade. Benefits are payable in accordance with Regulation 27 of the Local Government Pension Scheme Regulations 2013.

Redundancy

34. Staff who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on a week's pay (currently a maximum of £464 per week). The City Corporation currently bases the calculation on actual salary. This scheme may be amended from time to time subject to Member decision. The authority's policy on discretionary compensation for relevant staff under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 is published on our website.

Settlement of potential claims

35. Where a member of staff leaves the City Corporation's service in circumstances which would, or would be likely to, give rise to an action seeking redress through the courts from the organisation about the nature of the member of staff's departure from our employment, such claims may be settled by way of a settlement agreement where it is in the City Corporation's interests to do so based on advice from the Comptroller & City Solicitor. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Should such a matter involve the departure of a member of staff on the Senior Management Grade or the Town Clerk & Chief Executive it will only be made following consultation with the Chairman of Policy & Resources and Establishment Committees and legal advice that it would be legal, proper and reasonable to pay it.

Payment in lieu of notice

36. In exceptional circumstances, where it suits service needs, payments in lieu of notice are made to staff on the termination of their contracts.

Re-employment

37. Applications for employment from staff who have retired from the City Corporation or another authority or who have been made redundant will be considered in accordance with our normal recruitment policy.

Publication of information relating to remuneration

38. The City Corporation will seek to publish details of all positions remunerated at £50,000 or above. This publication includes all staff on the Senior Management Grade and complies with the requirements of paragraph 55 of the Code of Recommended Practice for Local Authorities on Data Transparency issued by the Secretary of State for Communities and Local Government.

39. This Pay Policy Statement will be published on our public website. It may be amended at any time during 2015/16 by the resolution of the Court of Common Council. Any amendments will also be published on our public website.
40. This statement meets the requirements of the: Localism Act 2011; the Department for Communities and Local Government (DCLG) guidance on "Openness and accountability in local pay: Guidance under section 40 of the Localism Act"; "The Code of Recommended Practice for Local Authorities on Data Transparency"; and the Accounts and Audit (England) Regulations 2011.

January 2015



Report – Hampstead Heath, Highgate Wood & Queen’s Park Committee

Report of Urgent Action Taken: Hampstead Heath Ponds Project – Gateway 5 Authority to Start Work

To be presented on Thursday, 5th March 2015

To the Right Honourable The Lord Mayor, Aldermen and Commons of the City of London in Common Council assembled.

SUMMARY OF ACTION TAKEN

1. In January 2015, the Hampstead Heath, Highgate Wood and Queen’s Park Committee, the Projects Sub Committee, the Resource Allocation Sub Committee and the Policy and Resources Committee approved the Hampstead Heath Ponds Project at Gateway 5: Authority to Start Work. The project was ready to start on site in February 2015 and works will commence in April 2015.
2. The Hampstead Heath, Highgate Wood & Queen’s Park Committee, Projects Sub Committee, Resource Allocation Sub Committee, and Policy and Resources Committee agreed that:-
 - i. subject to the additional budget allocation and planning permission being secured and planning consent being issued, Members grant Authority to Start Work for the Ponds Project in accordance with the City’s project procedure
 - ii. authority be delegated to the Director of the Built Environment to make representations to Camden Council as to the form of the planning conditions, and to settle the terms of the section 106 agreement; and the Comptroller & City Solicitor be authorised to sign the section 106 agreement
 - iii. authority be delegated to the Director of the Built Environment to submit all necessary applications and details to Camden Council to discharge planning conditions
 - iv. authority be delegated to the Director of the Built Environment in consultation with the Chamberlain to agree the release of the specific risk provisions identified within the risk register and the provisional sum identified

- v. The Director of the Built Environment and the Comptroller & City Solicitor be authorised to sign the commencement agreement with BAM Nuttall, Atkins and Capita
 - vi. authority be delegated to the Superintendent of Hampstead Heath to appoint and manage specialist contractors to provide additional support in managing protestors if required
 - vii. authority be delegated to the Director of the Built Environment in consultation with the Chamberlain to authorise the transfer of the budget for some reinstatement activities to Hampstead Heath to enable some of the smaller scale reinstatement works such as planting and seeding to be undertaken in-house if this felt to be appropriate and cost effective as the project progresses
3. The report sought approval of the Court of Common Council to note that the total outturn including various risk items and provisional subs was now £21,198,475 and so will exceed the £18.5 million currently allocated (i.e. £15.2 million + 20% plus the £300,000 allocated for judicial review costs but not including inflation from 2010 prices), and to approve the allocation of funds to meet the shortfall of £2.66 million from the 2014/15 and 2015/16 City's Cash provision for new schemes.
4. Urgent approval was sought in order for the commencement agreement to be signed to allow works to start on site in February 2015. Any delay to the start of the project may have resulted in further considerable cost increases.
5. Approval under Urgency was given by the Rt. Hon Lord Mayor, the Chief Commoner, the Deputy Chairman of the Policy and Resources Committee and the Deputy Chairman of the Finance Committee.

RECOMMENDATION.

6. We **recommend** that the urgent action taken be noted.

All of which we submit to the judgement of this Honourable Court.

DATED this 20th day of January 2015.

SIGNED on behalf of the Board.

Jeremy Simons

Chairman, Hampstead Heath, Highgate Wood & Queen's Park Committee



Report – Culture, Heritage and Libraries Committee

Appointment of Chairman to the Benefices Sub Committee

To be presented on Thursday, 5th March 2015

*To the Right Honourable The Lord Mayor, Aldermen and Commons of the
City of London in Common Council assembled.*

SUMMARY AND REPORT

1. The current Chairman of the Benefices Sub Committee, Deputy William Harry Dove, O.B.E., J.P., has served the Sub Committee well for a number of years and is willing to stand as Chairman again in 2015/16. However, he had also been elected as Chief Commoner (2015-16) and Standing Order 18 (6) precludes the Chief Commoner from chairing, amongst others, the Benefices Sub Committee.
3. The Benefices Sub Committee met 3 times in 2014/15 and the Chairman is elected from amongst its membership. Its Terms of Reference are '*to consider matters relating to the City's obligations for its various Benefices*' and this largely relates to the City of London Corporation's right as Patron to present (appoint) Clergy to a Benefice (Church in the Church of England).
4. Members of this Honourable Court are asked to note the Patronage (Benefices) Measure 1986 and The Patronage (Benefices) Rules 1987* which seek to confine the exercise of Church of England Patronage; i.e. the right to present Clergy, to those who are 'actual' Communicant Members of the Church of England or of a church in communion with it.

* '*when appointing Members to this Sub Committee, whether the registered patron of a benefice is a body corporate or incorporate (as is the case with the City) then, on receiving notice of a vacancy in the Benefice under the Measure, that body is required to appoint an individual who is able and willing to make a 'declaration of membership', i.e. declaring that he or she is an actual communicant member of the Church of England etc., or is a clerk in Holy Orders, and who it is intended shall act as the representative of the patron in order to discharge the registered patron's functions*'.

5. Therefore, on receiving notice of a vacancy in a benefice, it is advantageous if the City's representative (i.e. the Chairman of the Benefices Sub Committee) is able to discharge, on behalf of the Sub Committee/City Corporation, its functions as Patron and be able and willing to make the necessary declaration of Membership, as set out above. Deputy Billy Dove (Chief Commoner elect) is willing and able to make this declaration and would like to be considered for re-election as Chairman of the Benefices Sub Committee for 2015/16.

RECOMMENDATION

6. We **recommend** that Standing Order 18 (6) (c) be waived in this instance so that Deputy William Harry Dove, O.B.E., J.P., the Chief Commoner Elect, could be considered for re-election as Chairman of the Benefices Sub Committee in 2015/16.

All of which we submit to the judgement of this Honourable Court.

DATED this 26th day of January 2015.

SIGNED on behalf of the Committee.

Vivienne Littlechild, J.P.
Chairman, Culture, Heritage and Libraries Committee



Report – Education Board

Appointment of Company Member to City of London Academies (Southwark)

To be presented on Thursday, 5th March 2015

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

SUMMARY

1. The City of London Corporation appoints individuals as Members of the City of London Academies (Southwark), the legal entity overseeing the City of London Academy Southwark and Redriff Primary School. The Reverend Dr Martin Dudley CC, appointed by the City Corporation to the City of London Academies (Southwark), has expressed a wish to resign in line with his resignation as a director of City of London Academy Southwark in 2013.
2. Andrew McMurtrie CC, an existing director, has indicated he is willing to be appointed by the City Corporation to the resulting vacancy, and the Board of Governors supports this appointment. It is therefore recommended that Mr McMurtrie be appointed to replace Dr Dudley as a Member of the City of London Academies (Southwark).

RECOMMENDATION

3. We **recommend** that the Court of Common Council approve the removal of Dr Dudley as a Member of City of London Academies (Southwark), the legal entity overseeing City of London Academy Southwark and Redriff Primary School, and appoint Andrew McMurtrie CC to fill the resulting vacancy.

Main Report

Background

4. The City of London Academies (Southwark) is a company limited by guarantee under the Companies Act 2006. The City Corporation is the sole Sponsor and has certain rights to appoint and remove directors to the two academies as well as Members of the

legal entity overseeing the City of London Academy Southwark and Redriff Primary School – the City of London Academies (Southwark).

5. The Reverend Dr Dudley formally resigned as a director of City of London Academy Southwark in 2013 but remained a Member of the City of London Academies (Southwark).

Current position

6. Consistent with usual City Corporation practice regarding appointments to the Academy companies where the City Corporation has rights to appoint both directors and Members of the academy's overall legal entity who are often the same individuals, Dr Dudley now wishes to resign as a Member of the City of London Academies (Southwark) consistent with his resignation as a director in 2013.
7. Andrew McMurtrie is an existing director of the City of London Academies (Southwark), appointed by the City Corporation. He has indicated he is willing to serve as a Member of the City of London Academies (Southwark). The Board of Governors supports Mr McMurtrie's appointment to replace Dr Dudley.
8. There are currently three Members of the City of London Academies (Southwark) including the Reverend Dr Dudley. Two are appointed by the City Corporation (Dr Dudley and Alderman Sir David Wootton) and the third is appointed ex-officio by virtue of being Chairman of the Board of Governors (Deputy William Fraser). Under the City of London Academies (Southwark) governing documents a Member may resign provided that after such resignation the number of Members is not less than three. The Academy's governing documents also provide that the City Corporation, as Sponsor, may remove a Member appointed by them and appoint a replacement Member to fill a vacancy whether resulting from such removal or otherwise.
9. In noting Dr Dudley's wish to resign and recognising that his resignation would cause the number of Members to fall below three, it is recommended that the Court of Common Council give notice to the City of London Academies (Southwark) of its decision, as Sponsor, to remove Dr Dudley as Member and to appoint Mr McMurtrie to fill the resulting vacancy. The company administration regarding the appointment is dealt with directly by the City of London Academies (Southwark).

Conclusion

10. This report outlines the procedure and recommendations for the appointment of Mr McMurtrie to replace Dr Dudley as a Member of the City of London Academies (Southwark).

All of which we submit to the judgement of this Honourable Court.

DATED this 16th day of February 2015.

SIGNED on behalf of the Committee.

Deputy Catherine McGuinness
Chairman, Education Board

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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