



Finance Committee

Date: TUESDAY, 10 APRIL 2018

Time: 1.45 pm

Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

Members:

Jeremy Mayhew (Chairman)	Gregory Lawrence
Deputy Jamie Ingham Clark (Deputy Chairman)	Tim Levene
Randall Anderson	Oliver Lodge
Alderman Nick Anstee	Paul Martinelli
Nicholas Bensted-Smith	Deputy Robert Merrett
Chris Boden	Hugh Morris
Mark Bostock	Deputy Henry Pollard
Deputy Roger Chadwick	William Pimlott
Dominic Christian	Alderman Matthew Richardson
Karina Dostalova	Alderman William Russell
Simon Duckworth	James de Sausmarez
Alderman Peter Estlin	Ian Seaton
Sophie Anne Fernandes	Sir Michael Snyder
Alderman & Sheriff Timothy Hailes	Deputy James Thomson
Caroline Haines	Deputy Philip Woodhouse
Christopher Hayward	Sir Mark Boleat (Ex-Officio Member)
Deputy Tom Hoffman	Deputy Catherine McGuinness (Ex-Officio Member)
Michael Hudson	Andrew McMurtrie (Ex-Officio Member)
Deputy Wendy Hyde	Deputy Alastair Moss (Ex-Officio Member)
Deputy Clare James	Member

Enquiries: John Cater
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Lunch will be served for Members in Guildhall Club at 1pm
NB: Part of this meeting could be the subject of audio video recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes of the meeting held on 20 February 2018.
For Decision
(Pages 1 - 12)
4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**
Report of the Town Clerk.
For Information
(Pages 13 - 14)
5. **REPORT OF THE WORK OF THE SUB-COMMITTEES**
Report of the Town Clerk.
For Information
(Pages 15 - 16)
6. **DRAFT PUBLIC MINUTES OF SUB-COMMITTEES**
To note the draft minutes of the following Sub-Committee meetings:
For Information
 - a) Draft public minutes of the Corporate Asset Sub-Committee held on 19 March 2018 (Pages 17 - 20)
7. **RISK MANAGEMENT - TOP RISKS**
Report of the Chamberlain.
For Information
(Pages 21 - 24)
8. **CENTRAL CONTINGENCIES**
Report of the Chamberlain.
For Information
(Pages 25 - 26)
9. **FINAL DEPARTMENTAL BUSINESS PLAN 2018/19 - CHAMBERLAIN'S DEPARTMENT**
Report of the Chamberlain.
For Decision
(Pages 27 - 28)

10. **ERADICATION OF PROCUREMENT CODE BREACH WAIVERS (RETROSPECTIVE WAIVERS)**
Report of the Chamberlain.
For Information
(Pages 29 - 32)
11. **FINANCIAL SERVICES DIVISION - QUARTERLY UPDATE**
Report of the Chamberlain.
For Information
(Pages 33 - 36)
12. **MAJOR WORKS STRATEGIC SOLUTION (AWARD)**
Report of the Chamberlain.
For Decision
(Pages 37 - 42)
13. **UPDATE ON THE FAIR FUNDING REVIEW**
Report of the Chamberlain.
For Information
(Pages 43 - 44)
14. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Report of the Town Clerk.
For Information
(Pages 45 - 46)
15. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
17. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.
For Decision

Part 2 - Non-Public Agenda

18. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes of the meeting held on 20 February 2018.
For Decision
(Pages 47 - 52)

19. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**
Report of the Town Clerk.
For Information
(Pages 53 - 54)
20. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**
Report of the Town Clerk.
For Information
(Pages 55 - 56)
21. **DRAFT NON-PUBLIC MINUTES OF SUB-COMMITTEES**
To note the draft non-public minutes of the following Sub-Committee meetings:
For Information
- a) Draft non-public minutes of the Corporate Asset Sub-Committee held on 19 March 2018 (Pages 57 - 62)
22. **REPORT ON WAIVERS OVER £50,000: DECEMBER 2017 - MARCH 2018**
Report of the Chamberlain.
For Information
(Pages 63 - 68)
23. **STAGE 1: REPORT FOR CITY OF LONDON FREEMEN'S SCHOOL CATERING, CLEANING AND HOUSEKEEPING SERVICES.**
Report of the Chamberlain.
For Decision
(Pages 69 - 72)
24. **PAY AWARD AT THE MUSEUM OF LONDON**
Report of the Director of the Museum of London.
For Decision
(Pages 73 - 74)
25. **NON-DOMESTIC RATES - DISCRETIONARY RATE RELIEF**
Report of the Chamberlain.
For Decision
(Pages 75 - 80)
26. **POLICE NATIONAL ENABLING PROGRAMME ACCOUNTABLE BODY**
Report of the Commissioner of the City of London Police.
For Information
(Pages 81 - 86)
27. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Report of the Town Clerk.
For Information
(Pages 87 - 92)

28. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

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

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FINANCE COMMITTEE

Tuesday, 20 February 2018

Draft Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on
Tuesday, 20 February 2018 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)	Deputy Tom Hoffman
Deputy Jamie Ingham Clark (Deputy Chairman)	Michael Hudson
Randall Anderson	Deputy Wendy Hyde
Alderman Nick Anstee	Paul Martinelli
Nicholas Bensted-Smith	Deputy Robert Merrett
Deputy Roger Chadwick	Hugh Morris
Dominic Christian	Deputy Henry Pollard
Simon Duckworth	Alderman William Russell
Sophie Anne Fernandes	Ian Seaton
Alderman & Sheriff Timothy Hailes	Sir Mark Boleat (Ex-Officio Member)
Christopher Hayward	Deputy Catherine McGuinness (Ex-Officio Member)

Officers:

John Cater	-	Committee Secretary
Peter Lisley	-	Assistant Town Clerk
Peter Kane	-	Chamberlain
Caroline Al-Beyerty	-	Chamberlain's Department
Christopher Bell	-	Chamberlain's Department
Philip Gregory	-	Chamberlain's Department
Phil Black	-	Chamberlain's Department
Michael Cogher	-	Comptroller and City Solicitor
Paul Wilkinson	-	City Surveyor
Paul Double	-	City Remembrancer
Martin Rodman	-	Superintendent, West Ham Park and City Gardens
Sean Green	-	Chamberlain's Department
Ian Dyson	-	Commissioner of the City of London Police
David Drane	-	City of London Police

1. APOLOGIES

Apologies for absence were received from Mark Bostock, Karina Dostalova, Caroline Haines, Gregory Lawrence, Tim Levene, Oliver Lodge, James de Sausmarez, Sir Michael Snyder, Deputy James Thomson and Philip Woodhouse.

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

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes of the meeting held on 23rd January be approved as an accurate record.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

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

RESOLVED – that Members noted the report.

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

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

RESOLVED – that Members noted the report.

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

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

- Joint Meeting of the Resource Allocation and Efficiency & Performance Sub-Committees on 18th January;
- Efficiency and Performance Sub-Committee held on 30th January 2018

a) **Draft public minutes of the Efficiency and Performance Sub-Committee held on 30 January 2018**

RESOLVED – That the public minutes of the Efficiency & Performance Sub-Committee meeting held on 30 January 2018 be noted.

b) **Minutes of the Joint Resource Allocation and Efficiency & Performance Sub-Committees Meeting**

RESOLVED – That the public minutes of the Joint Resource Allocation and Efficiency & Performance Sub-Committee meeting held on 18 January 2018 be noted.

7. **WRITE OFF REPORT OF IRRECOVERABLE NNDR AND COUNCIL TAX**

Members received a Report of the Chamberlain concerning irrecoverable non-domestic rates and council tax.

RESOLVED – that Members approved the following:

- the write-off of irrecoverable non-domestic rates in the sum of £1,359,478 noting that £389,593 will be met by the City Corporation and £11,483 from the premium
- the write-off of irrecoverable council tax in the sum of £4,087.

8. **CORPORATE SERVICES: INCENTIVISING EFFICIENT DEMAND MANAGEMENT**

Members received a Report of the Chamberlain concerning internal services charging within the Corporation.

The Chairman asked the Comptroller whether the legal department at the Corporation were, in principle, supportive, of an internal trading account being created for legal services. The Comptroller responded that he was supportive, although there were a few areas where it would be difficult to scope the full value of legal services (e.g. child protection). Overall, the initiative was welcome, as it created a situation “where officers would have a greater appreciation and understanding of the financial cost of utilising the Corporation’s legal services”.

Members were supportive, emphasising that starting with internal charging for legal services, of all departments, made the most sense. The Deputy Chairman suggested that officers should report back to the Committee with a progress report in twelve months.

A Member queried what policy the Corporation had for using external lawyers. In response, the Comptroller confirmed that this was decided on a case-by-case basis; when the legal services department lacked particular experience and/or capacity, external lawyers were engaged. It was also worth pointing out that independent counsel was sought throughout the year for a variety of issues.

RESOLVED – that Members approved the following:

- the creation of an internal trading account for the provision of all legal services by the Comptroller and City Solicitor.
- Delegated authority to the Chamberlain to amend budgets to facilitate the legal services internal trading account.
- the principle that work above business as usual which requires additional corporate support service resource should be charged to the department/programme and to receive a further report on the detailed implementation.

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

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

The Deputy Chairman (who also serves as the Chairman of the Information Technology Sub-Committee) confirmed that a deep dive on the CR16 Risk (Information Security) would be coming back to the IT Sub Committee.

RESOLVED – that Members noted the report.

10. CENTRAL CONTINGENCIES

Members received a report of the Chamberlain which provided Members with information regarding the current balance of the Finance Committee Contingency Funds for the current year.

RESOLVED – that Members noted the report.

11. CHAMBERLAIN'S BUSINESS PLAN - QUARTER THREE UPDATE

Members received a Report of the Chamberlain concerning the department's business plan.

RESOLVED – that Members noted the Report.

12. REVENUE BUDGET MONITORING TO DECEMBER 2017

Members received a Report of the Chamberlain concerning revenue and budgeting monitoring.

RESOLVED – that Members noted the Report.

13. CITY FUND 2018/19 BUDGET REPORT AND MEDIUM TERM FINANCIAL STRATEGY

Members received items 13 and 14 together. These concerned Reports of the Chamberlain regarding the 2018/19 Budget & the Medium Term Financial Strategy, and the Revenue and Capital Budgets for 2017/18 and 2018/19.

The Deputy Chamberlain delivered a brief overview of both items; she emphasised several points, including:

- The City's Council Tax rate was expected to remain the third lowest of all local authorities in Greater London.
- Business rates remained a political hot topic; the City was making efforts to support small and medium sized businesses in the Square Mile, but increases were being introduced by central government and the GLA.
- Capital Expenditure would bear down on City Fund from 2019/20 onwards.
- City Fund was currently in a good position, but the Police Budget remained a concern – reserves were being drawn down to plug the deficit; this was not sustainable.

A Member suggested that the issue of Rates for small businesses was very serious; she had received several messages from her constituents concerning

such increases. It was incumbent on the City to speak out for and support SME's in the Square Mile.

In response to a query from a Member about progress on the Police's finances, the Chairman emphasised that, while resources were finite and effective financial management was critical, the Police were being given the time to implement the Deloitte Review's findings – they were sensible options that could deliver significant efficiencies.

The Commissioner stressed that the Police were working hard to deliver and that they were committed to efficiency; he emphasised that “the Deloitte Review was not about cuts, it was about transformation”. The Commissioner confirmed that he would be speaking to the Efficiency & Performance Sub (Finance) Committee on 21st March to discuss more about the Police's plans for efficiencies and value-for-money.

A Member expressed his concern that the Police's previous £12m surplus, built up over several years, had been drawn down recently to plug the deficit in the Police budget. This was labelled as ringfencing but, in practical terms, was there now a case for abandoning the Reserve altogether?

A Member suggested that in light of the changing nature of policing, the Police's medium-term strategy (and consequent funding arrangements) needed to be carefully thought out.

RESOLVED – that Members approved the following:

- the overall financial framework and the revised Medium Term Financial Strategy (paragraph 2)
- the Treasury Management Strategy Statement and Investment Strategy Statement for 2018/19 and that it should come into effect once it has been agreed by the Court of common Council i.e. on 8th March.
- the City Fund Net Budget Requirement of £148.6m (paragraph 14).
- the following **changes** from the previous forecast (paragraphs 3 and 11).

Allowances for pay and prices are factored in at 2% for 2018/19 and thereafter - paragraph 11c.

A 2% efficiency savings for City Fund from 2018/19 is included in line with the published Efficiency Plan, which will fund a new “Priorities Investment Pot”. Members were asked to note the approval process for funding from the Priorities Investment Pot as outlined at - paragraph 11d.

the current substantial City Fund support for City Police including a further £13m to underpin the shortfall on Police capital schemes - paragraph 13d.

A provision of £265k in 2018/19, rising to £400k in 2019/20 onwards for Adult Social Care - paragraph 4a.

An additional £1m to £1.5m ring-fenced provision for waste and cleaning from 2019/20 onwards - paragraph 4d.

- the following **investment opportunities** being included, subject to further reports:

Substantial provision for major projects including £90m for the Combined Courts relocation and £187m for the Museum of London projects - paragraph 4c, across the planning period (noting further costs of £137m are forecast beyond the planning period for the Museum of London).

Due to the uneven profile of spend on the major projects, Members were also asked to approve the establishment of a new "Major Projects Earmarked Reserve".

Additional allocation of £4m to address more of the backlog of refurbishment costs - paragraph 4b, and:

Provision for spending on the Cultural Hub of £4.4m within the planning period - paragraph 4h.

- Note that the forecast **includes items already agreed** by Policy and Resources Committee:

An additional £571k p.a. for the restructuring of the Brussels office. A review of the effectiveness of the office and resourcing needs to be undertaken as the UK approaches Brexit.

Note that the revenue estimates from 2018/19 assumes the City will be in a "growth" position under the business rates retention scheme, with an income of typically £40m p.a. (including the benefit of the London business rates pool - paragraph 12b).

Note the Local Council Tax Reduction Scheme set by the Court of Common Council on 11 January 2018 and as set out at paragraph 33.

Key Decisions

The Key decisions to make are setting of the levels of Non-Domestic Rates and Council Tax.

Business Rates

- Set, inclusive of an unchanged business rate premium (0.5p in the £), a Non-Domestic Rate multiplier of 49.8p for 2018/19, together with a Small Business Non-Domestic Rate multiplier of 48.5p - paragraph 17.

- Note that the Greater London Authority was, in addition, levying a Business Rate Supplement in 2018/19 of 2p in the £ on properties with a rateable value greater than £70,000 - paragraph 24.
- As in previous years, delegate to the Chamberlain the award of the discretionary rate reliefs under Section 47 of the Local Government Finance Act 1988, as set out in paragraphs 21 and 22.

Council Tax

- Recommendation was for the City's Council Tax (excluding the Greater London Authority precept) to remain unchanged, (Page 49).
- Based on a zero increase from 2017/18, 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 A).
- Determine that the relevant (net of local precepts and levies) basic amount of Council tax for 2018/19 will not be excessive in relation to the requirements for referendum.
- Approve that the cost of highways, transportation planning, waste collection and disposal, drains and sewers, open spaces, and street lighting functions for 2018/19 be treated as special expenses to be borne by the City's residents outside the Temples (appendix A).

Other Recommendations

- All other recommendations were largely of a technical and statutory nature; the only one to highlight for particular attention was that it was proposed that the City of London Corporation remains free of external borrowing for 2018/19.

Capital Expenditure

- Note the proposed financing methodology of the capital programme in 2018/19 (paragraph 35).
- Approve the Prudential Code indicators (Appendix B).
- Approve the following resolutions for the purpose of the Local Government Act 2003 (paragraph 36 and Appendix E) that:

At this stage the affordable external borrowing limit (which is the maximum amount which the Corporation may have outstanding by way of external borrowing) be zero.

The prudent amount of Minimum Revenue Provision (MRP) for 2018/19 was £975k, which equals the amount of deferred income released from

the premiums received for the sale of long leases in accordance with the MRP Policy at Appendix E.

Any potential external borrowing requirement and associated implications would be subject to a further report to Finance Committee and the Court of Common Council.

Treasury Management Strategy Statement and Investment Strategy Statement
2018/19

- Members were asked to agree the change to allow investment in short-dated bonds in the Treasury Management Strategy Statement and Investment Strategy Statement 2018/19 with immediate effect (paragraph 40).

Chamberlain's Assessment

- Take account of the Chamberlain's assessment of the robustness of estimates and the adequacy of reserves (paragraph 42-45 and Appendix D).

14. REVENUE AND CAPITAL BUDGETS 2017/18 AND 2018/19

Members received a Report of the Chamberlain concerning the Revenue and Capital Budgets for 2017/18 and 2019/19.

This Item was taken with Item 13 so for the discussion points, please see above.

RESOLVED – that Members approved the following:

- Note the latest revenue budgets for 2017/18.
- the 2018/19 revenue budgets, subject to any amendments on the City Fund that may be agreed in relation to the report on “City Fund – 2018/19 Budget Report and Medium Term Financial Strategy”.
- the Capital budgets.
- Delegate authority to the Chamberlain to determine financing of the capital budgets.
- To endorse this report for onward approval to the Court of Common Council.

15. REPORT OF ACTION TAKEN

Members received a Report of the Town Clerk concerning the delegated authorities and urgency actions taken since the last meeting of the Committee – the report detailed a request for delegated authority to approve a bid from the Bridge House Estates (BHE) Strategic Review Fund.

The Chairman requested that the Chamberlain review the financial thresholds for these types of requests. Members were supportive of officers looking at raising the threshold. Officers would examine the proposal and report back in due course.

RESOLVED – that Members noted the Report.

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

There were no questions.

17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

The following item of urgent business were raised:

The Chairman informed Members that the Finance Committee on 13 March had been cancelled. The next meeting was scheduled for 10 April.

18. **EXCLUSION OF THE PUBLIC**

RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

19. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

The non-public minutes of the meeting held on 23rd January were approved as an accurate record.

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

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

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

Members noted a report of the Town Clerk which advised them of the key discussions which had taken place during the non-public session at recent meetings of the Committee's Sub-Committees.

22. **DRAFT NON-PUBLIC MINUTES OF SUB-COMMITTEES**

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

- Efficiency and Performance Sub-Committee held on 30 January;
- Joint Meeting of the Resource Allocation and Efficiency and Performance Sub-Committee held on 18 January

- a) **Draft non-public minutes of the Efficiency and Performance Sub-Committee held on 30 January 2018**

The non-public minutes of the Efficiency & Performance Sub-Committee meeting held on 30 January 2018 were noted.

b) **Draft Non-Public Minutes of the Joint Resource Allocation and Efficiency & Performance Sub-Committees Meeting**

The non-public minutes of the Finance Grants Sub-Committee meeting held on 18 January were noted.

23. **HOUSING RESPONSIVE REPAIRS, MAINTENANCE AND VOIDS SERVICE - PROCUREMENT STAGE 1**
Members considered a joint Report of The Chamberlain and the Department for Community and Children's Services.
24. **LORD MAYOR'S SHOW - HOSTILE VEHICLE MITIGATION**
Members considered a Report of The Town Clerk.
25. **FINSBURY CIRCUS GARDEN: COMPENSATION PROGRESS**
Members considered a Report of the Director of Open Spaces.
26. **ACTION AND KNOW FRAUD CENTRE -CONTRACT SERVICE BUDGET**
Members received a Report of the Commissioner of the City of London Police.
27. **NON-DOMESTIC RATES - REVIEW OF DISCRETIONARY RATE RELIEF**
Members received a Report of the Chamberlain.
28. **CITY FUND ANNUAL STRATEGY REPORT**
Members received a Report of the City Surveyor.
29. **CITY'S ESTATE: HAMILTON HOUSE, VICTORIA EMBANKMENT EC4 - DISPOSAL OF NEW 150 YEAR LEASE**
Members considered a Report of the City Surveyor.
30. **TOWN CLERK TO BE HEARD CONCERNING THE REPLACEMENT OF SERVERY COUNTER TO THIRD FLOOR GUILDHALL CLUB SERVERY KITCHEN**
Members considered a verbal report of The Town Clerk and The City Surveyor.
31. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no non-public questions relating to the work of the Committee.
32. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
Members considered two items of urgent business relating to 2 Kennington Road and Old Bailey fire safety measures.

The meeting ended at 3.10 pm

Chairman

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Finance Committee – Outstanding Actions

ITEM 4

Item	Date	Item and Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
1	20 February 2018	<p><u>Report of Action Taken (Item 15)</u> Approved a £40,000 bid from the Bridge House Estates (BHE) Strategic Review Fund.</p> <p>The Chairman requested that the Chamberlain review the financial thresholds for these types of requests. Members were supportive of officers looking at raising the threshold. Officers would examine the proposal and report back in due course.</p>	The Chamberlain	April	Verbal Update at April FC meeting

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Committee: Finance Committee	Date: 10 April 2018
Subject: Public Report of the work of the Sub-Committees	Public
Report of: Town Clerk	For Information
Report author: John Cater, Town Clerk's Department	

Summary

On 19 July 2016, the Finance Committee agreed that, in addition to draft minutes of Sub-Committee meetings, short reports be provided to advise the Committee of the main issues considered by the Sub-Committees at recent meetings. This report sets out some of the main public issues considered by the following Sub Committees since 20 February 2018:

Corporate Asset Sub Committee Meeting – 19 March 2018

4. OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS

The Sub-Committee received a report of the Town Clerk which provided information of outstanding actions from previous meetings.

Energy Performance – 2017/18 Q2 Report

In response to a query at the last Sub-Committee meeting, the City Surveyor circulated a supporting document explaining why there had been a wide variance on energy usage in the period 2011 – 2013.

Members were concerned about the robustness of the new Carbon Descent Plan targets and requested that officers return to the May meeting of the Sub-Committee, with a bottom-up analysis of the estimated costs associated with achieving these.

Efficiency & Performance Sub Committee Meeting – 21 March 2018

Verbal update

Information Technology Sub Committee Meeting – 26 March 2018

Verbal update

Recommendations

The Committee is asked to note the report.

John Cater

Senior Committee Services Officer, Town Clerk's Department

john.cater@cityoflondon.gov.uk

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CORPORATE ASSET SUB (FINANCE) COMMITTEE **Monday, 19 March 2018**

Draft Minutes of the meeting of the Corporate Asset Sub (Finance) Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Monday, 19 March 2018 at 11.00 am

Present

Members:

Nicholas Bensted-Smith (Chairman)
Randall Anderson
Mark Bostock
Henry Colthurst
Michael Hudson
Deputy Edward Lord
Deputy Jamie Ingham Clark
Jeremy Mayhew
Deputy Philip Woodhouse

Officers:

John Cater	-	Committee Secretary
Paul Wilkinson	-	City Surveyor
David Smith	-	Director of Markets and Consumer Protection
Peter Young	-	City Surveyor's Department
Dianne Merrifield	-	Chamberlain's Department
Andrew Little	-	Chamberlain's Department
Geoff Parnell	-	Chamberlain's Department
Ola Obadara	-	City Surveyor's Department
Dorian Price	-	City Surveyor's Department
Nia Morgan	-	City Surveyor's Department
Andrew Crafter	-	City Surveyor's Department
Jonathon Poyner	-	Barbican Centre

1. APOLOGIES

Apologies were received from Dominic Christian, John Chapman, Karina Dostalova, Alderman Alison Gowman and Deputy John Tomlinson.

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

No declarations of interest were made.

3. MINUTES

RESOLVED – That the public minutes of the previous meeting held on 13th February are approved as an accurate record.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

The Sub-Committee received a report of the Town Clerk which provided information of outstanding actions from previous meetings.

Energy Performance – 2017/18 Q2 Report

In response to a query at the last Sub-Committee meeting, the City Surveyor circulated a supporting document explaining why there had been a wide variance on energy usage in the period 2011 – 2013.

Members were concerned about the robustness of the new Carbon Descent Plan targets and requested that officers return to the May meeting of the Sub-Committee, with a bottom-up analysis of the estimated costs associated with achieving these.

A Member expressed his disquiet at the state of energy provision at the Central Criminal Court and encouraged officers to press on with completion of the upgrade.

Members were also keen to see how the quarterly measurement will consider “the changes in portfolio footprint” going forward. Officers responded that they will return with a Report for the Sub-Committee in May.

Heritage at Risk Register – Crescent House

Members welcomed the note circulated at the meeting concerning Crescent House, they encouraged officers to maintain a watching brief for now.

RESOLVED – That the Sub-Committee notes the report.

5. **WORK PROGRAMME FOR FUTURE MEETINGS**

The Sub-Committee considered a joint report of the Town Clerk and City Surveyor which provided information of the Work Programme for future meetings.

RESOLVED – That the Sub-Committee notes the report.

6. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

There were no questions.

7. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There were no urgent items.

8. **EXCLUSION OF THE PUBLIC**

RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

9. **NON-PUBLIC MINUTES**
The non-public minutes of the previous meeting held on 13 February were approved as an accurate record.
10. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**
The Sub-Committee noted a report of the Town Clerk which provided information of outstanding actions from previous meetings.
11. **FACILITIES MANAGEMENT SERVICE BASED REVIEW UPDATE**
The Sub-Committee received a Joint Report of The Chamberlain, The Town Clerk and The City Surveyor.
12. **CSD BUSINESS PLAN 2018-23**
The Sub-Committee received a Report of The City Surveyor.
13. **STRATEGIC REVIEW OF THE CITY'S WHOLESALE MARKETS**
The Sub-Committee received a Report of the Director of Markets and Consumer Protection.
14. **BARBICAN CENTRE CAPITAL CAP UPDATE**
The Sub-Committee considered a Report of the Director of Operations and Buildings at the Barbican Centre.
15. **GUILDHALL SUB-METERING CAPITAL REPORT**
The Sub-Committee considered a Report of the City Surveyor.
16. **SECURITY ENHANCEMENTS/SECURITY CROSS CUTTING - GUILDHALL, BARBICAN CENTRE, CENTRAL CRIMINAL COURT & MANSION HOUSE**
The Sub-Committee considered a Report of the City Surveyor.
17. **65 & 65A BASINGHALL STREET - GUILDHALL CAMPUS - NORTHERN QUARTER MASTERPLANNING**
The Sub-Committee considered a Report of the City Surveyor.
18. **BERNARD MORGAN HOUSE - RIGHTS TO LIGHT**
Members received a Report of the City Surveyor.
19. **OPERATIONAL PROPERTY REVIEW PROGRAMME UPDATE**
Members received a Joint Report of the Chamberlain and the City Surveyor.
20. **NEW HOUSING AND PLANNING ACT UPDATE**
The Sub-Committee received a Report of the City Surveyor.
21. **THIRD PARTY LEASES - SECURITY OF TENURE**
Members received a Report of the City Surveyor.

22. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE

There were no questions.

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

There were no items of urgent business.

The meeting ended at 12.15 pm

Chairman

**Contact Officer: John Cater
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Committee(s)	Dated:
Finance Committee – For Information	10/04/2018
Subject: Chamberlain’s Department Risk Management – Quarterly Report	Public
Report of: Chamberlain	For Information
Report author: Hayley Hajduczek, Chamberlain’s Department	

Summary

This report has been produced to provide Finance Committee with an update on the management of risks faced by the Chamberlain’s department.

Risk is reviewed regularly by the departmental Senior Leadership Team as part of the ongoing management of the operations of the Chamberlain’s department.

The Chamberlain’s department currently has three corporate risks and three departmental risks on its risk register. The most significant risks are:

- **CR16 – Information Security (Current Status: RED)**
- **CR19 – IT Service Provision (Current Status: AMBER)**
- **CR23 Police Funding (Revised Current Status: RED)**

The Senior Leadership Team continues to monitor closely the progress being made to mitigate these risks. Delivery of the IT Transformation Programme continues, completion of each phase of the programme contributes to ensuring sustainable performance improvements across the organisation.

Recommendation(s)

Members are asked to note the report and the actions taken in the Chamberlain's department to monitor and manage risks arising from our operations, which have resulted in the movement in the IT Service Provision risk from Red to Amber.

Main Report

Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Finance Committee has determined that it will receive the Chamberlain’s risk register on a quarterly basis with update reports on RED rated risks at the intervening Committee meetings.
2. Chamberlain’s risk management is reviewed in detail on a quarterly basis at Departmental Senior Leadership Team (SLT) meeting. SLT receives the risk register for review, together with a briefing note highlighting any changes since the previous review. Consideration is also given as to whether there are any emerging

risks for inclusion in the risk register within Divisional updates on key issues from each of the Directors, ensuring that adequate consideration is given to operational risk.

3. Between each SLT quarterly reviews, risk and control owners are consulted regarding the risks for which they are responsible, with updates captured accordingly. Significant changes to existing risks are escalated to SLT when identified.

Identification of new /emerging risks

4. New and emerging risks are identified directly by the Senior Leadership Team on an on-going basis, with particular attention given as part of the quarterly review process.

Summary of Risks

5. The Chamberlain's department currently has three corporate risks and three departmental risks on its risk register, attached as Appendix 1 to this report, assessed as 1 RED risk, 5 AMBER risks. These are:

CR16 – Information Security (Current Risk: Red – no change)

The IT team continues to develop training for Officers and Members. This will be delivered over the course of this year. Dates for training will be agreed between the Members Services team in Town Clerk's Department and the IT Security Director. As a result of this and the security patches that are being rolled out periodically, this risk is now predicted to turn Amber by April and Green by the end of July 2018.

CR19 – IT Service Provision (Current Risk: Amber – no change)

Remediation works of IT communications rooms are now completed and the Wide Area Network (WAN) replacement work is now at the halfway stage. The installation of the Local Area Network (LAN) is has also now started.

The work on the City of London Police's aging infrastructure is on track to be completed by the end of May. It is expected by the end of June 2018 this risk will be further mitigated to a Green rating.

CR23 – Police Funding (Current Risk: Amber – no change)

This risk is currently being revised as it was no longer an accurate description of the current position. A draft of this is attached.

CHB IT 022 Transformation Benefits Realisation (Current Risk: Amber – escalating risk)

This risk has been escalated to departmental level as the principles and new ways of working including the internal Target Operating Model, 3rd party Service Operating Model and new Policies, as defined by the Transformation Programme, are not yet embedded into BAU processes within the internal and outsourced operating models.

As a result, the City of London will not realise the benefits, including savings from contracts and storage and a more effective service to the business, until this is fully acted upon. Now that new technology has been deployed to 2600 users, effort will be focused on developing and implementing a benefits realisation plan, further information will be provided as part of the next update.

CHB FS001 – Value for Money (Current Risk: Amber – no change)

The Chief Officer Peer Review process continues and is expected to complete by 31 March 2018 with outputs included in the business plans for departments, which are expected to show better alignment between activity and outcomes. This link provides a robust methodology for monitoring VFM, as this is embedded it is anticipated that this risk will reduce, oversight of this is a top-level objective within the Chamberlain's departmental business plan for 2018/19.

CHB FS004 – Management Information Provision (Current Risk: Amber – no change)

Progress has been made with the phased roll-out of General Ledger (Revenue) forecasting now complete. Financial management information requirements have also been collected to ensure the scope of the project includes all the information managers need to make good quality decisions. These continue to be assessed and will be prioritised and resourced before being fed into delivery workplans. Research on current best practice and the art of the possible is currently on hold during the final accounts process. Financial information will be augmented by departmental specific metrics where desired.

Conclusion

6. Members are asked to note the actions taken to manage these departmental and corporate risks in relation to the operations of the Chamberlain's Department.

Appendices

- Appendix 1 Chamberlain's Department Detailed Risk Register

Background Papers

Monthly Reports to Finance Committee: Finance Committee Risk

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Agenda Item 8

Committee: Finance Committee	Dated: 10 April 2018
Subject: Central Contingencies	Public
Report of: Chamberlain	For Information
Report author: Philip Gregory	

Main Report

1. Service Committee budgets are prepared within the resources allocated by the Policy and Resources Committee and, with the exception of the Policy and Resources Committee, such budgets do not include any significant contingencies. The budgets directly overseen by the Finance Committee therefore include central contingencies to meet unforeseen and/or exceptional items that may be identified across the City Corporation's range of activities. Requests for allocations from the contingencies should demonstrate why the costs cannot, or should not, be met from existing provisions.
2. In addition to the central contingencies, the Committee has a specific City's Cash contingency of £100,000 to support humanitarian disaster relief efforts both nationally and internationally.
3. It is proposed that £109,000 from the City's Cash Contingency Fund and £60,000 from the City Fund Contingency Fund are carried forward to 2018/19 to meet existing allocations and thereby providing a full year's contingency for funding requirements that may arise during 2018/19.
4. The uncommitted balances that are currently available are set out in the table below. At the time of preparing this report there are no requests for funding elsewhere on the agenda.

2018/19 Contingencies – Uncommitted Balances at 28 March 2018				
	City's Cash £'000	City Fund £'000	Bridge House Estates £'000	Total £'000
General Contingencies	950	800	50	1,800
National and International Disasters	100	0	0	100
Uncommitted Balances	1,050	800	50	1,900
Requests for contingency allocations	0	0	0	0
Balances pending approval	1,050	800	50	1,900

Recommendation

5. Members are asked to agree to carry forward sufficient resources from the City's Cash Contingency Fund and City Fund Contingency Fund to meet existing allocations and thereby providing a full year's contingency for funding requirements that may arise during 2018/19.

Appendices

- Appendix 1 - Year end position of 2017/18 contingencies
- Appendix 2 - Allocations from 2018/19 contingencies

Philip Gregory

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Committee:	Date:
Finance Committee	10/04/2018
Subject: Final Departmental Business Plan 2018/19 – Chamberlain’s Department	Public
Report of: Chamberlain	For Approval
Report author: Matt Lock	

Summary

This report presents the final high-level business plan for the Chamberlain’s Department for 2018/19.

Recommendation

Members are asked to approve the Chamberlain’s Department’s high-level business plan for 2018/19.

Main Report

Background

1. As part of the framework for corporate and business planning, departments were asked to produce standardised high-level, 2-side business plans for 2018-19. The intention is that the plan presents concise, focused and consistent statements of the key ambitions and objectives of the department.

Current Position

2. The Chamberlain’s Department high-level plan was presented in draft to this Committee on 12 December 2017 for comment. Following Member feedback, the plan now includes more specific objectives and measurable outcomes. An amended high-level plan for 2018/19 is presented at Appendix 1.

Chamberlain’s Department

3. Our top priorities for the year include:
 - a. Driving efficiency and value for money
 - b. investing in front line services through the Priorities Investment Pot (PIP)
 - c. Delivering increased commercial benefits through smarter contract management and income generation
 - d. Developing a Financing and Budget strategy for our major projects
 - e. Securing benefits from IT transformation
 - f. Promoting Responsible Business and Investment, Diversity and Inclusion

4. Delivery of the Business Plan is driven by service level plans and activities. Their achievement is monitored and reported through set of key performance indicators, some of which are captured in the high-level plan. Performance and delivery will be reported to this committee on a quarterly basis.

Corporate & Strategic Implications

5. As a corporate service department, our activities support delivery across all outcomes in the Corporate Plan 2018-23, in particular:

Through the operation of the Priorities Investment Pot we are helping to ensure that:

- People enjoy good health and wellbeing.
- Communities are cohesive and have the facilities they need.

In supporting major capital projects, we are helping to ensure that:

- We are a global hub for innovation in finance and professional services, commerce and culture.
- We are digitally and physically well-connected and responsive.

Conclusion

6. This report presents the final high-level plan for 2018/19 for the Chamberlain's Department for Members to approve and provide feedback.

Appendices

- Appendix 1 – Draft high-level business plan 2018/19

Matt Lock

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Committee:	Date:
Strategic Resources Group (for decision)	9 February 2018
Summit Group (for decision)	27 February 2018
Chief Officers Group (for information)	12 March 2018
Establishment Committee (for information)	9 April 2018
Finance Committee (for information)	10 April 2018
Subject:	Public
Eradication of Procurement Code Breach Waivers (Retrospective waivers)	
Report of:	For Information
The Chamberlain	
Report author:	
Chris Bell, Commercial Director for City Procurement, Chamberlain's Department	

Summary

Finance Committee on receipt of the annual waivers report in July 2017 challenged City Procurement and Chief Officers to eradicate the use of retrospective waivers across the City. The following paper outlines the proactive and reactive steps proposed to meet that objective with a thorough communications campaign including the rebranding of retrospective waivers to 'Procurement Code Breaches' and a list of newly introduced sanctions aimed to be a deterrent as well as introducing a transparent method of correcting behaviours and investigating non-compliant incidents.

Recommendation

- Members are asked to note the planned 'Waiver Danger' communications campaign and the introduction of sanctions outlined in paragraph 12 for when a Procurement Code Breach waiver (formally retrospective waiver) is required effective 1 April 2018.

Main Report

Background

1. A waiver is a document that is used to seek approval not to follow the City Corporation's standard competitive procurement process. There are a number of compliant reasons for a waiver to be granted in exceptional circumstances provided the appropriate authorisation is obtained.
2. A Procurement Code Breach waiver is a non-compliant purchase that has not been managed by City Procurement; has not followed our Procurement Code or Standing Orders; and in certain cases, may breach the Public Contracts Regulations 2015. Its purpose is to allow the City to pay its contractual obligations and record the spend as non-compliant.
3. Members have asked City Procurement and Chief Officers to work together to eradicate the use of Procurement Code Breach waivers across the City Corporation.

Proactive Steps – Communication Campaign and Reporting

4. As recommended by Finance Committee, the Annual Waivers Report 2016/17 was circulated to all spend committees for information to Members.
5. The urgent process to approve waivers has been brought in line with the urgent committee process so all waivers over £50,000 will be brought to the relevant spend committee or signed off by the Town Clerk in consultation with the chairman and deputy chairman of the spend committee.
6. In FY 2017/18, City Procurement requested an audit of how waivers are processed by City Procurement. A number of recommendations have been proposed to the Audit and Risk sub-committee including the recommendation of another non-compliant waiver reason, 'Poor Operational Planning', which will be used from 1 April 2018.
7. City Procurement propose to rebrand retrospective waivers as 'Procurement Code Breaches' to heighten the language used when referring to these waivers drawing parallels to the risk posed by their use. As with 'Poor Operational Planning', 'Procurement Code Breach' will be introduced as a reason on the waiver form. This is to provide continuity in reporting.
8. City Procurement propose a communications campaign – 'Waiver Danger' – as a reminder to the City Corporation the relevant rules in the Procurement Code around waivers and specifically the risks of using Procurement Code Breach waivers. This campaign will run in a similar style to other successful messages sent by City Procurement such as No PO No Pay. It will feature on the new intranet pages, Police/Barbican intranets, sent out as email reminders, cascaded down through City Procurement's departmental liaisons, be featured at category boards, and marketed throughout the Guildhall complex.
9. City Procurement will continue to provide quarterly reports to relevant managers throughout the City Corporation and Finance Committee as part of the City Procurement quarterly update, so Members have over sight.
10. City Procurement will work with Corporate Human Resources to include a section in the induction pack for members of staff with buying responsibilities highlighting the Procurement Code and where to find information about buying at the City Corporation.
11. An annual email will go to chief officers and officers with delegated authority as a reminder of what a waiver is, the risks of Procurement Code Breach waivers, their role in approving waivers, and who to speak to in City Procurement if they have questions.

Reactive Steps - Recommended Sanctions

12. In conjunction with Corporate Human Resources, City Procurement will introduce the following sanctions as consequence for any officer who requires a Procurement Code Breach waiver after the 'Waiver Danger' campaign:

Below OJEU Thresholds

1	1 st Procurement Code Breach	Email reminder to requestor and line manager/ Chief Officer about the risks of retrospective waivers and information on the compliant route to market
2	2 nd Procurement Code Breach	Email reminder to requestor and line manager/ Chief Officer about the risks of retrospective waivers and information on the compliant route to market and obligatory waiver training course
3	3 rd + Procurement Code Breach	Formal letter from Commercial Director for City Procurement to the relevant Chief Officer regarding the Officer's conduct. The Chief Officer will take active consideration for further steps including disciplinary procedure .

Above OJEU Thresholds

4	1 st Procurement Code Breach	Compliance review & referral to Internal Audit. Depending on outcome this may be considered under disciplinary procedure
5	2 nd + Procurement Code Breach	Compliance review & referral to Internal Audit. Depending on outcome this may be considered under disciplinary procedure

13. Each non-compliant waiver will be considered on its merits with the appropriate action taken in agreement with the Chief Officer of the department responsible.

Conclusion

14. Members are asked to note the proactive and reactive steps being introduced in the new financial year by City Procurement and Human Resources to eradicate the use of Procurement Code Breach waivers. The communications campaign to educate the business and the new sanctions as deterrents/consequences should minimise their future use across the City and mitigate the risks posed by their continued use.

Author

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Committee:	Date:
Finance Committee	10 April 2018
Subject: Financial Services Division – Quarterly Update	Public
Report of: The Chamberlain	For Information
Report author: Caroline Al-Beyerty, Deputy Chamberlain	

Summary

Over the last quarter, Financial Services Division has been delivering well on work plans. On the division’s key performance indicators, progress is very good. There is only one amber indicator- the Business Rate collection rate is slightly down below target, but collection rates have increased when compared to Q3 performance in 15/16 and 16/17.

Key highlights from recent months have been:

- Budget and production of the medium term financial plan;
- Business rates devolution and the London pilot; and
- Bridge House Estates strategic review.

Recommendation

Members are asked to note the report.

Main Report

1. The key performance indicators in the Chamberlain’s business plan for the division for the last quarter (October to December) remain on track. There is only one area that is showing as Amber, the first relates to Business Rates collection performance. Whilst the Business Rate collection rate is slightly down below target, collection rates have increased when compared to Q3 performance in 15/16 and 16/17.
2. A few key areas to draw out from the division’s work over the last few months:
3. **2018/19 budget and medium term financial planning** the budgets for all funds were approved by Court in March. City’s Cash and Bridge House Estates budgets are balanced through the drawdown of equities and City Fund has a balanced budget. The City Fund budget includes the Police budget which is balanced through use of reserves whilst force transformation plans are under development. The ongoing deficit within the Police budget is £4-5m per annum after additional City support has been taken into account. The medium term financial plan will be dominated by the emerging large projects and the potential requirement for the City to borrow sums to fund capital investment. A 10-year forecast will be developed to demonstrate the prudence of borrowing and any limitations on the sums borrowed.
4. **Business rates retention and the London pilot.** The government, London Councils and the GLA have negotiated a pilot scheme for business rate

devolution across London. The scheme has a fiscally neutral starting base, but enables any year-on-year growth to be retained in London. Some of this growth will be used to establish a Strategic Investment Fund (SIF) to focus on some major London-wide needs and activities, such as housing and infrastructure.

The City of London Corporation is the lead authority – exercising administrative functions in connection with the pool. Principally, this involves:

- calculating and collecting the share of each participating authority to the joint tariff payment;
- working with other participating authorities to form estimates of their rates, revenues and consequent entitlements under the pool; and
- holding and leading on the disbursement of the strategic investment fund.

The Deputy Chamberlain chairs a technical working party in liaison with representatives from a number of boroughs and the Chamberlain is setting up a Working Group to advise on the SIF and more strategic issues for the pool.

In partnership with London Councils and the GLA, work over the last quarter has included the collation of all business rates estimates; modelling the impact of pooling additional benefit; and forecasting the disaggregation of growth/ additional revenues. An interim assessment of the accuracy of estimates and likely outturn has been programmed with the London local authorities for July.

5. **Accounts closedown** – the closing timetable was accelerated to close the 2016/17 City Fund accounts by 31 May for submission to the external auditors. This target was met and the timetable for closing the 2017/18 accounts has been developed, learning what went well and improving the phasing of some areas of work to ensure the statutory deadline of 31 May is met for City Fund. The non-local authority fund accounts will be prepared after the City Fund accounts are complete. The closure of the 2018/19 accounts presents an opportunity to be more radical in the approach taken as we move to having one external auditor for all funds. We will work with our auditor throughout 2018 to prepare for this in depth.
6. **Review of trading accounts** - the proposal to charge departments for work undertaken by the Comptroller and City Solicitors department was approved and will be implemented in 2018/19. There will also be a further review, and report back to the Finance Committee, on a mechanism for charging additional work above and beyond business as usual.
7. **Bridge House Estates (BHE) Strategic Review** – advisors have been appointed to undertake financial modelling. The financial modelling will enable us to have a robust basis upon which to consider the most effective future use of the assets held by BHE, including the potential for additional grant-making in the future. Information gathering sessions have now been held with various staff across the Corporation who are responsible for activities within BHE, to understand current operations and debate key assumptions and variables. The focus is now on developing the model, with time set aside for testing and challenging of this. The team are also progressing work in reviewing various governance matters relating to BHE.
8. The **Efficiency and Sustainability Plan** sets out a framework that incorporates continuous improvement savings, with the Chief Officer Peer Review programme currently underway to help secure more radical changes in efficiency and

effectiveness, alongside a limited number of cross-cutting reviews. The key aspects are:

- An across the board light touch continuous improvement target reducing departmental budgets by 2% from 2018-19. Chief Officers have been presenting their plans to address the 2% budget reductions to the officer Summit Group and then to Efficiency and Performance Sub-Committee;
- The first tranche of bids to the Priority Investment Pot (PIP), funded from the 2% savings, were approved by Resource Allocation Sub Committee in March;
- The Chief Officer Peer Review programme to support Chief Officers in developing ideas that will improve innovation, collaboration, and agility will be completed by March 2018. The outcomes will be reported to Efficiency and Performance Sub-Committee in quarter 1 of the 2018/19 financial year; and
- A methodology and reporting mechanism for departmental Economy, Efficiency and Effectiveness Health Checks (EEE Health Checks) has been developed and shared with the March Efficiency and Performance Sub-Committee. The Health Check has been designed to represent good practice, drive continuous improvement, optimise use of resources and ensure that the benefit of carrying out such health checks significantly outweighs their administrative burden. This means that the amount and quality of data contained in the health checks will vary significantly by department this year, but the information will improve as corporate performance data sets, trend analysis and comparator processes are built.

9. The **Facilities Management Review Project** has completed its fact-finding phase, looking at rationalising and professionalising the FM services provided across a range of operational properties. Each site included in the review now has an implementation plan tracker which is updated on a monthly basis and exceptions reported to Efficiency and Performance Sub Committee. Actions and subsequent savings are on track.

10. Work continues on improving the quality and efficient production of financial **Management Information** for both management teams and committee reporting. A focus for the last quarter has been improving the accuracy of forecasting on capital projects.

11. The **Financial Regulations** have also been reviewed and updated.

12. The Treasury Team has been focused on four key areas: -

- MIFID II: the City Corporation has, where necessary, been opted up to professional status with its fund managers, advisors, consultants etc.
- Update to the 2017/18 Treasury Management Strategy Statement and Annual Investment Strategy for 2018/19 which allows the City to invest in two short dated bond funds.
- The investment and strategies and asset allocation of City's Cash and Bridge House Estates is currently being reviewed. This follows on from the review of the Pension Fund last October following the triennial valuation.
- Developing a Responsible Investment Statement, signed off by FIB on 22 March.

Conclusion

13. Progress has been good over the last quarter across the division's work programme. The focus for the next quarter will be the production of the financial statements; production of the 10-year financial modelling for City Fund and City's Cash; and financial modelling for Bridge House Estates.

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Committee:	Date:
Projects Sub-Committee Finance Committee	14 March 2018 10 April 2018
Subject: City of London Major Works Strategy Stage 1	Public
Report of: Chamberlain Report Author: Mona Lewis, Assistant Director Category Management and Sourcing, Chamberlain's	For Decision

Summary

The purpose of this report is to set out the strategy for procuring Major Works for the City of London between £1m and £15m and to seek Member approval for the recommended strategy and evaluation criteria to be used in the selection of a preferred supplier(s). This is required as the estimated contract value exceeds £2,000,000 as per Section 16.3 of the Procurement Code Part One.

This report also gives you the background, strategy development process and implementation on how City of London will procure its major works above £15m and construction and property professional services to improve level of competition, attractiveness to the market and deliver value for money for the City of London, along with best practice approaches.

Recommendations

Members are asked to:

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

Background

- City Procurement has been working with the Construction and Professional services Category Board analysing challenges faced with procuring contractors on our major works and professional services.
- The category board instigated a working group in March 2017 chaired by Assistant Director Major Projects and supported by officers from City Procurement, CSD and departmental representatives to: understand the City's challenges and drivers; develop our contracting strategy; get feedback from the open market; and get a better understanding from the market to ensure we are aligned with current market appetite.
- The main objective of this review group was to develop strategic options and recommendations on how the Corporation could procure major construction projects as well as the professional services that complement the work and needs of the organisation.

Soft Market Testing Exercise - January 2018 (Major Works only)

- We undertook a soft market test to openly engage with contractors to gain feedback and understand how we do business and what would be attractive to the market.

- 18 contractors responded; 5 of which are SMEs and 9 of which had never done business to date with the Corporation.
- The working group considered the results of the soft market testing and the recommendation below:

- The market suggested changes to our property portfolio grouping; suppliers recommended we reduce the grouping from 7 to 3 which the working group agreed.
- **Recommendation below**

Group 1	Investment property Corporate and public buildings Open spaces Schools (including GSMD) City of London police Markets Barbican Centre
Group 2	Housing (section 20)
Group 3	Civils, Infrastructure and environmental protection

- Develop a Corporation multi-contractor framework that would enable us to retain an approved list of contractors as the primary strategic solution for City's annual programme of major works.
- Allow provision within the framework to award a single contractor for a batched and defined programme of works following a competition under the framework.
- Have a minimum of 3 and maximum of 6 contractors on each framework
- Commit to share our pipeline of projects with contractors as part of early engagement.
- To note; City of London already has a strategic term contract for group 3 with the formerly known Riney (now Tarmac). This solution has proved very successful and is periodically benchmarked against LOHAC. Hence a new solution is not required at this present time.

Recommended Lots and Value banding of new frameworks (Major Works only)

- Feedback and analysis demonstrated that we needed to attract the appropriate level and type of contractors for projects. The working group produced the value bandings as a **recommendation below:**

Values Bandings	Range
Value Banding 1	£1million - £4.6million / OJEU limit- City Framework ➤ Framework 1 - for Group 1 ➤ Framework 2 - for Group 2
Value Banding 2	£4.6million - £15million – City Framework ➤ Framework 3 - for Group 1 ➤ Framework 4 - for Group 2
Value Banding 3	£15million and above options (framework 5) ➤ Use external frameworks ➤ Look at developing our own framework through collaboration ➤ Run tenders as and when

- The above framework banding and values are caveated in that we will ensure the same contractors do not appear on all the framework lots. In addition, costs will be benchmarked periodically.
- The working group recommended prioritising immediate work to start on developing solutions for value banding 1 and 2 due to volumes and demand and to look to start developing the above £15m strategy as a second phase to the project.
- Members should note that works of below £1m are currently being reviewed as part of the Minor Works strategic solution. An initial stage 1 strategy paper was approved by Finance Committee in May 2017 and is listed in the related papers section.

Professional Services Strategy

Background (Professional Services)

- The working group has considered the current position on professional services and found that:
 - In 16/17 we appointed 128 professional services contractors at a value of £9m.
 - £5.3m of this spend was awarded on 109 individual contracts that were each below £100k.
 - Only 19 out of the 128 contracts were awarded via an external framework due to value range.
 - City of London receives a high volume of interest in tenders for professional services.
 - The highest value professional fees paid were on architects; project managers and cost consultants.

Challenges perceived (Professional Services)

- Professional services have a high-volume demand and is very repetitive; one of the key questions was whether we get value for money; whether we attract the right level of specialist.
- The working group will look at modelling future demand and potential strategic solutions.
- At present additional time is required to undertake more detailed analysis of historical spend, common issues and desired outcomes that consider fee vs level of specialist.
- The working group agreed that the major works strategy on conducting a soft market testing proved invaluable; and it would be prudent that we conduct a separate exercise for professional services that will enlighten our approach on any future strategy to be recommended.

Proposed Next Steps (Professional Services)

- Create a detailed analysis of spend for professional services to be completed by April 2018, developing an outline procurement strategy to be presented to this Committee in July 2018.
- Undertake soft market testing in May 2018 and look to procure a strategic solution in September 2018 with a potential award date in March 2019.

Conclusion

- The Construction and Professional Services Category Board has developed a Strategic Solution to improve the organisation's contracting and project delivery. This paper seeks to gain approval to proceed with the recommended procurement strategy to deliver 4 new frameworks to service projects in the range of £1m-£15m for Major Works. The paper also advises on ongoing reviews and proposed market testing of future strategies for Major Works above £15m and a property professional services strategy to be presented at this Committee in July 2018.

Appendices

Appendix 1	Role of Category Boards
Appendix 2	Additional background on work undertaken so far
Appendix 3	Minor Works Strategic Solution

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Appendix 1 – The Role of the Procurement Category Boards

Procurement Category Boards have been established as part of the new City Procurement Governance structure. The Boards are chaired by a Chief Officer or Director and facilitated by a Category Manager from City Procurement and has representation from Comptrollers to ensure legal compliance in all board decisions. Each Board has relevant membership from across the City's departments for areas of spend that could benefit from strategic decision making, due to synergies of spend, a large number of current suppliers or potential for increased efficiency in the supply or management of goods, works or services.

The Construction and Property Services Category Board has been chaired by the City Surveyor's Investment Property Director and has permanent members from the departments of City Surveyors, The Barbican, Built Environment, Chamberlain's, Comptrollers, Open Spaces, The Schools, City of London Police, Barbican Estates and Town clerks. Other departments are represented by working groups focused on specific goods, works or services that report to the Category Board.

Appendix 2

Internal challenges identified (Major Works only)

Feedback from internal project managers, and officers and historic tenders concluded that some key challenges we face are:

- a. Lack of suppliers bidding for our work leading to poor competition
- b. Overpricing of bids due to lack of interest/competition
- c. Our speed to market is prohibitive to securing best value
- d. Cost Vs time – driving cost down to achieve value for money is not always achievable with project timescales for delivery;
- e. Wrong size and type of contractors bidding for our work; that don't perceive our work as a key account.
- f. The current external frameworks we use have either reached their maximum financial limit. Every framework has a maximum value of work that can be put through. As these frameworks are open to all authorities; we find ourselves trying to access frameworks that have reached their financial limits on works to be awarded.
- g. We are typically going to the market too late in the project lifecycle; not giving suppliers enough of a forward view, market is typically working on one-year advanced pipeline

The working group reviewed the property portfolio and grouped these by associated nature of works and historic volumes and value; with a view to a future strategy that could result in procurement solutions based on our intelligence of where the market would sit and what would look attractive. The working group initially compiled 7 groups and sought market consultation

Value for Money (Major works only)

The working group and category board agree that the above recommendations will demonstrate value for money and drive efficiencies; with justification below:

- a. Time and resource efficiency - Running full OJEU procurements takes approximately 172 days Vs a mini competition on a framework which would be approximately 41 days.
- b. Mini competitions on a specifically procured framework for City of London will continue to drive competition
- c. Avoid costs charged to use using external frameworks (typically 1-3%)
- d. Create an opportunity for batching of multiple projects to drive contractor and City savings
- e. Deliver savings in contractor's price arising from avoidance of bidding and mobilisation costs.
- f. Attract SME's on framework 1 and 3 due to lower value bandings; which fulfils local government and City's objectives.
- g. Allow contract management to be further development at a strategic relationship level, therefore allowing us to leverage relationships built.
- h. Attract contractors with appropriate capacity, capability and interest in our works
- i. Gives us provision for step in of a different contractor to mitigate failure of delivery or financial health issues with contractors

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Committee:	Date:
Finance Committee	15 March 2018
Subject: Update on the Fair Funding Review	Public
Report of: Peter Kane – The Chamberlain Report author Caroline Al-Beyerty, Deputy Chamberlain	For Information

Summary

Central government funding for local authorities is based on an assessment of its relative needs and resources. The overarching methodology that determines how much funding each authority receives each year was introduced over ten years ago and has not been updated since funding baselines were set at the start of the 50 per cent business rates retention scheme in 2013/14.

The methodology is very complex and involves 15 relative need formulas and several tailored distributions for services previously supported by specific grants. These formulas involve over 120 indicators of ‘need’, reflecting factors previously identified as driving the costs of service delivery. It is widely agreed across the sector that the formulae are overly complex, lack transparency and, as they have not been updated for a long time, are now out of date.

The government is therefore undertaking the Fair Funding Review to update the needs formula and set new funding baselines for the start of the new 75 per cent business rates retention scheme, from April 2020.

As part of the initial stages of the review, the government has consulted on proposals to develop a new way of assessing need, based on a simplified “foundation formula” determined by a small number of key cost drivers - population, deprivation, rurality, and area costs - supplemented by a small number of service-specific formulae for service areas that require a more sophisticated assessment of needs. The consultation identifies these as:

1. adult social care;
2. children’s services;
3. highways maintenance and public transport;
4. waste collection and disposal;
5. fire and rescue; and
6. legacy capital financing.

Clearly a formula driven solely by these factors will not be advantageous to the City, so we have submitted the response shown in appendix 1, highlighting our unique circumstances mean that our service costs are also driven by a high daytime

population and unusually high density.

There is a national argument running on rurality v density, with the County Councils arguing for more funding for rural areas and metropolitan areas arguing that density brings its own challenges.

London Councils have set up a dedicated internet page on the subject which Members may find helpful, especially the timetable. It is a very ambitious timetable to implement changes for 2020/21, particularly given the difficulties of getting any proposals through Parliament.

<https://www.londoncouncils.gov.uk/our-key-themes/local-government-finance/fair-funding-review-2018/fair-funding-review-%E2%80%93-overview>

London Councils have also responded to the consultation, focusing on the continued need for deprivation and area cost factors to be included in the formula.

Recommendations

Members are asked to note the report.

Appendices

- Appendix 1 – Fair Funding Review Consultation Response

Caroline Al-Beyerty

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Committee: Finance Committee	Date: 10 April 2018
Subject: Decisions taken under Delegated Authority or Urgency since the last meeting of the Committee	Public
Report of: Town Clerk	For Information
Report author: John Cater, Town Clerk's Department	

Summary

This report advises Members of action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Order Nos. 41(a) and 41(b). This action was:

- Bridge House Estates Strategic Review Funds – Bids: 12 February 2018
- Culture Mile Funding: 1 March 2018

Recommendation

Members are asked to note the report.

Main report

Bridge House Estates Strategic Review Fund - Bids

Approval was given to the following bid from the Bridge House Estates (BHE) Strategic Review Fund (£1m) which was established to support and better understand the wider impacts of the implementation of Bridging Divides:

- The provision of a sum of £50,000 from to cover the cost of legal advice in relation to the underlying trusts and governance of BHE

Approval of the bid from the fund was delegated to the Town Clerk in consultation with the Chairmen of the City Bridge Trust, Policy and Resources, Finance and the Investment Committees.

Culture Mile Funding

The funding for Culture Mile running costs was included in the City Fund budget for 2018/19, however, at Committee it was stated that the funding source would be City's Cash. Officers sought urgency to clarify the funding source for this project.

- Approval was given for Culture Mile running costs to be funded from City Fund, (onward approval was granted by the Court of Common Council in March, as included within the amended budget reports)

Approval was taken under urgency by the Town Clerk in consultation with the Chairmen and Deputy Chairmen of the Finance Committee and Policy & Resources Committee.

Contact:

John Cater

Senior Committee and Services Officer, Town Clerk's Department

020 7332 1407

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